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 June 30, 2020

☐ **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 001-08454

ACCO Brands Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware	**36-2704017**
(State or Other Jurisdiction of Incorporation or Organization)	**(I.R.S. Employer Identification Number)**

Four Corporate Drive
Lake Zurich, Illinois 60047
(Address of Registrant's Principal Executive Office, Including Zip Code)

(847) 541-9500
(Registrant's Telephone Number, Including Area Code)
Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	ACCO	NYSE

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 every Interactive Data File required to be submitted 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, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

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

As of July 23, 2020, the registrant had outstanding 94,462,147 shares of Common Stock.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements contained in this Quarterly Report on Form 10-Q other than statements of historical fact, particularly those anticipating future financial performance, business prospects, growth, operating strategies and similar matters, including without limitation, statements concerning the impacts of the COVID-19 pandemic on the Company's business, operations, results of operations, liquidity and financial condition, are "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are based on the beliefs and assumptions of management based on information available to us at the time such statements are made. These statements, which are generally identifiable by the use of the words "will," "believe," "expect," "intend," "anticipate," "estimate," "forecast," "project," "plan," and similar expressions, are subject to certain risks and uncertainties, are made as of the date hereof, and we undertake no duty or obligation to update them. Because actual results may differ materially from those suggested or implied by such forward-looking statements, you should not place undue reliance on them when deciding whether to buy, sell or hold the Company's securities.

Our outlook is based on certain assumptions, which we believe to be reasonable under the circumstances. These include, without limitation, assumptions regarding both the near-term and long-term impact of the COVID-19 pandemic on the economy and our business, our customers and the end-users of our products, and other changes in the macro environment; changes in the competitive landscape, including ongoing uncertainties in the traditional office products channels; as well as the impact of fluctuations in foreign currency and acquisitions and the other factors described below.

Among the factors that could cause our actual results to differ materially from our forward-looking statements are: the scope and duration of the COVID-19 pandemic, government actions and other third party responses to it and the consequences for the global economy, as well as the regional and local economies in which we operate, uncertainties regarding when the risks of the pandemic will subside and how geographies, distribution channels and consumer behaviors will evolve over time in response to the pandemic, and its impact on our business, operations, results of operations and financial condition, including, among others, manufacturing, distribution and supply chain disruptions, reduced demand for our products and services, and the financial condition of our suppliers and customers, including their ability to fund their operations and pay their invoices. Additionally, many of the other risk factors affecting us are currently elevated by, and likely will continue to be elevated by, the COVID-19 pandemic.

Other factors that could affect our results or cause plans, actions and results to differ materially from current expectations are detailed in "Part I, Item 1. Business" and "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019, in "Part II, Item 1A. Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, "Part II, Item 1A. Risk Factors" of this Quarterly Report on Form 10-Q, and the discussion under the heading "COVID-19 Impact" as well as the financial statement line item discussions set forth in "Part I, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" of this Quarterly Report on Form 10-Q and from time to time in our other Securities and Exchange Commission (the "SEC") filings.

Website Access to Securities and Exchange Commission Reports

The Company's Internet website can be found at www.accobrands.com. The Company makes available free of charge on or through its website its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as practicable after the Company files them with, or furnishes them to, the SEC.

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PART I — FINANCIAL INFORMATION

ITEM 1. *FINANCIAL STATEMENTS*

ACCO Brands Corporation and Subsidiaries
Condensed Consolidated Balance Sheets

(in millions)	June 30, 2020 (unaudited)	December 31, 2019
Assets		
Current assets:		
Cash and cash equivalents	$ 128.8	$ 27.8
Accounts receivable, net	358.3	453.7
Inventories	336.0	283.3
Other current assets	44.3	41.2
Total current assets	867.4	806.0
Total property, plant and equipment	633.6	651.7
Less: accumulated depreciation	(389.4)	(384.6)
Property, plant and equipment, net	244.2	267.1
Right of use asset, leases	90.2	101.9
Deferred income taxes	111.6	119.0
Goodwill	714.0	718.6
Identifiable intangibles, net	724.3	758.6
Other non-current assets	24.9	17.4
Total assets	$ 2,776.6	$ 2,788.6
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable	$ 3.2	$ 3.7
Current portion of long-term debt	46.7	29.5
Accounts payable	212.5	245.7
Accrued compensation	31.9	48.5
Accrued customer program liabilities	64.1	99.7
Lease liabilities	20.2	21.8
Other current liabilities	105.5	139.9
Total current liabilities	484.1	588.8
Long-term debt, net	971.4	777.2
Long-term lease liabilities	79.6	89.8
Deferred income taxes	168.4	177.5
Pension and post-retirement benefit obligations	266.3	283.2
Other non-current liabilities	95.2	98.4
Total liabilities	2,065.0	2,014.9
Stockholders' equity:		
Common stock	1.0	1.0
Treasury stock	(39.9)	(38.2)
Paid-in capital	1,876.9	1,890.8
Accumulated other comprehensive loss	(553.2)	(505.7)
Accumulated deficit	(573.2)	(574.2)
Total stockholders' equity	711.6	773.7
Total liabilities and stockholders' equity	$ 2,776.6	$ 2,788.6

See Notes to Condensed Consolidated Financial Statements (Unaudited).

ACCO Brands Corporation and Subsidiaries
Consolidated Statements of Income
(Unaudited)

(in millions, except per share data)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net sales	$ 366.9	$ 518.7	$ 751.0	$ 912.6
Cost of products sold	256.9	352.9	528.8	621.0
Gross profit	110.0	165.8	222.2	291.6
Operating costs and expenses:				
Selling, general and administrative expenses	77.2	95.5	163.3	191.4
Amortization of intangibles	7.8	8.9	16.2	18.2
Restructuring charges	6.5	—	6.8	2.7
Total operating costs and expenses	91.5	104.4	186.3	212.3
Operating income	18.5	61.4	35.9	79.3
Non-operating expense (income):				
Interest expense	9.9	11.7	18.5	22.1
Interest income	(0.3)	(1.3)	(0.6)	(2.2)
Non-operating pension income	(1.5)	(1.4)	(3.0)	(2.8)
Other expense, net	1.2	1.2	0.7	1.0
Income before income tax	9.2	51.2	20.3	61.2
Income tax expense	3.8	15.3	6.9	25.9
Net income	$ 5.4	$ 35.9	$ 13.4	$ 35.3
Per share:				
Basic income per share	$ 0.06	$ 0.35	$ 0.14	$ 0.35
Diluted income per share	$ 0.06	$ 0.35	$ 0.14	$ 0.34
Weighted average number of shares outstanding:				
Basic	94.5	101.3	95.3	101.8
Diluted	95.2	102.2	96.3	103.3

See Notes to Condensed Consolidated Financial Statements (Unaudited).

ACCO Brands Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income (Loss)
(Unaudited)

(in millions)	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Net income	$ 5.4	$ 35.9	$ 13.4	$ 35.3
Other comprehensive income (loss), net of tax:				
Unrealized loss on derivative instruments, net of tax benefit of $1.0 and $0.6 and $0.1 and $1.0, respectively	(2.4)	(1.2)	—	(2.3)
Foreign currency translation adjustments, net of tax (expense) benefit of $(1.1) and $3.4 and $1.0 and $(0.4), respectively	(7.6)	5.8	(57.3)	2.7
Recognition of deferred pension and other post-retirement items, net of tax benefit of $(0.5) and $(1.1) and $(2.9) and $(0.7), respectively	1.9	3.5	9.8	2.4
Other comprehensive (loss) income, net of tax	(8.1)	8.1	(47.5)	2.8
Comprehensive (loss) income	$ (2.7)	$ 44.0	$ (34.1)	$ 38.1

See Notes to Condensed Consolidated Financial Statements (Unaudited).

ACCO Brands Corporation and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

(in millions)	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019
Operating activities		
Net income	$ 13.4	$ 35.3
Amortization of inventory step-up	—	0.1
Depreciation	18.4	17.5
Other non-cash items	0.5	—
Amortization of debt issuance costs	1.1	1.0
Amortization of intangibles	16.2	18.2
Stock-based compensation	3.4	5.4
Loss on debt extinguishment	—	0.3
Changes in balance sheet items:		
Accounts receivable	58.8	(29.7)
Inventories	(66.4)	(26.6)
Other assets	(5.9)	(9.4)
Accounts payable	(23.0)	(74.4)
Accrued expenses and other liabilities	(78.3)	(55.6)
Accrued income taxes	(5.7)	2.2
Net cash used by operating activities	(67.5)	(115.7)
Investing activities		
Additions to property, plant and equipment	(8.9)	(14.7)
Proceeds from the disposition of assets	—	0.3
Cost of acquisitions, net of cash acquired	0.6	—
Other assets acquired	—	(5.2)
Net cash used by investing activities	(8.3)	(19.6)
Financing activities		
Proceeds from long-term borrowings	227.4	325.8
Repayments of long-term debt	(15.8)	(105.0)
Repayments of notes payable, net	—	(1.4)
Payments for debt issuance costs	(1.6)	(3.3)
Dividends paid	(12.3)	(12.2)
Repurchases of common stock	(18.9)	(37.9)
Payments related to tax withholding for stock-based compensation	(1.8)	(4.3)
Proceeds from the exercise of stock options	1.5	0.2
Net cash provided by financing activities	178.5	161.9
Effect of foreign exchange rate changes on cash and cash equivalents	(1.7)	0.5
Net increase in cash and cash equivalents	101.0	27.1
Cash and cash equivalents		
Beginning of the period	27.8	67.0
End of the period	$ 128.8	$ 94.1
Cash paid during the year for:		
Interest	$ 16.7	$ 21.0
Income taxes	$ 13.7	$ 23.3

See Notes to Condensed Consolidated Financial Statements (Unaudited).

ACCO Brands Corporation and Subsidiaries
Consolidated Statement of Stockholders' Equity
(Unaudited)

(in millions)	Common Stock	Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Accumulated Deficit	Total
Balance at December 31, 2019	$ 1.0	$ 1,890.8	$ (505.7)	$ (38.2)	$ (574.2)	$ 773.7
Net income	—	—	—	—	8.0	8.0
Gain on derivative financial instruments, net of tax	—	—	2.4	—	—	2.4
Translation impact, net of tax	—	—	(49.7)	—	—	(49.7)
Pension and post-retirement adjustment, net of tax	—	—	7.9	—	—	7.9
Common stock repurchases	—	(18.9)	—	—	—	(18.9)
Stock-based compensation	—	0.9	—	—	—	0.9
Common stock issued, net of shares withheld for employee taxes	—	1.5	—	(1.7)	—	(0.2)
Dividends declared, $.065 per share	—	—	—	—	(6.2)	(6.2)
Balance at March 31, 2020	1.0	1,874.3	(545.1)	(39.9)	(572.4)	717.9
Net income	—	—	—	—	5.4	5.4
Loss on derivative financial instruments, net of tax	—	—	(2.4)	—	—	(2.4)
Translation impact, net of tax	—	—	(7.6)	—	—	(7.6)
Pension and post-retirement adjustment, net of tax	—	—	1.9	—	—	1.9
Stock-based compensation	—	2.6	—	—	(0.1)	2.5
Dividends declared, $.065 per share	—	—	—	—	(6.1)	(6.1)
Balance at June 30, 2020	$ 1.0	$ 1,876.9	$ (553.2)	$ (39.9)	$ (573.2)	$ 711.6

Shares of Capital Stock

	Common Stock	Treasury Stock	Net Shares
Shares at December 31, 2019	100,412,933	3,967,445	96,445,488
Common stock issued, net of shares withheld for employee taxes	898,664	206,243	692,421
Common stock repurchases	(2,690,292)	—	(2,690,292)
Shares at March 31, 2020	98,621,305	4,173,688	94,447,617
Common stock issued, net of shares withheld for employee taxes	26,957	12,427	14,530
Shares at June 30, 2020	98,648,262	4,186,115	94,462,147

See Notes to Condensed Consolidated Financial Statements (Unaudited).

ACCO Brands Corporation and Subsidiaries
Consolidated Statement of Stockholders' Equity
Continued (Unaudited)

(in millions)	Common Stock	Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Accumulated Deficit	Total
December 31, 2018	$ 1.1	$ 1,941.0	$ (461.7)	$ (33.9)	$ (656.8)	$ 789.7
Net loss	—	—	—	—	(0.6)	(0.6)
Loss on derivative financial instruments, net of tax	—	—	(1.1)	—	—	(1.1)
Translation impact, net of tax	—	—	(3.1)	—	—	(3.1)
Pension and post-retirement adjustment, net of tax	—	—	(1.1)	—	—	(1.1)
Common stock repurchases	—	(11.0)	—	—	—	(11.0)
Stock-based compensation	—	2.0	—	—	—	2.0
Common stock issued, net of shares withheld for employee taxes	—	—	—	(4.3)	—	(4.3)
Dividends declared, $.06 per share	—	—	—	—	(6.2)	(6.2)
Other	—	(0.1)	—	—	0.1	—
Cumulative effect due to the adoption of ASU 2016-02	—	—	—	—	0.5	0.5
Balance at March 31, 2019	1.1	1,931.9	(467.0)	(38.2)	(663.0)	764.8
Net income	—	—	—	—	35.9	35.9
Loss on derivative financial instruments, net of tax	—	—	(1.2)	—	—	(1.2)
Translation impact, net of tax	—	—	5.8	—	—	5.8
Pension and post-retirement adjustment, net of tax	—	—	3.5	—	—	3.5
Common stock repurchases	—	(28.3)	—	—	—	(28.3)
Stock-based compensation	—	3.6	—	—	—	3.6
Common stock issued, net of shares withheld for employee taxes	—	0.2	—	—	—	0.2
Dividends declared, $.06 per share	—	—	—	—	(6.3)	(6.3)
Other	(0.1)	0.1	—	—	—	—
Balance at June 30, 2019	$ 1.0	$ 1,907.5	$ (458.9)	$ (38.2)	$ (633.4)	$ 778.0

Shares of Capital Stock

	Common Stock	Treasury Stock	Net Shares
Shares at December 31, 2018	106,249,322	3,500,622	102,748,700
Common stock issued, net of shares withheld for employee taxes	1,437,021	458,987	978,034
Common stock repurchases	(1,260,163)	—	(1,260,163)
Shares at March 31, 2019	106,426,180	3,959,609	102,466,571
Common stock issued, net of shares withheld for employee taxes	44,180	7,836	36,344
Common stock repurchases	(3,443,904)	—	(3,443,904)
Shares at June 30, 2019	103,026,456	3,967,445	99,059,011

See Notes to Condensed Consolidated Financial Statements (Unaudited).

1. Basis of Presentation

As used in this Quarterly Report on Form 10-Q for the quarter ended June 30, 2020, the terms "ACCO Brands," "ACCO," the "Company," "we," "us," and "our" refer to ACCO Brands Corporation and its consolidated subsidiaries.

The management of ACCO Brands Corporation is responsible for the accuracy and internal consistency of the preparation of the condensed consolidated financial statements and notes contained in this Quarterly Report on Form 10-Q.

The condensed consolidated interim financial statements have been prepared pursuant to the rules and regulations of the SEC. Although the Company believes the disclosures are adequate to make the information presented not misleading, certain information and note disclosures normally included in annual financial statements prepared in accordance with generally accepted accounting principles in the U.S. ("GAAP") have been condensed or omitted pursuant to those rules and regulations. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended December 31, 2019.

The Condensed Consolidated Balance Sheet as of June 30, 2020, the related Consolidated Statements of Income, the Consolidated Statements of Comprehensive Income (Loss), and the Consolidated Statement of Stockholders' Equity for the three and six months ended June 30, 2020 and 2019 and Condensed Consolidated Statements of Cash Flows for the six months ended June 30, 2020 and 2019 are unaudited. The December 31, 2019 Condensed Consolidated Balance Sheet data was derived from audited financial statements, but does not include all annual disclosures required by GAAP. The above referenced financial statements included herein were prepared by management and reflect all adjustments (consisting solely of normal recurring items unless otherwise noted) which are, in the opinion of management, necessary for the fair presentation of results of operations and cash flows for the interim periods ended June 30, 2020 and 2019, and the financial position of the Company as of June 30, 2020. Interim results may not be indicative of results for a full year.

Effective August 1, 2019, we completed the acquisition (the "Foroni Acquisition") of Indústria Gráfica Foroni Ltda. ("Foroni"), a leading provider of Foroni® branded notebooks and paper-based school and office products in Brazil. The purchase price was $41.5 million inclusive of working capital adjustments. The Foroni Acquisition advanced our strategy to expand in faster growing geographies and product categories, add consumer-centric brands and diversify our customer base. The results of Foroni are included in the ACCO Brands International segment effective August 1, 2019. See "Note 3. Acquisitions" for details on the Foroni Acquisition.

The preparation of financial statements in conformity with GAAP requires management to make certain estimates and assumptions that affect the reported assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting periods. Actual results could differ from those estimates.

2. Recent Accounting Pronouncements and Adopted Accounting Standards

Recent Accounting Pronouncements

In December 2019, the Financial Accounting Standards Board ("FASB") issued ASU 2019-12, Income Taxes (Topic 740): Simplifying the Accounting for Income Taxes, which removes certain exceptions for investments, intraperiod allocations and interim calculations, and adds guidance to reduce complexity in accounting for income taxes. ASU 2019-12 is effective for annual periods, and interim periods within those years, beginning after December 15, 2020. The Company is currently evaluating the effects the standard will have on its consolidated financial statements.

There are no other recently issued accounting standards that are expected to have an impact on the Company's financial condition, results of operations or cash flow.

Recently Adopted Accounting Standards

In June 2016, the FASB issued ASU 2016-13, Financial Instruments-Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, an accounting standard that requires companies to utilize an impairment model (current expected credit loss, or "CECL") for most financial assets measured at amortized cost and certain other financial instruments, which include, but are not limited to, trade and other receivables. This accounting standard replaced the incurred loss model with a model that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to estimate those losses. Effective January 1, 2020, the Company adopted this standard. The adoption of this standard did not have a material impact on our condensed consolidated financial statements.

There were no other accounting standards that were adopted in the first six months of 2020 that had a material effect on the Company's financial condition, results of operations or cash flow.

3. Acquisitions

Acquisition of Foroni

Effective August 1, 2019, we completed the acquisition of Foroni, a leading provider of Foroni® branded notebooks and paper-based school and office products in Brazil. The Foroni Acquisition advanced our strategy to expand in faster growing geographies and product categories, add consumer-centric brands and diversify our customer base. The results of Foroni are included in the ACCO Brands International segment effective August 1, 2019.

The purchase price was R$157.2 million (US$41.5 million based on July 31, 2019, exchange rates) inclusive of working capital adjustments. We also assumed $7.6 million in debt. A portion of the purchase price (R$25.0 million or US$6.6 million based on July 31, 2019 exchange rates) is being held in an escrow account for a period of up to 6 years after closing in the event of any claims against the sellers under the quota purchase agreement. The Company may also make claims against the sellers directly, subject to limitations in the quota purchase agreement, if the escrow is depleted. The Foroni Acquisition and related expenses were funded by cash on hand.

For accounting purposes, the Company was the acquiring enterprise. The Foroni Acquisition is being accounted for as a purchase business combination and Foroni's results are included in the Company's condensed consolidated financial statements as of August 1, 2019. The net sales for Foroni for the three and six months ended June 30, 2020 were $1.3 million and $15.7 million, respectively.

The following table presents the preliminary allocation of the consideration given to the fair values of the assets acquired and liabilities assumed at the date of acquisition:

(in millions)		*At August 1, 2019*
Calculation of Goodwill:		
Purchase price, net of working capital adjustment	$	41.5
Plus fair value of liabilities assumed:		
Accounts payable and accrued liabilities		12.5
Deferred tax liabilities		4.0
Debt		7.6
Lease liabilities		5.6
Fair value of liabilities assumed	$	29.7
Less fair value of assets acquired:		
Cash acquired		—
Accounts receivable		17.5
Inventory		12.5
Property and equipment		8.8
Identifiable intangibles		11.1
Deferred tax assets		2.7
Right of use asset, leases		5.6
Other assets		3.6
Fair value of assets acquired	$	61.8
Goodwill	$	9.4

Our review of the fair value estimates for assets acquired and liabilities assumed is substantially complete, pending the completion of reserves for income and other taxes as well as a final review by our management. We will finalize our fair value estimates during the third quarter ending September 30, 2020, which is within the one year measurement period from the acquisition date. The excess of the purchase price over the fair value of net assets acquired is allocated to goodwill. The preliminary goodwill of $9.4 million is primarily attributable to synergies expected to be realized from facility integration, headcount reduction, operational streamlining activities, and from the existence of an assembled workforce.

The final determination of the purchase price allocation, fair values and resulting goodwill may differ significantly from what is reflected in these condensed consolidated financial statements.

During the year ended December 31, 2019, transaction costs related to the Foroni Acquisition were $1.5 million, and for the six months ending June 30, 2020, they were $0.2 million. These costs were reported as selling, general and administrative ("SG&A") expenses in the Company's Consolidated Statements of Income.

4. Long-term Debt and Short-term Borrowings

Notes payable and long-term debt, listed in order of the priority of security interests in assets of the Company, consisted of the following as of June 30, 2020 and December 31, 2019:

(in millions)	June 30, 2020	December 31, 2019
Euro Senior Secured Term Loan A, due May 2024 (floating interest rate of 2.00% at June 30, 2020 and 1.50% at December 31, 2019)	$ 269.9	$ 275.9
USD Senior Secured Term Loan A, due May 2024 (floating interest rate of 3.07% at June 30, 2020 and 3.44% at December 31, 2019)	95.0	97.5
Australian Dollar Senior Secured Term Loan A, due May 2024 (floating interest rate of 2.15% at June 30, 2020 and 2.45% at December 31, 2019)	39.8	41.6
U.S. Dollar Senior Secured Revolving Credit Facility, due May 2024 (floating interest rate of 3.00% at June 30, 2020 and 3.26% at December 31, 2019)	225.4	8.2
Australian Dollar Senior Secured Revolving Credit Facility, due May 2024 (floating interest rate of 2.15% at June 30, 2020 and 2.44% at December 31, 2019)	18.5	14.0
Senior Unsecured Notes, due December 2024 (fixed interest rate of 5.25%)	375.0	375.0
Other borrowings	3.2	3.8
Total debt	1,026.8	816.0
Less:		
Current portion	49.9	33.2
Debt issuance costs, unamortized	5.5	5.6
Long-term debt, net	$ 971.4	$ 777.2

The Company entered into a Third Amended and Restated Credit Agreement (the "Credit Agreement"), dated as of January 27, 2017, among the Company, certain subsidiaries of the Company, Bank of America, N.A., as administrative agent, and the other agents and various lenders party thereto. The Credit Agreement provided for a five-year senior secured credit facility, which consisted of a €300.0 million (US$320.8 million based on January 27, 2017, exchange rates) term loan facility, an A$80.0 million (US$60.4 million based on January 27, 2017, exchange rates) term loan facility, and a US$400.0 million multi-currency revolving credit facility (the "Revolving Facility").

Effective July 26, 2018, the Company entered into the First Amendment (the "First Amendment") to the Credit Agreement among the Company, certain subsidiaries of the Company, Bank of America, N.A., as administrative agent, and the other lenders party thereto. The First Amendment increased the aggregate revolving credit commitments under the Revolving Facility by $100.0 million such that, after giving effect to such increase, the aggregate amount of revolving credit available under the Revolving Facility was $500.0 million. In addition, the First Amendment also affected certain technical amendments to the Credit Agreement, including the addition of provisions relating to LIBOR successor rate procedures if LIBOR becomes unascertainable or is discontinued in the future and to expressly permit certain intercompany asset transfers. The changes related to LIBOR successor rate procedures are not expected to have a material effect on the Company.

Effective May 23, 2019, the Company entered into a Second Amendment (the "Second Amendment") to the Credit Agreement. Pursuant to the Second Amendment, the Credit Agreement was amended to, among other things:

- extend the maturity date to May 23, 2024;
- increase the aggregate revolving credit commitments under the Revolving Facility from $500.0 million to $600.0 million;
- establish a new term loan facility denominated in U.S. Dollars in an aggregate principal amount of $100.0 million (the "USD Term Loan");
- replace the minimum fixed coverage ratio of 1.25:1.00 with a minimum interest coverage ratio, as calculated under the Credit Agreement, of 3.00:1.00;

- reflect a more favorable restricted payment covenant, with the consolidated leverage ratio hurdle for unlimited restricted payments (including share repurchases and dividends) as calculated under the Credit Agreement increasing from 2.50:1.00 to 3.25:1.00;

- reflect, in certain cases, more favorable pricing with a 25 basis point reduction in the applicable rate on outstanding loans than was in effect prior to the Second Amendment based on the Company's current consolidated leverage ratio, along with lower fees on undrawn amounts;

- eliminate the requirement to make annual principal prepayments of excess cash flow;

- reduce amortization payments for the term loans; and

- increase the qualified receivables transaction basket with respect to sales or financings of certain receivables.

Effective upon the closing of the Second Amendment, the Company borrowed the entire principal amount committed under the USD Term Loan, which was used to repay revolver borrowings and, in combination with the increase in the Revolving Facility, resulted in $200.0 million of additional liquidity becoming available under the Revolving Facility.

On May 1, 2020, the Company entered into a Third Amendment (the "Third Amendment") to its Credit Agreement, among the Company, certain subsidiaries of the Company, Bank of America, N.A., as administrative agent, and the other lenders party thereto. Pursuant to the Third Amendment, the Credit Agreement was amended to, among other things:

- increase the maximum consolidated leverage ratio from 3.75:1.00 to 4.75:1.00, stepping back down to 3.75:1.00 for the first fiscal quarter ending after June 30, 2021;

- amend the pricing based on the Company’s consolidated leverage ratio, with a scaled increase in fees as follows, effective May 1, 2020:

Leverage Ratio	Applicable Rate	Undrawn Fee
> 4.25 to 1.00	2.75%	0.500%
≤ 4.25 to 1.00 and > 4.00 to 1.00	2.50%	0.500%
≤ 4.00 to 1.00 and > 3.50 to 1.00	2.25%	0.375%
≤ 3.50 to 1.00 and > 3.25 to 1.00	2.00%	0.375%
≤ 3.25 to 1.00 and > 3.00 to 1.00	1.75%	0.300%
≤ 3.00 to 1.00 and > 2.00 to 1.00	1.50%	0.250%
≤ 2.00 to 1.00	1.25%	0.200%

Per the terms of the Third Amendment, pricing will be locked at LIBOR plus 2.00% until the Company publishes its financial results for the fiscal quarter ended June 30, 2020;

- Reduce the Company’s capacity to incur certain other indebtedness, and impose additional limitations on certain restricted payments (other than dividends) and permitted acquisitions; and

- Require that the Company pay down any amounts on the Revolving Facility when cash and cash equivalents of the loan parties exceed $100.0 million.

As of June 30, 2020, there were $243.9 million in borrowings outstanding under the Revolving Facility. The remaining amount available for borrowings was $342.8 million (allowing for $13.3 million of letters of credit outstanding on that date).

As of and for the periods ended June 30, 2020 and December 31, 2019, the Company was in compliance with all applicable loan covenants.

5. Leases

The Company leases its corporate headquarters, various other facilities for distribution, manufacturing, and offices, as well as vehicles, forklifts and other equipment. The Company determines if an arrangement is a lease at inception. Leases are included in "Right of use asset, leases" ("ROU Assets"), and the current portion of the lease liability is included in "Lease liabilities" and the non-current portion is included in "Long-term lease liabilities" in the Condensed Consolidated Balance Sheet. The Company currently has an immaterial amount of financing leases and leases with terms of more than one month and less than 12 months. ROU Assets and lease liabilities are recognized based on the present value of lease payments over the lease term. Because most of the Company's leases do not provide an implicit rate of return, the Company uses its incremental collateralized borrowing rate, on a regional basis, in determining the present value of lease payments. The incremental borrowing rate is dependent upon duration of the lease and has been segmented into three groups of time. All leases within the same region and the same group of time share the same incremental borrowing rate. The Company has lease agreements with lease and non-lease components, which are combined for accounting purposes for all classes of assets except information technology equipment.

The components of lease expense were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Operating lease cost	$ 7.1	$ 7.0	$ 14.4	$ 14.0
Sublease income	(0.3)	(0.4)	(0.7)	(0.8)
Total lease cost	$ 6.8	6.6	$ 13.7	$ 13.2

Other information related to leases was as follows:

	Six Months Ended June 30,	
(in millions, except lease term and discount rate)	2020	2019
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 14.4	$ 15.4
Right-of-use assets obtained in exchange for lease obligations:		
Operating leases	2.5	19.5
	As of June 30, 2020	
Weighted average remaining lease term:		
Operating leases	6.8 years	
Weighted average discount rate:		
Operating leases	5.3 %	

Future minimum lease payments, net of sub-lease income, for all non-cancelable leases as of June 30, 2020 were as follows:

(in millions)	
2020	$ 12.7
2021	22.9
2022	18.7
2023	14.4
2024	12.3
2025	9.2
Thereafter	31.4
Total minimum lease payments	121.6
Less imputed interest	21.8
Future minimum payments for leases, net of sublease rental income and imputed interest	$ 99.8

6. Pension and Other Retiree Benefits

The components of net periodic benefit (income) cost for pension and post-retirement plans for the three and six months ended June 30, 2020 and 2019 were as follows:

	Three Months Ended June 30,					
	Pension				Post-retirement	
	U.S.		International			
(in millions)	2020	2019	2020	2019	2020	2019
Service cost	$ 0.4	$ 0.3	$ 0.3	$ 0.3	$ —	$ —
Interest cost	1.4	1.9	2.4	3.4	0.1	—
Expected return on plan assets	(2.8)	(2.9)	(4.4)	(5.2)	—	—
Amortization of net loss (gain)	0.8	0.5	1.2	0.9	(0.2)	(0.1)
Amortization of prior service cost	0.1	0.1	—	—	—	—
Net periodic benefit income(1)	$ (0.1)	$ (0.1)	$ (0.5)	$ (0.6)	$ (0.1)	$ (0.1)

	Six Months Ended June 30,					
	Pension				Post-retirement	
	U.S.		International			
(in millions)	2020	2019	2020	2019	2020	2019
Service cost	$ 0.8	$ 0.7	$ 0.7	$ 0.6	$ —	$ —
Interest cost	2.9	3.7	4.8	6.8	0.1	0.1
Expected return on plan assets	(5.7)	(5.8)	(9.1)	(10.3)	—	—
Amortization of net loss (gain)	1.6	1.0	2.4	1.7	(0.3)	(0.2)
Amortization of prior service cost	0.2	0.2	0.1	—	—	—
Net periodic benefit income(1)	$ (0.2)	$ (0.2)	$ (1.1)	$ (1.2)	$ (0.2)	$ (0.1)

(1) The components, other than service cost, are included in the line "Non-operating pension income" in the Consolidated Statements of Income.

We expect to contribute approximately $19.3 million to our defined benefit plans in 2020. For the six months ended June 30, 2020, we have contributed $8.9 million to these plans.

7. Stock-Based Compensation

The following table summarizes our stock-based compensation expense (including stock options, restricted stock units ("RSUs") and performance stock units ("PSUs")) for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Stock option compensation expense	$ 0.8	$ 0.8	$ 1.6	$ 1.3
RSU compensation expense	2.0	1.9	3.0	2.9
PSU compensation expense	(0.3)	0.7	(1.2)	1.2
Total stock-based compensation expense	$ 2.5	$ 3.4	$ 3.4	$ 5.4

We generally recognize compensation expense for stock-based awards ratably over the vesting period. Stock-based compensation expense for each of the three and six months ended June 30, 2020 and 2019 includes $1.0 million of expense related to stock awards granted to eligible non-employee directors, which were fully vested on the grant date.

During the second quarter of 2020, the Company's Board of Directors approved the annual stock compensation grant to eligible non-employee directors, which consisted of 113,994 RSUs.

The following table summarizes our unrecognized compensation expense and the weighted-average period over which the expense will be recognized as of June 30, 2020:

	June 30, 2020	
(in millions, except weighted average years)	Unrecognized Compensation Expense	Weighted Average Years Expense To Be Recognized Over
Stock options	$5.9	2.1
RSUs	$8.0	2.1
PSUs	$0.7	2.5

8. Inventories

The components of inventories were as follows:

(in millions)	June 30, 2020	December 31, 2019
Raw materials	$ 48.0	$ 44.4
Work in process	3.5	3.5
Finished goods	284.5	235.4
Total inventories	$ 336.0	$ 283.3

9. Goodwill and Identifiable Intangible Assets

Goodwill

We test goodwill for impairment at least annually, during the second quarter, and on an interim basis if an event or circumstance indicates that there is a triggering event that would make it more likely than not that an impairment loss has been incurred.

During the second quarter ended June 30, 2020, we performed a qualitative assessment of impairment for goodwill for each of our three reporting units. We considered events and circumstances that may affect the fair value of each reporting unit to determine whether it is necessary to perform the quantitative impairment test. We focused on events or circumstances that could affect the significant inputs, including, but not limited to, financial performance, such as negative or declining cash flows, a decline in actual or planned revenue or earnings compared with actual and projected results of relevant prior periods, competitive, economic, industry and market considerations, and other factors that have or could impact each of our reporting units. If we determine that it is more likely than not that the goodwill is impaired, then we would perform a quantitative impairment test.

The results of our qualitative assessment performed during the second quarter ended June 30, 2020, was that there were no triggering events that would make it more likely than not that an impairment loss to our goodwill has been incurred for any of our three reporting units.

Changes in the net carrying amount of goodwill by segment were as follows:

(in millions)	ACCO Brands North America	ACCO Brands EMEA	ACCO Brands International	Total
Balance at December 31, 2019	$ 375.6	$ 165.7	$ 177.3	$ 718.6
Acquisitions	—	—	(0.4)	(0.4)
Foreign currency translation	—	(1.5)	(2.7)	(4.2)
Balance at June 30, 2020	$ 375.6	$ 164.2	$ 174.2	$ 714.0

The goodwill balance is net of $215.1 million of accumulated impairment losses, which occurred prior to December 31, 2016.

Identifiable Intangible Assets

Foroni Acquisition

The valuation of identifiable intangible assets of $11.1 million acquired in the Foroni Acquisition includes an amortizable trade name, "Foroni®," which has been recorded at its estimated fair value. The fair value of the trade name was determined using the relief from royalty method, which is based on the present value of royalty fees derived from projected revenues. The Foroni® trade name is expected to be amortized over 23 years on a straight-line basis.

The gross carrying value and accumulated amortization by class of identifiable intangible assets as of June 30, 2020 and December 31, 2019, was as follows:

	June 30, 2020			December 31, 2019		
(in millions)	Gross Carrying Amounts	Accumulated Amortization	Net Book Value	Gross Carrying Amounts	Accumulated Amortization	Net Book Value
Indefinite-lived intangible assets:						
Trade names	$ 454.7	$ (44.5) (1)	$ 410.2	$ 467.3	$ (44.5) (1)	$ 422.8
Amortizable intangible assets:						
Trade names	311.7	(89.5)	222.2	316.7	(83.7)	233.0
Customer and contractual relationships	238.8	(150.8)	88.0	241.0	(142.3)	98.7
Patents	5.5	(1.6)	3.9	5.5	(1.4)	4.1
Subtotal	556.0	(241.9)	314.1	563.2	(227.4)	335.8
Total identifiable intangibles	$ 1,010.7	$ (286.4)	$ 724.3	$ 1,030.5	$ (271.9)	$ 758.6

(1) Accumulated amortization prior to the adoption of authoritative guidance on goodwill and other intangible assets, at which time further amortization ceased.

The Company's intangible amortization expense was $7.8 million and $8.9 million for the three months ended June 30, 2020 and 2019, respectively, and $16.2 million and $18.2 million for the six months ended June 30, 2020 and 2019, respectively.

Estimated amortization expense for amortizable intangible assets as of June 30, 2020, for the current year and the next five years is as follows:

(in millions)	2020	2021	2022	2023	2024	2025
Estimated amortization expense(2)	$ 32.0	$ 28.4	$ 24.9	$ 22.6	$ 21.0	$ 19.4

(2) Actual amounts of amortization expense may differ from estimated amounts due to changes in foreign currency exchange rates, additional intangible asset acquisitions, impairment of intangible assets, accelerated amortization of intangible assets and other events.

We test indefinite-lived intangibles for impairment at least annually and on an interim basis if an event or circumstance indicates that it is more likely than not that an impairment loss has been incurred. We performed this annual assessment, on a qualitative basis, as allowed by GAAP, for our indefinite-lived trade names in the second quarter of 2020 and concluded that no impairment existed.

COVID-19 Impact

We continue to monitor the significant global impact and uncertainty as a result of COVID-19 to assess the outlook for demand for our products and the effect on our business and our overall financial performance. This includes our risk of impairment of our goodwill and indefinite-lived intangible assets. Although the potential impact of COVID-19 on demand is uncertain, we remain committed to taking the actions necessary to protect our long-term financial performance expectations and position the Company for long-term growth. We expect the macroeconomic environment will recover in the medium to long-term. As a result of our analysis, and consideration of events and circumstances, we concluded based on the annual assessment, on a qualitative basis, no impairment existed of our goodwill or indefinite-lived intangible assets as of June 30, 2020.

10. Restructuring

The Company recorded $6.8 million and $2.7 million of restructuring expense for the six months ended June 30, 2020 and 2019, respectively, and recorded $6.5 million and $0.0 million of restructuring expense for the three months ended June 30, 2020 and 2019, respectively. Restructuring charges in 2020 were primarily related to severance costs in North America. Additional severance charges were also taken in Mexico, Brazil, EMEA and Australia. The restructuring expenses in 2019 were primarily for severance costs related to cost reduction initiatives in our North America and International segments.

The summary of the activity in the restructuring liability for the six months ended June 30, 2020, was as follows:

(in millions)	Balance at December 31, 2019	Provision	Cash Expenditures	Non-cash Items/ Currency Change	Balance at June 30, 2020
Employee termination costs(1)	$ 10.7	$ 6.3	$ (4.9)	$ (0.3)	$ 11.8
Termination of lease agreements(2)	0.6	—	(0.5)	—	0.1
Other(3)	0.5	0.5	(0.3)	(0.4)	0.3
Total restructuring liability	$ 11.8	$ 6.8	$ (5.7)	$ (0.7)	$ 12.2

(1) We expect the remaining $11.8 million employee termination costs to be substantially paid in the next twelve months.
(2) We expect the remaining $0.1 million lease termination costs to be substantially paid in the next three months.
(3) We expect the remaining $0.3 million of other costs to be substantially paid in the next three months.

The summary of the activity in the restructuring liability for the six months ended June 30, 2019, was as follows:

(in millions)	Balance at December 31, 2018	Provision	Cash Expenditures	Balance at June 30, 2019
Employee termination costs	$ 7.9	$ 2.5	$ (5.6)	$ 4.8
Termination of lease agreements	1.8	0.2	(1.5)	0.5
Total restructuring liability	$ 9.7	$ 2.7	$ (7.1)	$ 5.3

11. Income Taxes

For the three months ended June 30, 2020, we recorded an income tax expense of $3.8 million on income before taxes of $9.2 million for an effective rate of 41.3 percent. The increase in the effective rate versus the three months ended June 30, 2019 was primarily driven by the level and unfavorable mix of earnings with certain non-U.S. losses not benefited.

For the three months ended June 30, 2019, we recorded an income tax expense of $15.3 million on income before taxes of $51.2 million, for an effective rate of 29.9 percent.

For the six months ended June 30, 2020, we recorded an income tax expense of $6.9 million on income before taxes of $20.3 million, for an effective rate of 34.0 percent. The decrease in the effective rate versus the six months ended June 30, 2019 was primarily due to an increase in reserves for uncertain tax positions in the prior year and a decrease in non-deductible interest expense in the current year.

For the six months ended June 30, 2019, we recorded an income tax expense of $25.9 million on income before taxes of $61.2 million, for an effective rate of 42.3 percent. The high effective tax rate for the period was primarily due to the Company increasing its reserves for uncertain tax positions in connection with the Brazil Tax Assessments (see Brazil Tax Assessments below) in the amount of $5.6 million and the recording of deferred state taxes on unremitted non-U.S. earnings in the amount of $0.8 million and other reserves related to various tax contingencies.

The U.S. federal statute of limitations remains open for the years 2016 and forward. Foreign and U.S. state jurisdictions have statutes of limitations generally ranging from 2 to 5 years. Years still open to examination by foreign tax authorities in major jurisdictions include Australia (2015 forward), Brazil (2014 forward), Canada (2015 forward), Germany (2015 forward), Sweden (2014 forward) and the U.K. (2018 forward). We are currently under examination in certain foreign jurisdictions.

Brazil Tax Assessments

In connection with our May 1, 2012, acquisition of the Mead Consumer and Office Products business ("Mead C&OP"), we assumed all of the tax liabilities for the acquired foreign operations including Tilibra Produtos de Papelaria Ltda. ("Tilibra"). In December of 2012, the Federal Revenue Department of the Ministry of Finance of Brazil ("FRD") issued a tax assessment against Tilibra, challenging the tax deduction of goodwill from Tilibra's taxable income for the year 2007 (the "First Assessment"). A second assessment challenging the deduction of goodwill from Tilibra's taxable income for the years 2008, 2009 and 2010 was issued by FRD in October 2013 (the "Second Assessment" and together with the First Assessment, the "Brazil Tax Assessments"). Tilibra is disputing both of the Brazil Tax Assessments.

The final administrative appeal of the Second Assessment was decided against the Company in 2017. In 2018, we decided to appeal this decision to the judicial level. In the event we do not prevail at the judicial level, we will be required to pay an additional penalty representing attorneys' costs and fees; accordingly, in the first quarter of 2019, the Company recorded an additional reserve in the amount of $5.6 million. In connection with the judicial challenge, we were required to provide security to guarantee payment of the Second Assessment should we not prevail. The First Assessment is still being challenged through established administrative procedures.

We believe we have meritorious defenses and intend to vigorously contest both of the Brazil Tax Assessments; however, there can be no assurances that we will ultimately prevail. The ultimate outcome will not be determined until the Brazilian tax appeal process is complete, which is expected to take a number of years. If the FRD's initial position is ultimately sustained, payment of the amount assessed would materially and adversely affect our cash flow in the year of settlement.

Because there is no settled legal precedent on which to base a definitive opinion as to whether we will ultimately prevail, we consider the outcome of this dispute to be uncertain. Since it is not more likely than not that we will prevail, in 2012, we recorded a reserve in the amount of $44.5 million (at December 31, 2012 exchange rates) in consideration of this contingency, of which $43.3 million was recorded as an adjustment to the purchase price and which included the 2007-2012 tax years plus penalties and interest through December 2012. Included in this reserve is an assumption of penalties at 75 percent, which is the standard penalty. While there is a possibility that a penalty of 150 percent could be imposed in connection with the First Assessment, based on the facts in our case and existing precedent, we believe the likelihood of a 150 percent penalty is not more likely than not as of June 30, 2020. We will continue to actively monitor administrative and judicial court decisions and evaluate their impact, if any, on our legal assessment of the ultimate outcome of our disputes. In addition, we will continue to accrue interest related to this contingency until such time as the outcome is known or until evidence is presented that we are more likely than not to prevail. The time limit for issuing an assessment for 2011 and 2012 expired in January 2018 and January 2019, respectively. Since we did not receive an assessments for either of these periods, we reversed the amounts previously accrued, including $5.6 million related to 2011, which was reversed in the first quarter of 2018. During the three months ended June 30, 2020 and 2019, we accrued additional interest as a charge to income tax expense of $0.1 million and $0.3 million, respectively, and for the six months ended June 30, 2020 and 2019, we accrued additional interest as a charge to current income tax expense of $0.2 million and $0.6 million, respectively. At current exchange rates, our accrual through June 30, 2020, including tax, penalties and interest is $26.1 million (reported in "Other non-current liabilities").

12. Earnings per Share

Total outstanding shares as of June 30, 2020 and 2019, were 94.5 million and 99.1 million, respectively. Under our stock repurchase program, for the three months ended June 30, 2020 no shares were repurchased and for the six months ended June 30, 2020 we repurchased and retired 2.7 million shares. Under our stock repurchase program, for the three and six months ended June 30, 2019, we repurchased and retired 3.4 million and 4.7 million shares, respectively. For the six months ended June 30, 2020 and 2019, we acquired 0.2 million and 0.5 million shares, respectively, related to tax withholding for share-based compensation.

The calculation of basic earnings per share of common stock is based on the weighted-average number of shares of common stock outstanding in the year, or period, over which they were outstanding. Our calculation of diluted earnings per share of common stock assumes that any shares of common stock outstanding were increased by shares that would be issued upon exercise of those stock awards for which the average market price for the period exceeds the exercise price less the shares that could have been purchased by the Company with the related proceeds, including compensation expense measured but not yet recognized.

Our weighted-average shares outstanding for the three and six months ended June 30, 2020 and 2019 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
Weighted-average number of shares of common stock outstanding - basic	94.5	101.3	95.3	101.8
Stock options	—	0.3	0.1	0.4
Restricted stock units	0.7	0.6	0.9	1.1
Weighted-average shares and assumed conversions - diluted	95.2	102.2	96.3	103.3

Awards of potentially dilutive shares of common stock, which have exercise prices that were higher than the average market price during the period, are not included in the computation of dilutive earnings per share as their effect would have been anti-dilutive. For the three and six months ended June 30, 2020, the number of anti-dilutive shares was approximately 7.9 million and 7.2 million, respectively. For the three and six months ended June 30, 2019, the number of anti-dilutive shares was approximately 5.6 million, and 4.5 million, respectively.

13. Derivative Financial Instruments

We are exposed to various market risks, including changes in foreign currency exchange rates and interest rate changes. We enter into financial instruments to manage and reduce the impact of these risks, not for trading or speculative purposes. The counterparties to these financial instruments are major financial institutions. We continually monitor our foreign currency exposures in order to maximize the overall effectiveness of our foreign currency hedge positions. Principal currencies hedged against the U.S. dollar include the Euro, Australian dollar, Canadian dollar, Swedish krona, British pound and Japanese yen. We are subject to credit risk, which relates to the ability of counterparties to meet their contractual payment obligations or the potential non-performance by counterparties to financial instrument contracts. Management continues to monitor the status of our counterparties and will take action, as appropriate, to further manage our counterparty credit risk. There are no credit contingency features in our derivative financial instruments.

When hedge accounting is applicable, on the date we enter into a derivative, the derivative is designated as a hedge of the identified exposure. We measure the effectiveness of our hedging relationships both at hedge inception and on an ongoing basis.

Forward Currency Contracts

We enter into forward foreign currency contracts with third parties to reduce the effect of fluctuating foreign currencies, primarily on foreign denominated inventory purchases and intercompany loans. The majority of the Company's exposure to local currency movements is in Europe (the Euro, the Swedish krona and the British pound), Brazil, Australia, Canada, and Mexico.

Forward currency contracts are used to hedge foreign denominated inventory purchases for Europe, Australia, Canada, Japan and New Zealand, and are designated as cash flow hedges. Unrealized gains and losses on these contracts are deferred in Accumulated Other Comprehensive Income ("AOCI") until the contracts are settled and the underlying hedged transactions relating to inventory purchases are recognized, at which time the deferred gains or losses will be reported in the "Cost of products sold" line in the "Consolidated Statements of Income." As of June 30, 2020 and December 31, 2019, we had cash flow foreign exchange contracts outstanding with a U.S. dollar equivalent notional value of $76.2 million and $96.7 million, respectively, which were designated as hedges.

Forward currency contracts used to hedge foreign denominated intercompany loans are not designated as hedging instruments. Gains and losses on these derivative instruments are recognized within "Other expense, net" in the "Consolidated Statements of Income" and are largely offset by the change in the current translated value of the hedged item. The periods of the forward foreign exchange contracts correspond to the periods of the hedged transactions, and do not extend beyond May 2024. As of June 30, 2020 and December 31, 2019, we had foreign exchange contracts outstanding with a U.S. dollar equivalent notional value of $140.7 million and $182.6 million, respectively, which were not designated as hedges.

The following table summarizes the fair value of our derivative financial instruments as of June 30, 2020 and December 31, 2019:

	Fair Value of Derivative Instruments					
	Derivative Assets			Derivative Liabilities		
(in millions)	Balance Sheet Location	June 30, 2020	December 31, 2019	Balance Sheet Location	June 30, 2020	December 31, 2019
Derivatives designated as hedging instruments:						
Foreign exchange contracts	Other current assets	$ 0.8	$ 0.4	Other current liabilities	$ 1.4	$ 0.9
Derivatives not designated as hedging instruments:						
Foreign exchange contracts	Other current assets	2.3	7.6	Other current liabilities	0.6	8.6
Foreign exchange contracts	Other non-current assets	8.3	—	Other non-current liabilities	8.3	—
Total derivatives		$ 11.4	$ 8.0		$ 10.3	$ 9.5

The following tables summarize the pre-tax effect of our derivative financial instruments on the condensed consolidated financial statements for the three and six months ended June 30, 2020 and 2019:

The Effect of Derivative Instruments in Cash Flow Hedging Relationships on the Condensed Consolidated Financial Statements

	Amount of Gain (Loss) Recognized in AOCI (Effective Portion)		Location of (Gain) Loss Reclassified from AOCI to Income	Amount of (Gain) Loss Reclassified from AOCI to Income (Effective Portion)	
	Three Months Ended June 30,			Three Months Ended June 30,	
(in millions)	2020	2019		2020	2019
Cash flow hedges:					
Foreign exchange contracts	$ (2.1)	$ (0.6)	Cost of products sold	$ (1.3)	$ (1.2)

The Effect of Derivative Instruments in Cash Flow Hedging Relationships on the Condensed Consolidated Financial Statements

	Amount of Gain (Loss) Recognized in AOCI (Effective Portion)		Location of (Gain) Loss Reclassified from AOCI to Income	Amount of (Gain) Loss Reclassified from AOCI to Income (Effective Portion)	
	Six Months Ended June 30,			Six Months Ended June 30,	
(in millions)	2020	2019		2020	2019
Cash flow hedges:					
Foreign exchange contracts	$ 2.4	$ (0.4)	Cost of products sold	$ (2.5)	$ (2.9)

The Effect of Derivatives Not Designated as Hedging Instruments on the Consolidated Statements of Operations

	Location of (Gain) Loss Recognized in Income on Derivatives	Amount of (Gain) Loss Recognized in Income		Amount of (Gain) Loss Recognized in Income	
		Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)		2020	2019	2020	2019
Foreign exchange contracts	Other expense, net	$ 4.1	$ (1.7)	$ (5.2)	$ (0.5)

14. Fair Value of Financial Instruments

In establishing a fair value, there is a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The basis of the fair value measurement is categorized in three levels, in order of priority, as described below:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities, or
	Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or
	Inputs other than quoted prices that are observable for the asset or liability
Level 3	Unobservable inputs for the asset or liability

We utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

We have determined that our financial assets and liabilities described in "Note 13. Derivative Financial Instruments" are Level 2 in the fair value hierarchy. The following table sets forth our financial assets and liabilities that were accounted for at fair value on a recurring basis as of June 30, 2020 and December 31, 2019:

(in millions)	June 30, 2020	December 31, 2019
Assets:		
Forward currency contracts	$ 11.4	$ 8.0
Liabilities:		
Forward currency contracts	$ 10.3	$ 9.5

Our forward currency contracts are included in "Other current assets," "Other current liabilities," "Other non-current assets," or "Other non-current liabilities." The forward foreign currency exchange contracts are primarily valued based on the foreign currency spot and forward rates quoted by banks or foreign currency dealers. As such, these derivative instruments are classified within Level 2.

The fair values of cash and cash equivalents, notes payable to banks, accounts receivable and accounts payable approximate carrying amounts due principally to their short maturities. The carrying amount of total debt was $1,026.8 million and $816.0 million and the estimated fair value of total debt was $1,028.6 million and $831.4 million at June 30, 2020 and December 31, 2019, respectively. The fair values are determined from quoted market prices, where available, and from investment bankers using current interest rates considering credit ratings and the remaining time to maturity.

15. Accumulated Other Comprehensive Income (Loss)

AOCI is defined as net income (loss) and other changes in stockholders' equity from transactions and other events from sources other than stockholders. The components of, and changes in, AOCI were as follows:

(in millions)	Derivative Financial Instruments	Foreign Currency Adjustments	Unrecognized Pension and Other Post-retirement Benefit Costs	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2019	$ (0.2)	$ (299.5)	$ (206.0)	$ (505.7)
Other comprehensive income (loss) before reclassifications, net of tax	1.7	(57.3)	6.5	(49.1)
Amounts reclassified from accumulated other comprehensive (loss) income, net of tax	(1.7)	—	3.3	1.6
Balance at June 30, 2020	$ (0.2)	$ (356.8)	$ (196.2)	$ (553.2)

The reclassifications out of AOCI for the three and six months ended June 30, 2020 and 2019 were as follows:

(in millions) Details about Accumulated Other Comprehensive Income (Loss) Components	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019	Six Months Ended June 30, 2020	Six Months Ended June 30, 2019	Location on Income Statement
	Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		Amount Reclassified from Accumulated Other Comprehensive Income (Loss)		
Gain (loss) on cash flow hedges:					
Foreign exchange contracts	$ 1.3	$ 1.2	$ 2.5	$ 2.9	Cost of products sold
Tax expense	(0.5)	(0.2)	(0.8)	(0.9)	Income tax expense
Net of tax	$ 0.8	$ 1.0	$ 1.7	$ 2.0	
Defined benefit plan items:					
Amortization of actuarial loss	$ (1.8)	$ (1.3)	$ (3.7)	$ (2.5)	(1)
Amortization of prior service cost	(0.1)	(0.1)	(0.3)	(0.2)	(1)
Total before tax	(1.9)	(1.4)	(4.0)	(2.7)	
Tax benefit	0.2	0.2	0.7	0.4	Income tax expense
Net of tax	$ (1.7)	$ (1.2)	$ (3.3)	$ (2.3)	
Total reclassifications for the period, net of tax	$ (0.9)	$ (0.2)	$ (1.6)	$ (0.3)	

(1) These AOCI components are included in the computation of net periodic benefit cost for pension and post-retirement plans. See "Note 6. Pension and Other Retiree Benefits" for additional details.

16. Revenue Recognition

Revenue is recognized when control of the promised goods or services is transferred to our customers in an amount reflective of the consideration we expect to receive in exchange for those goods or services. Taxes we collect concurrent with revenue producing activities are excluded from revenue. Incidental items incurred that are immaterial in the context of the contract are expensed.

At the inception of each contract, the Company assesses the products and services promised and identifies each distinct performance obligation. To identify the performance obligations, the Company considers all products and services promised regardless of whether they are explicitly stated or implied within the contract or by standard business practices.

Freight and distribution activities performed before the customer obtains control of the goods are not considered promised services under customer contracts and therefore are not distinct performance obligations. The Company has chosen to account for shipping and handling activities as a fulfillment activity, and therefore accrues the expense of freight and distribution in "Cost of products sold" when product is shipped.

Service or Extended Maintenance Agreements ("EMAs"). As of December 31, 2019, there was $5.5 million of unearned revenue associated with outstanding EMAs, primarily reported in "Other current liabilities." During the three and six months ended June 30, 2020, $1.3 million and $4.1 million of the unearned revenue was earned and recognized, respectively. As of June 30, 2020, the amount of unearned revenue from EMAs was $3.7 million. We expect to earn and recognize approximately $3.1 million of the unearned amount in the next 12 months and $0.6 million in periods beyond the next 12 months.

The following tables present our net sales disaggregated by regional geography[1], based upon our reporting business segments and our net sales disaggregated by the timing of revenue recognition for the three and six months ended June 30, 2020 and 2019:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
United States	$ 211.6	$ 270.6	$ 359.0	$ 410.6
Canada	20.1	37.3	40.5	57.7
ACCO Brands North America	231.7	307.9	399.5	468.3
ACCO Brands EMEA[2]	88.3	128.3	215.8	274.8
Australia/N.Z.	23.0	30.7	51.9	63.6
Latin America	14.3	40.4	63.3	82.7
Asia-Pacific	9.6	11.4	20.5	23.2
ACCO Brands International	46.9	82.5	135.7	169.5
Net sales	$ 366.9	$ 518.7	$ 751.0	$ 912.6

(1) Net sales are attributed to geographic areas based on the location of the selling subsidiaries.
(2) ACCO Brands EMEA is comprised largely of Europe, but also includes export sales to the Middle East and Africa.

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	**2020**	**2019**	**2020**	**2019**
Product and services transferred at a point in time	$ 353.8	$ 502.2	$ 725.6	$ 880.6
Product and services transferred over time	13.1	16.5	25.4	32.0
Net sales	$ 366.9	$ 518.7	$ 751.0	$ 912.6

17. Information on Business Segments

The Company has three operating business segments each of which is comprised of different geographic regions. The Company's three segments are as follows:

Operating Segment	Geography	Primary Brands	Primary Products
ACCO Brands North America	United States and Canada	Five Star®, Quartet®, AT-A-GLANCE®, GBC®, Swingline®, Kensington®, Mead®, and Hilroy®	School notebooks, planners, dry erase boards, storage and organization products (3-ring binders), stapling, punching, laminating, binding products, and computer accessories
ACCO Brands EMEA	Europe, Middle East and Africa	Leitz®, Rapid®, Esselte®, Kensington®, Rexel® GBC®, NOBO®, and Derwent®	Storage and organization products (lever-arch binders, sheet protectors, indexes), stapling, punching, laminating, shredding, do-it-yourself tools, dry erase boards, writing instruments and computer accessories
ACCO Brands International	Australia/N.Z., Latin America and Asia-Pacific	Tilibra®, GBC®, Barrilito®, Foroni®, Marbig®, Kensington®, Artline®*, Wilson Jones®, Quartet®, Spirax®, and Rexel® *Australia/N.Z. only	School notebooks, planners, dry erase boards, storage and organization products (binders, sheet protectors and indexes), stapling, punching, laminating, shredding, writing instruments, janitorial supplies and computer accessories

Each business segment designs, markets, sources, manufactures and sells recognized consumer and other end-user demanded branded products used in businesses, schools and homes. Product designs are tailored to end-user preferences in each geographic region, and where possible, leverage common engineering, design, and sourcing.

Our product categories include storage and organization; stapling; punching; laminating, shredding and binding machines; dry erase boards; notebooks; calendars; computer accessories; and do-it-yourself tools, among others. Our portfolio includes both globally and regionally recognized brands. The revenue in North America and International segments includes significant sales of consumer products that have very important, seasonal selling periods related to back-to-school and calendar year-end. For North America and Mexico, back-to-school straddles the second and third quarters, and for the Southern hemisphere it takes place in the fourth and first quarter. We expect sales of consumer products to become a greater percentage of our revenue because demand for consumer back-to-school products is growing faster than demand for most business-related and calendar products.

Customers

We distribute our products through a wide variety of retail and commercial channels to ensure that they are readily and conveniently available for purchase by consumers and other end-users, wherever they prefer to shop. These channels include mass retailers; e-tailers; discount, drug/grocery and variety chains; warehouse clubs; hardware and specialty stores; independent office product dealers; office superstores; wholesalers; and contract stationers. We also sell directly to commercial and consumer end-users through our e-commerce sites and our direct sales organization.

Net sales by business segment for the three and six months ended June 30, 2020 and 2019 were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
ACCO Brands North America	$ 231.7	$ 307.9	$ 399.5	$ 468.3
ACCO Brands EMEA	88.3	128.3	215.8	274.8
ACCO Brands International	46.9	82.5	135.7	169.5
Net sales	$ 366.9	$ 518.7	$ 751.0	$ 912.6

Operating income by business segment for the three and six months ended June 30, 2020 and 2019 was as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
(in millions)	2020	2019	2020	2019
ACCO Brands North America	$ 37.4	$ 60.6	$ 45.0	$ 67.4
ACCO Brands EMEA	(1.8)	7.4	10.2	23.3
ACCO Brands International	(4.4)	4.1	1.5	9.7
Segment operating income	31.2	72.1	56.7	100.4
Corporate	(12.7)	(10.7)	(20.8)	(21.1)
Operating income(1)	18.5	61.4	35.9	79.3
Interest expense	9.9	11.7	18.5	22.1
Interest income	(0.3)	(1.3)	(0.6)	(2.2)
Non-operating pension income	(1.5)	(1.4)	(3.0)	(2.8)
Other expense, net	1.2	1.2	0.7	1.0
Income before income tax	$ 9.2	$ 51.2	$ 20.3	$ 61.2

(1) Operating income as presented in the segment table above is defined as i) net sales; ii) less cost of products sold; iii) less selling, general and administrative expenses; iv) less amortization of intangibles; and v) less restructuring charges.

18. Commitments and Contingencies

Pending Litigation - Brazil Tax Assessments

In connection with our May 1, 2012, acquisition of the Mead C&OP business, we assumed all of the tax liabilities for the acquired foreign operations including Tilibra. For further information, see "Note 11. Income Taxes - *Brazil Tax Assessments*" for details on tax assessments issued by the FRD against Tilibra challenging the tax deduction of goodwill from Tilibra's taxable income for the years 2007 through 2010. If the FRD's initial position is ultimately sustained, payment of the amount assessed would materially and adversely affect our cash flow in the year of settlement.

Brazil Tax Credits

In March 2017, the Supreme Court of Brazil ruled against the Brazilian tax authority in a leading case related to the computation of certain indirect taxes. The Supreme Court ruled that the indirect tax base should not include a value-added tax known as "ICMS." The Supreme Court decision, in principle, affects all applicable judicial proceedings in progress, and reduces future indirect taxes on our Brazilian subsidiary, Tilibra. However, the Brazilian tax authority has filed an appeal seeking clarification of certain matters, including the amount by which taxpayers would be entitled to reduce their indirect tax base (i.e. the gross ICMS collected or the net ICMS paid). The appeal also requests a modulation of the decision’s effects, which may limit its retrospective impact on taxpayers, including Tilibra.

Tilibra has paid and continues to pay these indirect taxes on a tax base which includes the gross ICMS collected. It has also filed legal actions in Brazil to request reimbursement of these excess tax payments by way of future credits ("Tax Credits") and for permission to exclude the gross ICMS collected from the tax base in future periods. Tilibra’s legal actions cover various time periods and some have been finally decided in a court of law in favor of Tilibra, while others are still pending a final decision.

Due to the uncertainties associated with the scope of the application of the Brazilian Supreme Court's ruling, taking into account the Brazilian tax authority's appeal and request for modulation, the Company has and will recognize income only for the amount of Tax Credits actually monetized, which will occur when Tilibra receives a cash flow benefit from applying the Tax Credits against various taxes payable in Brazil. The benefit of the Tax Credits realized by the Company has and will be recorded in the Consolidated Statements of Income in the line item "Other expense, net."

Tilibra received final decisions for Tax Credits in the amount of $4.3 million, of which $3.3 million was offset against Brazilian taxes in the fourth quarter of 2019, with the balance used during the first quarter of 2020. This amount of Tax Credits assumes that only the net amount of ICMS paid can be excluded from the tax base. The total value of these Tax Credits was recorded as a gain in Tilibra's local statutory accounts during the third quarter of 2019, resulting in Brazilian federal taxes payable of approximately $1.6 million.

Final decisions in the remaining legal actions Tilibra has filed may result in additional Tax Credits that could be monetized in future periods. Further, a favorable decision in the leading case by the Brazilian Supreme Court on the methodology to compute the Tax Credits (i.e. gross ICMS collected) would result in additional Tax Credits being available to Tilibra. The amount of these additional Tax Credits may be material.

Foroni, in years prior to the acquisition, also filed legal actions in Brazil to recover these excess indirect tax payments; however all of Foroni's claims are still pending a final decision. In the event any Tax Credits are recovered on behalf of Foroni, we are required under the quota purchase agreement to remit such recovery to the former owners of Foroni on a net income tax paid basis, and therefore will not recognize any benefit in the Consolidated Statements of Income.

Other Pending Litigation

We are party to various lawsuits and regulatory proceedings, primarily related to alleged patent infringement, as well as other claims incidental to our business. In addition, we may be unaware of third party claims of intellectual property infringement relating to our technology, brands, or products, and we may face other claims related to business operations. Any litigation regarding patents or other intellectual property could be costly and time-consuming and might require us to pay monetary damages or enter into costly license agreements. We also may be subject to injunctions against development and sale of certain of our products.

It is the opinion of management that (other than the Brazil Tax Assessments) the ultimate resolution of currently outstanding matters will not have a material adverse effect on our financial condition, results of operations or cash flow. However, there is no assurance that we will ultimately be successful in our defense of any of these matters or that an adverse outcome in any matter will not affect our results of operations, financial condition or cash flow. Further, future claims, lawsuits and legal proceedings could materially and adversely affect our business, reputation, results of operations and financial condition.

Environmental

We are subject to national, state, provincial and/or local environmental laws and regulations concerning the discharge of materials into the environment and the handling, disposal and clean-up of waste materials and other items relating to the protection of the environment. This includes environmental laws and regulations that affect the design and composition of certain of our products. It is not possible to quantify with certainty the potential impact of actions regarding environmental matters, particularly remediation and other compliance efforts that we may undertake in the future. In the opinion of our management, compliance with the present environmental protection laws, before taking into account estimated recoveries from third parties, will not have a material adverse effect upon our capital expenditures, financial condition and results of operations or competitive position.

ITEM 2. ***MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS***

Introduction

Management's Discussion and Analysis of Financial Condition and Results of Operations for the three and six months ended June 30, 2020 and 2019 should be read in conjunction with the unaudited condensed consolidated financial statements of ACCO Brands Corporation and the accompanying notes contained therein.

Overview of the Company

ACCO Brands designs, markets and manufactures well-recognized consumer, school, and office products. Our widely known brands include AT-A-GLANCE®, Barrilito®, Derwent®, Esselte®, Five Star®, Foroni®, GBC®, Hilroy®, Kensington®, Leitz®, Marbig®, Mead®, NOBO®, Quartet®, Rapid®, Rexel®, Swingline®, Tilibra® and Wilson Jones®. Approximately 75 percent of our net sales come from brands that occupy the No. 1 or No. 2 position in the product categories in which we compete. We distribute our products through a wide variety of retail and commercial channels to ensure that our products are readily and conveniently available for purchase by consumers and other end-users, wherever they prefer to shop. These channels include mass retailers; e-tailers; discount, drug/grocery and variety chains; warehouse clubs; hardware and specialty stores; independent office product dealers; office superstores; wholesalers; and contract stationers. Our products are sold primarily in the U.S., Europe, Brazil, Australia, Canada, and Mexico. For the year ended December 31, 2019, approximately 43 percent of our net sales were in the U.S.

Our leading product category positions provide the scale to invest in marketing and product innovation to drive profitable growth. Over the long term, we expect to derive much of our growth from emerging markets such as Latin America and parts of Asia, the Middle East, and Eastern Europe. These areas exhibit sales growth for our product categories. In all of our markets, we see opportunities for sales growth through share gains, channel expansion, and product enhancements.

Our strategy is to grow our global portfolio of consumer brands, offer more innovative products, increase our presence in faster growing geographies and channels, and diversify our customer base. We plan to supplement organic growth with strategic acquisitions in both existing and adjacent product categories. We generate strong operating cash flow, and will continue to leverage our cost structure through synergies and productivity savings to drive long-term profit improvement.

In support of these strategic imperatives, we have been transforming our business by acquiring companies with consumer and other end-user demanded brands, diversifying our distribution channels and increasing our global presence. These acquisitions have meaningfully expanded our portfolio of well-known brands, enhanced our competitive position from both a product and channel perspective, and added scale to our operations. Today ACCO Brands is a global enterprise focused on developing innovative, branded consumer products for use in businesses, schools, and homes.

Overview of Performance

As used in this Quarterly Report on Form 10-Q, "COVID-19 impacts" include the operational, financial, and other effects on ACCO Brands, its customers and end users of its products, of school and business closures, work from home and government orders and manufacturing, distribution and supply chain and other disruptions resulting from COVID-19.

For the three months ended June 30, 2020, our business was significantly impacted by COVID-19 as our net sales declined $151.8 million, or 29.3 percent. Operating income declined 69.9 percent, primarily due to the lower sales, partially offset by company-wide cost reductions and government assistance in certain countries, generally in return for maintaining employment, pay and benefits.

Operating cash outflow for the six months ended June 30, 2020, was $67.5 million, which was significantly better than last year's operating cash outflow of $115.7 million. The $48.2 million year-over-year improvement was due to our decision not to repeat the accelerated purchase of raw materials and finished goods inventory as occurred in late 2018. Those purchases were then paid for in the first quarter of 2019.

COVID-19 Impact

COVID-19 and the actions being taken by national, state and local governments, businesses, schools and others to address it (including work from home orders, quarantines, travel restrictions, business and school closures and cancellations of, and limitations on, public gatherings) have caused and continue to cause significant disruptions to normal business operations and have had, and are expected to continue to have, significant adverse impacts on our customers and end-users worldwide. Similarly, our business, sales, earnings, and results of operations have been and will continue to be materially adversely affected by these events, as well as the current and expected continued negative impact on the global economy and uncertainties regarding when the risks of the pandemic will subside and how geographies, distribution channels and consumer behaviors will evolve over time in response to the pandemic.

Health and Safety of Our People

Our top priority is the health and safety of our employees and, in the face of the developing pandemic, we immediately took actions to address their safety. Those employees who could do their jobs from home began doing so. In our plants and distribution centers we made modifications to our normal operations because of COVID-19. These modifications vary from country to country depending on local conditions and government mandates but include taking workers' temperatures daily, practicing social distancing, wearing protective equipment, quarantines consistent with CDC and WHO guidelines, and adjusting schedules and operating practices as appropriate to reduce unnecessary employee interaction. We also instituted heightened cleaning and sanitization standards.

During the third quarter, we expect most of our office and administrative employees will continue to work from home, but many employees outside North America will begin returning to work in our offices. We have implemented modifications to our normal operations similar to those used at our plants and distribution facilities to protect the health and safety of our employees returning to our office locations.

We will continue to monitor our operations and government recommendations regarding employee health and safety and make changes as appropriate.

Facilities and Supply Chain

During the first quarter, COVID-19 impacted our Chinese supply chain and we experienced some out-of-stocks and lost sales, but we began to see improvement early in the second quarter and we had no significant supply chain issues in meeting our back-to-school orders in North America. While a small number of our manufacturing and distribution operations were closed temporarily during the first and second quarters, we have been declared an essential business in most jurisdictions and most of our facilities have remained open and operating throughout this time period. We are shipping, but at a reduced level based on lower demand, particularly in the traditional office products area.

We currently believe the most significant facilities and supply chain issues are behind us, but there can be no assurance that there will not be future disruptions (including closures) or a reemergence of facilities and supply chain impacts as a result of COVID-19.

Cost Reductions

To begin to address the financial impact of the pandemic on our results of operations, we quickly implemented cost-cutting initiatives to better align our cost structure with the expected decline in 2020 sales. These cost reduction actions, when combined with our normal productivity savings, reduced costs by approximately $33 million for the second quarter. These actions included reducing discretionary spending such as travel, freezing hiring, delaying non-essential capital spending, as well as numerous actions to reduce payroll and benefit costs. Among others, the payroll-related actions included: temporary salary reductions; indefinite postponement of 2020 merit increases except where mandated by law; temporary furloughs across the organization; the non-achievement of almost all annual incentive plans; the suspension of the company match for the U.S. 401(k) plan; and layoffs of production and distribution employees commensurate with the drop in demand.

Where we qualify, we have also sought to take full advantage of government assistance available to employers in the countries outside the U.S. where we operate. Most of this assistance is designed to encourage and enable companies to sustain employment, including pay and working conditions of employees, by providing cash benefits to employers. In the second quarter of 2020 we received $4.0 million in government assistance to offset the payroll and other costs of retaining our employees. Many of these assistance programs are currently scheduled to expire during the third quarter, although there are ongoing discussions in some countries to extend them. Going forward, there can be no assurance that government assistance programs will continue or that we will continue to meet the performance criteria to obtain benefits. The curtailing of these government programs is likely to accelerate the need for other, more permanent structural changes and cost reduction actions.

Effective July 1, 2020, we reinstated employee salaries as these were intended as temporary measures, but we are continuing our other previously implemented cost reduction actions. Additionally, we are shifting our focus from temporary to more permanent structural changes. To that end, we have made decisions regarding restructuring actions in North America and Mexico which will reposition these businesses to focus on faster growing categories and channels and reduce cost. On an annualized basis, we expect these actions to deliver $11 million in savings, part of which will be reinvested in the business.

We expect our recent and continuing COVID-19-related cost reduction actions, together with our normal productivity programs, to deliver approximately $15 million in additional third quarter expense savings compared with last year. We continue to evaluate the impact of COVID-19 on our business and expect to make additional structural changes and associated restructuring charges.

There can be no assurance that these cost-savings measures, and any additional cost-savings measures we may implement in the future, will be sufficient to offset the current and future adverse financial impacts of COVID-19 on our business, results of operation or financial condition.

Liquidity, Capital Resources and Other Assets

We are in a strong financial position with $128.8 million cash on hand and $342.8 million available for borrowings under our $600 million committed revolving credit facility as of the end of the second quarter of 2020. During the second quarter of 2020, we amended our bank debt maintenance covenant increasing the maximum consolidated leverage ratio from 3.75x to 4.75x, stepping back down to 3.75x for the first quarter ending after June 30, 2021. This will provide us with additional financial flexibility to cover the anticipated financial impact of COVID-19 should we need it. As of June 30, 2020, our consolidated leverage ratio was 3.48x. We have no debt maturities before May 2024. We also announced that we do not intend to repurchase additional shares during 2020. Our planned use of cash for the remainder of 2020, after funding operating needs, will be to pay dividends and reduce debt.

Given our financial strength, we currently expect to be able to maintain adequate liquidity as we manage through the current environment. Our seasonal borrowings were higher in the second quarter because lower sales resulted in lower collections from accounts receivable in the quarter resulting in the need to borrow more cash to fund operations.

We are monitoring our working capital, including accounts receivable and inventory. We are experiencing an increased level of late payments and potential bad debts as our customers deal with the COVID-19 impacts on their businesses. In the second quarter, we had $3.9 million in additional bad debt expense versus the second quarter of 2019. We are actively managing our receivables and will potentially restrict our own sales to mitigate our risk. In addition, the steep drop in demand has increased the likelihood that certain slow moving inventory may become obsolete. In the second quarter, we had a $2.4 million increase in additional slow moving inventory provisions versus the second quarter of 2019. We anticipate that both of these trends will continue.

We continue to monitor the significant global impact and uncertainty as a result of COVID-19 to assess the outlook for demand for our products and the effect on our business and our overall financial performance. This includes our risk of impairment of our goodwill and indefinite-lived intangible assets. Although the potential impact of COVID-19 on demand is uncertain, we remain committed to taking the actions necessary to protect our long-term financial performance expectations and position the Company for long-term growth. We expect the macroeconomic environment will recover in the medium to long-term. As a result of our analysis, and consideration of events and circumstances, we concluded based on the annual assessment, on a qualitative basis, no impairment existed of our goodwill or indefinite-lived intangible assets as of June 30, 2020.

Outlook

For the third quarter, we expect the business impacts from COVID-19 will be different by geographic region and country. Its impact on our business in any one country will depend on a range of factors, including where it is in the reopening phase, the general seasonality of our business in that country, the nature and level of government support of businesses, and channel structure. EMEA and our Australia, New Zealand, and Asia businesses are currently experiencing a lower impact from the pandemic. Listed in increasing order of current adverse impact are North America (mainly office products), and the balance of our International segment (Mexico, Brazil, and Chile).

We have limited visibility for the third quarter and even less beyond the third quarter, but we expect overall demand to continue to be down relative to 2019, especially for commercial office products. We previously withdrew our full year guidance due to our inability to provide a longer-term outlook with confidence.

While the level of orders improved sequentially through the second quarter, there can be no assurance that this will continue, or that orders will not decline in the future. This uncertainty generates a wide range of potential sales outcomes as the year progresses. Although we expect most schools will be open at some point, even if at reduced capacity, we anticipate that there will be high variation in the timing of school openings versus normal, which could affect both the timing and level of demand for our back-to-school products and negatively impact our third quarter results.

We expect that the pandemic will continue to materially and adversely affect our business, sales, and results of operations for some time, but we cannot reasonably estimate its financial impact beyond the third quarter at this time. We are also uncertain as to the magnitude of the longer-term impact on our results of operations, financial condition, liquidity, customers, consumers, suppliers, industry and employees. Even after the pandemic has subsided, we may experience materially adverse impacts on our business due to any resulting economic recession or depression, a change in the competitive landscape or changes in the behavior of customers, consumers and other end users.

Acquisitions

Indústria Gráfica Foroni Ltda Acquisition

Effective August 1, 2019, we completed the acquisition (the "Foroni Acquisition") of Indústria Gráfica Foroni Ltda. ("Foroni"), a leading provider of Foroni® branded notebooks and paper-based school and office products in Brazil. The purchase price was $41.5 million inclusive of working capital adjustments. We also assumed $7.6 million of debt. The Foroni Acquisition advanced our strategy to expand in faster growing geographies and product categories, add consumer-centric brands and diversify our customer base. The results of Foroni are included in the ACCO Brands International segment effective August 1, 2019.

For further information on the Foroni Acquisition, see "Note 3. Acquisitions" to the condensed consolidated financial statements contained in Item 1. of this Quarterly Report on Form 10-Q.

Foreign Exchange Rates

The quarterly and year-to-date average foreign exchange rates for the currencies in most of our major markets have declined relative to the U.S. dollar from the prior-year period as detailed below:

	2020 2nd QTR Average Versus 2019 2nd QTR Average	2020 YTD Average Versus 2019 YTD Average
Currency	**Increase/(Decline)**	**Increase/(Decline)**
Euro	(2)%	(3)%
Brazilian real	(27)%	(21)%
Australian dollar	(6)%	(7)%
Canadian dollar	(4)%	(2)%
Mexican peso	(18)%	(11)%
Swedish krona	(2)%	(4)%
British pound	(3)%	(3)%
Japanese yen	2%	1%

Consolidated Results of Operations for the Three Months Ended June 30, 2020 and June 30, 2019

	Three Months Ended June 30,		Amount of Change	
(in millions, except per share data)	2020	2019	$	%/pts
Net sales	$ 366.9	$ 518.7	$ (151.8)	(29.3)%
Cost of products sold	256.9	352.9	(96.0)	(27.2)%
Gross profit	110.0	165.8	(55.8)	(33.7)%
Gross profit margin	*30.0 %*	*32.0 %*		*(2.0) pts*
Selling, general and administrative expenses	77.2	95.5	(18.3)	(19.2)%
Amortization of intangibles	7.8	8.9	(1.1)	(12.4)%
Restructuring charges	6.5	—	6.5	NM
Operating income	18.5	61.4	(42.9)	(69.9)%
Operating income margin	*5.0 %*	*11.8 %*		*(6.8) pts*
Interest expense	9.9	11.7	(1.8)	(15.4)%
Interest income	(0.3)	(1.3)	(1.0)	(76.9)%
Non-operating pension income	(1.5)	(1.4)	0.1	7.1 %
Other expense, net	1.2	1.2	—	-
Income before income tax	9.2	51.2	(42.0)	(82.0)%
Income tax expense	3.8	15.3	(11.5)	(75.2)%
Effective tax rate	*41.3 %*	*29.9 %*		11.4 *pts*
Net income	5.4	35.9	(30.5)	(85.0)%
Weighted average number of diluted shares outstanding:	95.2	102.2	(7.0)	(6.8)%
Diluted income per share	$ 0.06	$ 0.35	$ (0.29)	(82.9)%

Net Sales

Net sales decreased primarily due to the COVID-19 impacts in all three segments. Adverse foreign exchange contributed $7.0 million, or 1.3 percent, to the decline. The Foroni Acquisition added $1.3 million. Each month of the quarter improved sequentially. Back-to-school sales in North America were down modestly, while our commercial office product sales showed a larger decline from COVID-19 impacts.

Cost of Products Sold

Cost of products sold includes all manufacturing, product sourcing and distribution costs, including depreciation related to assets used in manufacturing; procurement and distribution process; allocation of certain information technology costs supporting those processes; inbound and outbound freight; shipping and handling costs; purchasing costs associated with materials and packaging used in the production processes; and inventory valuation adjustments.

Foreign exchange reduced cost of products sold $5.5 million, or 1.6 percent, and the Foroni Acquisition added $2.7 million, or 0.8 percent. Excluding Foroni and foreign exchange, cost of products sold decreased due to lower comparable net sales and cost reductions, partially offset by lower fixed cost absorption, an unfavorable product mix, and $2.4 million of increased reserves for slow moving and obsolete inventory. Cost of products sold benefited from $1.5 million in government assistance, primarily provided in return for maintaining employment and wages.

Gross Profit

We believe that gross profit and gross profit margin provide enhanced shareholder understanding of our underlying operating profit drivers.

Foreign exchange reduced gross profit $1.5 million, or 0.9 percent, and the Foroni Acquisition reduced gross profit $1.4 million, or 0.8 percent. Excluding Foroni and foreign exchange, gross profit decreased due to lower net comparable sales.

Gross profit as a percent of net sales decreased to 30.0 percent from 32.0 percent, with 50 basis points of the decline attributable to Foroni. Excluding Foroni and foreign exchange, gross profit margin declined in all segments due to, an unfavorable customer/product mix, lower fixed cost absorption, and higher charges for slow moving and obsolete inventory.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") include advertising, marketing, selling (including commissions), research and development, customer service, depreciation related to assets outside the manufacturing and distribution processes and all other general and administrative expenses outside the manufacturing and distribution functions (e.g., finance, human resources, and information technology).

Foreign exchange reduced SG&A $2.4 million, or 2.5 percent, and the Foroni Acquisition added $0.7 million, or 0.7 percent. The current year includes $0.4 million of integration costs related to the Foroni Acquisition. Excluding Foroni, integration costs, and foreign exchange, SG&A declined due to cost reductions, partially offset by increased bad debt expense of $3.9 million. SG&A cost reductions benefited from $2.5 million in government assistance, primarily provided in return for maintaining employment and wages.

SG&A as a percentage of net sales increased to 21.0 percent from 18.4 percent last year, primarily due to lower net sales, partially offset by lower SG&A expense.

Restructuring Charges

Restructuring charges were $6.5 million. Costs associated with severance expense in North America were $5.0 million. The remainder of the severance charges were in Mexico, Brazil, EMEA and Australia.

Operating Income

Operating income was $18.5 million, a decrease of $42.9 million, from $61.4 million in 2019 primarily due to lower net sales from COVID-19 impacts, partially offset by cost reductions. Foreign exchange benefited operating income $1.2 million, or 2.0 percent by reducing the impact of operating losses in International and parts of EMEA. Foroni contributed a loss of $2.2 million, or 3.6 percent.

Interest Expense and Income

The decrease in interest expense of $1.8 million was primarily due to lower average debt outstanding and lower interest rates on our variable rate debt.

The decrease in interest income of $1.0 million was primarily due to lower cash balances being held in Brazil.

Income Tax Expense

Income tax expense was $3.8 million on income before taxes of $9.2 million, or an effective tax rate of 41.3 percent. The increase in the effective rate in 2020 was primarily driven by the level and unfavorable mix of earnings with certain non-US losses not benefited.

Last year income tax expense was $15.3 million on income before taxes of $51.2 million, or an effective tax rate of 29.9 percent.

Net Income/Diluted Income per Share

Net income was $5.4 million, or $0.06 per share, compared with $35.9 million, or $0.35, per share, primarily due to COVID-19 impacts. Foreign exchange increased net income $1.0 million, or 2.8 percent. Diluted income per share benefited from fewer outstanding shares.

Segment Net Sales and Operating Income for the Three Months Ended June 30, 2020 and June 30, 2019

	Three Months Ended June 30, 2020			Amount of Change Compared to the Three Months Ended June 30, 2019				
(in millions)	Net Sales	Segment Operating Income (A)	Segment Operating Income Margin	Net Sales $	Net Sales %	Segment Operating Income (A) $	Segment Operating Income %	Margin Points
ACCO Brands North America	$ 231.7	$ 37.4	16.1 %	$ (76.2)	(24.7)%	$ (23.2)	(38.3) %	(360)
ACCO Brands EMEA	88.3	(1.8)	(2.0) %	(40.0)	(31.2)%	(9.2)	(124.3) %	(780)
ACCO Brands International	46.9	(4.4)	(9.4) %	(35.6)	(43.2)%	(8.5)	(207.3) %	(1,440)
Total	$ 366.9	$ 31.2		$ (151.8)		$ (40.9)		

	Three Months Ended June 30, 2019		
(in millions)	Net Sales	Segment Operating Income (A)	Segment Operating Income Margin
ACCO Brands North America	$ 307.9	$ 60.6	19.7 %
ACCO Brands EMEA	128.3	7.4	5.8 %
ACCO Brands International	82.5	4.1	5.0 %
Total	$ 518.7	$ 72.1	

(A) Segment operating income excludes corporate costs. See "Part I, Item 1. Note 17. Information on Business Segments," for a reconciliation of total "Segment operating income" to "Income before income tax."

ACCO Brands North America

Net sales decreased primarily from lower demand due to COVID-19 impacts. Each month of the quarter improved sequentially. The business saw growth in the Kensington® and TruSens® brands. Back-to-school sell-in was modestly below 2019 primarily due to lower sales of private label products and to certain retailers, as well as later ordering for Canadian back-to-school products. We experienced the majority of the COVID-19 impact on our commercial office product lines. Unfavorable foreign exchange reduced net sales $0.6 million, or 0.2 percent.

Operating income and operating margin decreased primarily due to lower sales related to COVID-19 impacts, restructuring charges, increased reserves for obsolete inventory, unfavorable customer/product mix and higher bad debt expense. Restructuring charges in the quarter were $5.0 million versus none in the prior year. Partially offsetting these factors were cost reductions and $1.2 million in Canadian government assistance, primarily provided in return for maintaining employment and wages.

ACCO Brands EMEA

Net sales and comparable sales declined primarily as the result of lower demand from COVID-19 impacts. Each month of the quarter improved sequentially. Unfavorable foreign exchange reduced net sales $2.1 million, or 1.6 percent.

The segment posted an operating loss, and operating margin declined due to lower demand related to COVID-19 impacts, lower fixed cost absorption and higher bad debt expense. Partially offsetting these factors were cost reductions and $1.4 million in government assistance, primarily provided in return for maintaining employment and wages. Foreign exchange reduced operating loss $0.4 million, or 5.4 percent.

ACCO Brands International

Net sales decreased primarily as a result of lower demand due to COVID-19 impacts. The Foroni Acquisition added $1.3 million. Unfavorable foreign exchange was $4.3 million, or 5.2 percent. Excluding Foroni and foreign exchange, comparable net sales decreased $32.6 million, or 39.6 percent, primarily due to lower demand from COVID-19 impacts.

Foreign exchange reduced operating loss $$1.0 million, or 24.4 percent. Operating loss included a $2.2 million loss from Foroni. Excluding Foroni and foreign exchange, the operating loss was primarily driven by lower sales, adverse customer/

product mix, higher bad debt expense, and lower fixed cost absorption. Partially offsetting these factors were cost reductions and $1.4 million in government assistance, primarily provided in return for maintaining employment and wages.

Consolidated Results of Operations for the Six Months Ended June 30, 2020 and June 30, 2019

	Six Months Ended June 30,		Amount of Change	
(in millions, except per share data)	2020	2019	$	%/pts
Net sales	$ 751.0	$ 912.6	$ (161.6)	(17.7)%
Cost of products sold	528.8	621.0	(92.2)	(14.8)%
Gross profit	222.2	291.6	(69.4)	(23.8)%
Gross profit margin	*29.6 %*	*32.0 %*		*(2.4) pts*
Selling, general and administrative expenses	163.3	191.4	(28.1)	(14.7)%
Amortization of intangibles	16.2	18.2	(2.0)	(11.0)%
Restructuring charges	6.8	2.7	4.1	151.9 %
Operating income	35.9	79.3	(43.4)	(54.7)%
Operating income margin	*4.8 %*	*8.7 %*		*(3.9) pts*
Interest expense	18.5	22.1	(3.6)	(16.3)%
Interest income	(0.6)	(2.2)	(1.6)	(72.7)%
Non-operating pension income	(3.0)	(2.8)	0.2	7.1 %
Other income, net	0.7	1.0	(0.3)	(30.0)%
Income before income tax	20.3	61.2	(40.9)	(66.8)%
Income tax expense	6.9	25.9	(19.0)	(73.4)%
Effective tax rate	*34.0 %*	*42.3 %*		*(8.3) pts*
Net income	13.4	35.3	(21.9)	(62.0)%
Weighted average number of diluted shares outstanding:	96.3	103.3	(7.0)	(6.8)%
Diluted income per share	$ 0.14	$ 0.34	$ (0.20)	(58.8)%

Net Sales

Net sales and comparable net sales decreased primarily due to lower demand resulting from COVID-19 impacts in all three segments. Adverse foreign exchange was $17.6 million, or 1.9 percent. The Foroni Acquisition added $15.7 million.

Cost of Products Sold

Foreign exchange reduced cost of products sold $12.8 million, or 2.1 percent, and the Foroni Acquisition added $14.7 million, or 2.4 percent. Excluding Foroni and foreign exchange, cost of products sold decreased due to lower net sales, lower fixed cost absorption, an unfavorable product mix, and $4.2 million increased reserves for slow moving and obsolete inventory. These factors were partially offset by cost reductions and $1.5 million in government assistance, primarily provided in return for maintaining employment and wages.

Gross Profit

Foreign exchange reduced gross profit $4.8 million, or 1.6 percent, and the Foroni Acquisition added $1.0 million, or 0.3 percent. Excluding Foroni and foreign exchange, gross profit decreased due to lower net sales.

Gross profit as a percent of net sales decreased to 29.6 percent from 32.0 percent, with 50 basis points of the decline attributable to Foroni. Excluding Foroni and foreign exchange, gross profit margin declined in all segments, primarily due to lower fixed cost absorption, an unfavorable customer/product mix, and higher charges for slow moving and obsolete inventory.

Selling, General and Administrative Expenses

Foreign exchange reduced SG&A $4.3 million, or 2.2 percent, and the Foroni Acquisition added $2.9 million, or 1.5 percent. The current-year period includes $0.7 million of integration and transaction costs related to the Foroni Acquisition. The prior-year period included $0.5 million in integration costs related to prior acquisitions. Excluding Foroni, integration and transaction costs, and foreign exchange, SG&A declined due to cost reductions, partially offset by $3.7 million of increased bad debt expense. SG&A cost reductions benefited from $2.5 million in government assistance, primarily provided in return for maintaining employment and wages.

SG&A as a percentage of net sales increased to 21.7 percent from 21.0 percent last year, primarily due to lower net sales.

Restructuring Charges

Restructuring charges were $6.8 million. Costs associated with severance expense in North America were $5.0 million. The remainder of the severance charges were in Mexico, Brazil, EMEA and Australia. The prior year charges related to severance costs associated with changes in the operating structure of our North America and International segments.

Operating Income

Operating income was $35.9 million, a decrease of $43.4 million, from $79.3 million, primarily due to lower net sales primarily from COVID-19 impacts, which were partially offset by cost reductions. Foroni contributed a loss of $2.4 million, or 3.0 percent.

Interest Expense and Income

The decrease in interest expense of $3.6 million was primarily due to lower average debt outstanding and lower interest rates on our variable rate debt.

The decrease in interest income of $1.6 million was primarily due to lower cash balances being held in Brazil.

Income Tax Expense

Income tax expense was $6.9 million on income before taxes of $20.3 million, or an effective tax rate of 34.0 percent. The decrease in effective tax rate for the period was primarily due to an increase in reserves for uncertain tax positions in the prior year and a decrease in non-deductible interest expense in the current year.

For the prior year, income tax expense was $25.9 million on income before taxes of $61.2 million, or an effective tax rate of 42.3 percent. The high effective tax rate for the prior-year period was due to recording of (i) additional reserves for uncertain tax positions related to the Brazil Tax Assessments ($5.6 million), (ii) deferred state taxes on unremitted non-U.S. earnings ($0.8 million) and (iii) reserves related to various tax contingencies. The increase of $5.6 million in the reserve related to uncertain tax positions in connection with the Brazil Tax Assessments was recorded in the first quarter of 2019, although the increase should have been recorded in 2018 when we decided to appeal an administrative decision to the judicial level.

See "Note 11. Income Taxes - *Brazil Tax Assessments*" to the condensed consolidated financial statements contained in Item 1. of this report for additional details on the Brazil Tax Assessments.

Net Income/Diluted Income per Share

Net income was $13.4 million, or $0.14 per share, compared with $35.3 million, or $0.34 per share, primarily due to the impact of COVID-19. Diluted income per share benefited from fewer outstanding shares.

Segment Net Sales and Operating Income for the Six Months Ended June 30, 2020 and June 30, 2019

	Six Months Ended June 30, 2020			Amount of Change Compared to the Six Months Ended June 30, 2019				
(in millions)	Net Sales	Segment Operating Income (A)	Segment Operating Income Margin	Net Sales $	Net Sales %	Segment Operating Income (A) $	Segment Operating Income %	Margin Points
ACCO Brands North America	$ 399.5	$ 45.0	11.3 %	$ (68.8)	(14.7)%	$ (22.4)	(33.2)%	(310)
ACCO Brands EMEA	215.8	10.2	4.7 %	(59.0)	(21.5)%	(13.1)	(56.2)%	(380)
ACCO Brands International	135.7	1.5	1.1 %	(33.8)	(19.9)%	(8.2)	(84.5)%	(460)
Total	$ 751.0	$ 56.7		$ (161.6)		$ (43.7)		

	Six Months Ended June 30, 2019		
(in millions)	Net Sales	Segment Operating Income (A)	Segment Operating Income Margin
ACCO Brands North America	$ 468.3	$ 67.4	14.4 %
ACCO Brands EMEA	274.8	23.3	8.5 %
ACCO Brands International	169.5	9.7	5.7 %
Total	$ 912.6	$ 100.4	

(A) Segment operating income excludes corporate costs. See "Part I, Item 1. Note 17. Information on Business Segments" for a reconciliation of total "Segment operating income" to "Income before income tax."

ACCO Brands North America

Net sales and comparable sales decreased primarily from lower demand due to COVID-19 impacts. The business saw growth in Kensington® and TruSens® brands. Back-to-school sell-in was modestly below 2019 primarily due to lower sales of private label products and to certain retailers, as well as later ordering for Canadian back-to-school products. We experienced the majority of the COVID-19 impact on our commercial product lines. Unfavorable foreign exchange reduced net sales $0.8 million, or 0.2 percent.

Operating income and operating margin decreased primarily due to lower sales related to COVID-19 impacts, lower fixed cost absorption, increased reserves for obsolete inventory, higher restructuring charges, and increased bad debt expense. Restructuring charges were $5.0 million versus $1.5 million in the prior year. Partially offsetting these factors were cost reductions, and $1.2 million in Canadian government assistance, primarily provided in return for maintaining employment and wages.

ACCO Brands EMEA

Net sales and comparable sales decreased primarily from lower demand due to COVID-19 impacts. Unfavorable foreign exchange reduced net sales $6.4 million, or 2.3 percent.

Operating income and operating margin declined primarily due to lower sales from COVID-19 impacts, lower fixed cost absorption and higher bad debt expense. Partially offsetting these factors were cost reductions and $1.4 million in government assistance, primarily provided in return for maintaining employment and wages. Foreign exchange reduced operating income $0.1 million, or 0.4 percent.

ACCO Brands International

Net sales and comparable net sales decreased primarily as a result of lower demand related to COVID-19 impacts, as well as the regional and local economies. The Foroni Acquisition added $15.7 million, or 9.3 percent, which was partially offset by unfavorable foreign exchange of $10.4 million, or 6.1 percent.

Foreign exchange increased operating income $0.3 million, or 3.1 percent. Foroni contributed a loss of $2.4 million. Excluding Foroni and foreign exchange, operating income decreased primarily from lower sales, lower fixed cost absorption and higher bad debt expense. Partially offsetting these factors were cost reductions and $1.4 million in government assistance, primarily provided in return for maintaining employment and wages.

Supplemental Non-GAAP Financial Measure

To supplement our condensed consolidated financial statements presented in accordance with generally accepted accounting principles in the U.S. ("GAAP"), we provide investors with certain non-GAAP financial measures, including comparable net sales. Comparable net sales represents net sales excluding the impact of acquisitions and with current-period foreign operation sales translated at prior-year currency rates.

We use comparable net sales both to explain our results to stockholders and the investment community and in the internal evaluation and management of our business. We believe comparable net sales provide management and investors with a more complete understanding of our underlying operational results and trends, facilitate meaningful period-to-period comparisons and enhance an overall understanding of our past and future financial performance. We sometimes refer to comparable net sales as comparable sales. Comparable net sales should not be considered in isolation or as a substitute for, or superior to, the directly comparable GAAP financial measure and should be read in connection with the Company's financial statements presented in accordance with GAAP.

The following tables provide a reconciliation of GAAP net sales change as reported to non-GAAP comparable net sales change:

Amount of Change - Three Months Ended June 30, 2020 compared to the Three Months Ended June 30, 2019

$ Change - Net Sales

		Non-GAAP		
(in millions)	**GAAP Net Sales Change**	**Currency Translation**	Acquisition	Comparable Net Sales Change
ACCO Brands North America	**$(76.2)**	$(0.6)	$—	$(75.6)
ACCO Brands EMEA	**(40.0)**	(2.1)	—	(37.9)
ACCO Brands International	**(35.6)**	(4.3)	1.3	(32.6)
Total	**$(151.8)**	$(7.0)	$1.3	$(146.1)

% Change - Net Sales

		Non-GAAP		
	GAAP Net Sales Change	**Currency Translation**	Acquisition	Comparable Net Sales Change
ACCO Brands North America	**(24.7)%**	(0.2)%	—%	(24.5)%
ACCO Brands EMEA	**(31.2)%**	(1.6)%	—%	(29.6)%
ACCO Brands International	**(43.2)%**	(5.2)%	1.6%	(39.6)%
Total	**(29.3)%**	(1.3)%	0.3%	(28.3)%

Amount of Change - Six Months Ended June 30, 2020 compared to the Six Months Ended June 30, 2019

$ Change - Net Sales

		Non-GAAP		
(in millions)	**GAAP Net Sales Change**	**Currency Translation**	Acquisition	Comparable Net Sales Change
ACCO Brands North America	**$(68.8)**	$(0.8)	$—	$(68.0)
ACCO Brands EMEA	**(59.0)**	(6.4)	—	(52.6)
ACCO Brands International	**(33.8)**	(10.4)	15.7	(39.1)
Total	**$(161.6)**	$(17.6)	$15.7	$(159.7)

% Change - Net Sales

		Non-GAAP		
	GAAP Net Sales Change	**Currency Translation**	Acquisition	Comparable Net Sales Change
ACCO Brands North America	**(14.7)%**	(0.2)%	—%	(14.5)%
ACCO Brands EMEA	**(21.5)%**	(2.3)%	—%	(19.2)%
ACCO Brands International	**(19.9)%**	(6.1)%	9.3%	(23.1)%
Total	**(17.7)%**	(1.9)%	1.7%	(17.5)%

Liquidity and Capital Resources

Our primary liquidity needs are to service indebtedness, fund capital expenditures, fund our acquisition strategy and support working capital requirements. Our principal sources of liquidity are cash flows from operating activities, cash and cash equivalents held and seasonal borrowings under our $600 million multi-currency revolving credit facility (the "Revolving Facility"). As of June 30, 2020, there was $243.9 million in borrowings outstanding under the Revolving Facility ($25.4 million reported in "Current portion of long-term debt" and $218.5 million reported in "Long-term debt, net") and the amount available for borrowings was $342.8 million (allowing for $13.3 million of letters of credit outstanding on that date). We maintain adequate financing arrangements at market rates.

We are in a strong financial position with $128.8 million cash on hand and $342.8 million available for borrowings under our $600 million Revolving Facility as of the end of the second quarter of 2020. During the second quarter, we amended our bank debt maintenance covenant increasing the maximum consolidated leverage ratio from 3.75x to 4.75x, stepping back down to 3.75x for the first quarter ending after June 30, 2021. This will provide us additional financial flexibility to cover the anticipated financial impact of COVID-19 should we need it. As of June 30, 2020, our consolidated leverage ratio was 3.48x. We have no debt maturities before May 2024. We also announced that we do not intend to repurchase additional shares during 2020. Our planned use of cash for the remainder of 2020, after funding operating needs, will be to pay dividends and reduce debt.

Given our financial strength, we currently expect to be able to maintain adequate liquidity as we manage through the current environment. Our seasonal borrowings were higher in the second quarter because lower sales resulted in lower collections from accounts receivable in the quarter resulting in the need to borrow more cash to fund operations.

We are monitoring our working capital, including accounts receivable and inventory. We are experiencing an increased level of late payments and potential bad debts as our customers deal with the COVID-19 impacts on their businesses. In the second quarter, we had $3.9 million in additional bad debt expense versus the second quarter of 2019. We are actively managing our receivables and will potentially restrict our own sales to mitigate our risk. In addition, the steep drop in demand has increased the likelihood that certain slow moving inventory may become obsolete. In the second quarter, we had a $2.4 million increase in additional slow moving inventory provisions versus the second quarter of 2019. We anticipate that both of these trends will continue.

The $648.6 million of debt currently outstanding under our senior secured credit facilities has a weighted average interest rate of 2.52 percent as of June 30, 2020, and the $375.0 million outstanding principal amount of our senior unsecured notes (the "Senior Unsecured Notes") has a fixed interest rate of 5.25 percent.

Consolidated cash and cash equivalents were $128.8 million as of June 30, 2020, approximately $40 million of which was held in Brazil. Our Brazilian businesses is highly seasonal due to the timing of the back-to-school season, which coincides with the calendar year-end in the fourth quarter. Due to various tax laws, it is costly to make frequent cash transfers in and out of Brazil; therefore, our normal practice is to hold seasonal cash requirements in Brazil, and invest it in short-term Brazilian government securities.

Adequacy of Liquidity Sources

We believe that cash flow from operations, our current cash balance and other sources of liquidity, including borrowings available under our Revolving Facility, will be adequate to support our requirements for working capital, capital and restructuring expenditures and to service indebtedness for the foreseeable future.

Restructuring and Integration Activities

From time to time the Company may implement restructuring, realignment or cost-reduction plans and activities, including those related to integrating acquired businesses.

During the three and six months ended June 30, 2020, the Company recorded $6.5 million and $6.8 million, respectively, in restructuring expenses related to costs associated with cost reduction programs initiated in the second quarter of 2020, primarily related to severance costs in North America. Additional severance charges were also taken in Mexico, Brazil, EMEA and Australia. For additional details, see "Note 10. Restructuring" to the condensed consolidated financial statements contained in "Part I, Item 1. Financial Information" of this Quarterly Report on Form 10-Q.

In addition, during the three and six months ended June 30, 2020, the Company recorded an aggregate $0.4 million and $0.7 million, respectively, in non-restructuring integration expenses related to the integration of Foroni with ACCO Brands' operations in Brazil.

Cash Flow for the Six Months Ended June 30, 2020 and June 30, 2019

Cash Flow from Operating Activities

Cash used from operating activities during the six months ended June 30, 2020 of $67.5 million was $48.2 million less than the $115.7 million of cash used in the six months ended June 30, 2019. The reduction in cash used from operating activities was primarily the result of reductions in our working capital requirements during the first six months of 2020. The decrease in working capital requirements of $100.1 million was partially offset by lower net income of $21.9 million, and increases in cash used from accrued expenses, including income taxes, of $30.6 million, during the first six months of 2020, compared to the prior year's first six months.

The table below shows our cash flow used or provided by accounts receivable, inventories and accounts payable for the six months ended June 30, 2020 and 2019:

	Six Months Ended		
(in millions)	June 30, 2020	June 30, 2019	Amount of Change
Accounts receivable	$ 58.8	$ (29.7)	$ 88.5
Inventories	(66.4)	(26.6)	(39.8)
Accounts payable	(23.0)	(74.4)	51.4
Cash flow provided (used) by net working capital	$ (30.6)	$ (130.7)	$ 100.1

- Accounts receivable was a source of cash of $58.8 million during the six months ended June 30, 2020, a favorable change of $88.5 million compared to a use of cash of $29.7 million during the first six months ended June 30, 2019. The $88.5 million improvement resulted primarily from the decrease in sales driven by COVID-19 impacts.
- Inventories was a use of cash of $66.4 million during the six months ended June 30, 2020, an unfavorable change of $39.8 million when compared with the $26.6 million of cash used during the six months ended June 30, 2019. The use of cash for inventory was higher during the six months ended June 30, 2020, compared to the six months ended June 30, 2019, as a result of the Company acquiring less inventory during the first six months of 2019. This was due to the Company acquiring inventory during the fourth quarter of 2018 that would normally be acquired during the first six months of 2019 in order to secure supply and to partially reduce anticipated inflation and import tariffs that went into effect during 2019.
- Accounts payable was a use of cash of $23.0 million during the six months ended June 30, 2020, a favorable change of $51.4 million when compared to a use of cash of $74.4 million during the six months ended June 30, 2019. The use of cash for accounts payable was higher during the six months ended June 30, 2019 as a result of the Company paying for the additional inventory that was acquired during the fourth quarter of 2018.

Cash Flow from Investing Activities

Cash used by investing activities was $8.3 million and $19.6 million for the six months ended June 30, 2020 and 2019, respectively. The 2020 cash used included $0.6 million of purchase price adjustment received for working capital adjustments for the Foroni Acquisition in Brazil. The 2019 cash outflow included $5.2 million of purchase price paid to date for the acquisition of certain assets of the Cumberland brand in Australia. Capital expenditures were $8.9 million and $14.7 million for the six months ended June 30, 2020 and 2019, respectively.

Cash Flow from Financing Activities

Cash provided by financing activities was $178.5 million for the six months ended June 30, 2020, compared with $161.9 million provided by financing activities for the same period of 2019. Cash provided in 2020 includes incremental net borrowings of $211.6 million, partially offset by $19.2 million for repurchases of our common stock, payments related to tax withholding for stock-based compensation, net of proceeds received from the exercise of stock options, and $12.3 million for the payment of dividends to stockholders.

Credit Facilities and Notes Covenants

As of and for the periods ended June 30, 2020 and December 31, 2019, the Company was in compliance with all applicable loan covenants.

Guarantees and Security

Generally, obligations under the Credit Agreement are guaranteed by certain of the Company’s existing and future subsidiaries, and are secured by substantially all of the Company’s and certain guarantor subsidiaries’ assets, subject to certain exclusions and limitations.

ITEM 3. *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

See "Part II, Item 7A. *Quantitative and Qualitative Disclosures about Market Risk*" of the Company’s Annual Report on Form 10-K for the year ended December 31, 2019. There have been no material changes to Foreign Exchange Risk Management or Interest Rate Risk Management in the quarter ended June 30, 2020 or through the date of this report.

ITEM 4. *CONTROLS AND PROCEDURES*

(a) Evaluation of Disclosure Controls and Procedures.

As of the end of the period covered by this Quarterly Report on Form 10-Q, we carried out an evaluation under the supervision of the Chief Executive Officer and the Chief Financial Officer, and with the participation of our Disclosure Committee, of the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended). Based upon that evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that our disclosure controls and procedures were effective as of June 30, 2020.

(b) Changes in Internal Control over Financial Reporting.

In August 2019, we completed the Foroni Acquisition, which represented $1.3 million of our consolidated net sales for the quarter ended June 30, 2020 and $50.1 million of our consolidated assets as of June 30, 2020. The Company is currently in the process of integrating Foroni into its existing internal control over financial reporting processes. In executing this integration, the Company is analyzing, evaluating, and where necessary, may make changes in controls and procedures related to the Foroni operations. The Company expects that this process will be completed in the third quarter of 2020.

There were no changes in our internal control over financial reporting that occurred during the quarter ended June 30, 2020 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II — OTHER INFORMATION

ITEM 1. *LEGAL PROCEEDINGS*

There are various claims, lawsuits and pending actions against us incidental to our operations, including the income tax assessments against our Brazilian subsidiary, Tilibra Produtos de Papelaria Ltda (the "Brazil Tax Assessments"), which is more fully described in our Annual Report on Form 10-K for the year ended December 31, 2019 and in "Part I, Item 1. Note 11. Income Taxes - Brazil Tax Assessments" to the Condensed Consolidated Financial Statements contained in this Quarterly Report on Form 10-Q.

It is the opinion of management that (other than the Brazil Tax Assessments) the ultimate resolution of currently outstanding matters will not have a material adverse effect on our financial condition, results of operations or cash flow. However, there is no assurance that we will ultimately be successful in our defense of any of these matters or that an adverse outcome in any matter will not affect our results of operations, financial condition or cash flow. Further, future claims, lawsuits and legal proceedings could materially and adversely affect our business, reputation, results of operations, and financial condition.

ITEM 1A. *RISK FACTORS*

The following risk factor updates and supersedes, in its entirety, the similarly captioned risk factor contained in "Part II, Item 1A. Risk Factors" in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020. Except as set forth below, there have been no material changes in our risk factors from those disclosed in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019.

Our business and results of operations have been and will continue to be materially and adversely affected by the impact of the COVID-19 global pandemic, which may also adversely affect our financial condition and liquidity.

COVID-19 has been declared by the World Health Organization to be a "pandemic" and has spread to many of the countries in which we, our customers and consumers, our suppliers and our other business partners do business. National, state and local governments in affected regions have implemented and likely will continue to implement or maintain safety precautions, including work from home orders, quarantines, travel restrictions, business and school closures, cancellations of, and limitations on, public gatherings and other measures. Other organizations and individuals have taken additional steps to avoid or reduce infection, including limiting travel and staying home from work. These measures have caused and continue to cause significant disruptions to our normal business operations and have had and are expected to continue to have significant adverse impacts on businesses and financial markets worldwide. Similarly, our business, sales, earnings and results of operations have been and will continue to be materially and adversely affected by these events as well as by the current and expected continued negative impact on the global economy and uncertainties regarding when the risk of the pandemic will subside and how geographies, distribution channels and consumer behavior will evolve over time.

During the first quarter, COVID-19 impacted our Asian supply chain and we experienced some out-of-stocks and lost sales, but we have seen continued improvement since then and had no significant issues in meeting our back-to-school orders in North America. Additionally, a small number of our manufacturing and distribution operations were temporarily closed during the first and second quarters. We currently believe the most significant facilities and supply chain issues are largely behind us, but there can be no assurance that there will not be future facilities and supply chain disruptions (including closures) or a reemergence of facilities and supply chain impacts as a result of COVID-19.

We continue to monitor our operations and government recommendations and have made modifications to our normal operations because of the COVID-19 outbreak to protect the health and safety of our employees, suppliers and customers. These modifications vary from country to country depending on local conditions and government mandates. While we have taken actions which serve to reduce the possibility of transmission of the virus within our workplace, they do not assure that our employees will not contract the virus or bring it to the workplace. Furthermore, we may be forced to close locations for reasons such as the health of our employees, because of disruptions in our supply chain or reduced demand, or due to further governmental orders. Were such an event to occur, our operations could be disrupted to varying degrees which could have a material adverse effect on our business, results of operation, financial condition and liquidity.

To address the financial impact of the pandemic on our results of operation, we have undertaken cost-cutting initiatives, including temporary as well as more permanent structural actions to better align our cost structure with the expected decline in sales. We do not expect the measures taken to date to fully offset the impact of COVID-19 on our sales and results of operations. There can be no assurance that these cost-savings measures, and any additional cost-savings measures we may implement in the future will be sufficient to offset, in whole or in part, the current and future adverse financial impacts of COVID-19 on our business, results of operation or financial condition.

Likewise, we are monitoring our working capital, including our accounts receivable and inventory, closely. We are experiencing an increased level of late payments and potential bad debts as our customers deal with the COVID-19 impacts on their businesses, which have resulted in an increase in bad debt reserves. In addition, the steep drop in demand has increased the likelihood that certain slow moving inventory may become obsolete and resulted in an increase in our provisions for slow moving inventory. We anticipate both of these trends to continue. Should we continue to experience adverse impacts to our working capital, this could negatively impact our cash flow and liquidity.

The extent of the impact of COVID-19 on our business and financial results will also depend on future developments, including the severity, duration and spread of the outbreak within the markets in which we operate, the depth and nature of the economic consequences from the closures, actions taken globally, nationally and locally to contain or mitigate the effects of the pandemic, including its impact on the global economy, and the related impact on consumer confidence and spending, all of which are highly uncertain and ever-changing. Additionally, these are uncertainties regarding when the risks of the pandemic will subside and how geographies, distribution channels and consumer behaviors will evolve over time. Our North America segment and our operations in Brazil and Mexico are highly dependent on back-to-school business. Any delay in the reopening of schools in these geographies or changes in the behaviors of our customers and our consumers could have a material adverse effect on our sales, margins, results of operation and financial condition.

The long-term impact of the COVID-19 and its follow-on economic impact on our business will also depend on the effectiveness of the actions we and our customers take to manage our businesses through this uncertain period. The extent to which we and our customers may successfully mitigate the impact of COVID-19, if at all, is presently unclear.

We expect that the pandemic will materially and adversely affect our business, sales and results of operations for some time, but we cannot reasonably estimate its financial impact beyond the third quarter of 2020 at this time. We are also uncertain as to the full magnitude of the impact the pandemic will have on the Company’s results of operations, financial condition, liquidity, customers, suppliers, industry and employees over the longer term. Even after the COVID-19 pandemic has subsided, we may experience materially adverse impacts on our business due to any resulting economic recession or depression, a change in the behavior of customers, consumers and other end users.

Finally, many of the risks associated with our business are currently elevated and likely will continue to be elevated as a result of COVID-19. These include, without limitation: a relatively limited number of large customers account for a significant percentage of our sales; risks associated with shifts in the channels of distribution for our products; issues that affect customer and consumer spending decisions during periods of economic uncertainty or weakness; risks associated with foreign currency fluctuations; challenges related to the highly competitive business environments in which we operate; our ability to develop and market innovative products that meet consumer demands; our ability to successfully implement our cost reduction and productivity initiatives; risks associated with a cybersecurity incident or information security breach, including that related to a disclosure of personally identifiable information; the risks associated with outsourcing production of certain of our products, information systems and other administrative functions; the continued decline in the use of certain of our products; risks associated with changes in the cost or availability of raw materials, labor, transportation and other necessary supplies and services and the cost of finished goods; the sufficiency of investment returns on pension assets, risks related to actuarial assumptions and changes in the unfunded liabilities of a multi-employer pension plan; any impairment of our intangible assets; risks associated with our indebtedness, including our debt service obligations, limitations imposed by restrictive covenants, our ability to comply with financial ratios and tests; the bankruptcy or financial instability of our customers and suppliers; the volatility of our stock price, and other risks and uncertainties described in "Part I, Item 1A. Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2019.

ITEM 2. ***UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS***

(a) Not applicable.

(b) Not applicable.

(c) Common Stock Purchases

The following table provides information about our purchases of equity securities during the quarter ended June 30, 2020:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plan or Program(1)	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program(1)
April 1, 2020 to April 30, 2020	—	$ —	—	$ 125,045,248
May 1, 2020 to May 31, 2020	—	—	—	125,045,248
June 1, 2020 to June 30, 2020	—	—	—	125,045,248
Total	—	$ —	—	$ 125,045,248

(1) On February 14, 2018, the Company announced that its Board of Directors had approved an authorization to repurchase up to $100 million in shares of its common stock. On August 7, 2019, the Company announced that its Board of Directors had approved an authorization to repurchase up to an additional $100 million in shares of its common stock.

The number of shares to be purchased, if any, and the timing of purchases will be based on the Company's stock price, leverage ratios, cash balances, general business and market conditions, and other factors, including alternative investment opportunities and working capital needs. The Company may repurchase its shares, from time to time, through a variety of methods, including open-market purchases, privately negotiated transactions and block trades or pursuant to repurchase plans designed to comply with the Rule 10b5-1 of the Securities Exchange Act of 1934, as amended. Any stock repurchases will be subject to market conditions, SEC regulations and other considerations and may be commenced or suspended at any time or from time to time, without prior notice. Accordingly, there is no guarantee as to the number of shares that will be repurchased or the timing of such repurchases.

ITEM 3. ***DEFAULTS UPON SENIOR SECURITIES***

None.

ITEM 4. ***MINE SAFETY DISCLOSURES***

Not applicable.

ITEM 5. ***OTHER INFORMATION***

As previously reported, the Company instituted a variety of cost-cutting measures in response to the anticipated impacts of the COVID-19 pandemic. These included a temporary 50% reduction in the base salary of the Company’s Chairman and Chief Executive Officer, Boris Elisman, temporary 30% reductions in the base salaries of the Company’s other named executive officers and a temporary 50% reduction in the cash retainer payable to its non-employee directors.

On July 24, 2020, the temporary base salary reductions for the named executive officers (other than Mr. Cezary Monko, Executive Vice President and President, ACCO Brands EMEA) were rescinded, effective July 1, 2020, by appropriate Board or Compensation Committee action. Mr. Monko’s temporary base salary reduction had already expired by its terms on June 30, 2020.

Also on July 24, 2020, the Board reinstated in full the cash retainer payable to non-employee directors, effective July 1, 2020.

ITEM 6. *EXHIBITS*

Exhibit
Number Description of Exhibit

10.1 Third Amendment to Third Amended and Restated Credit Agreement, dated as of May 1, 2020, among the Company, certain subsidiaries of the Company, Bank of America, N.A., as administrative agent, and the other lenders party thereto (incorporated by reference to Exhibit 10.1 to ACCO Brands Corporation's Current Report on Form 8-K filed with the SEC on May 4, 2020 (File No. 001-08454))

31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *

31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002 *

32.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **

32.2 Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 **

101.INS Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document

101.SCH Inline XBRL Taxonomy Extension Schema Document

101.CAL Inline XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF Inline XBRL Taxonomy Extension Definition Linkbase Document

101.LAB Inline XBRL Taxonomy Extension Label Linkbase Document

101.PRE Inline XBRL Taxonomy Extension Presentation Linkbase Document

104 Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

REGISTRANT:

ACCO BRANDS CORPORATION

By: /s/ Boris Elisman

Boris Elisman

Chairman, President and
Chief Executive Officer
(principal executive officer)

By: /s/ Neal V. Fenwick

Neal V. Fenwick

Executive Vice President and Chief Financial Officer
(principal financial officer)

By: /s/ James M. Dudek, Jr.

James M. Dudek, Jr.

Senior Vice President, Corporate Controller and Chief Accounting Officer
(principal accounting officer)

Date: July 29, 2020

Exhibit 31.1

CERTIFICATIONS

I, Boris Elisman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ACCO Brands Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:
   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
   c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
   b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Boris Elisman

Boris Elisman

Chairman, President and
Chief Executive Officer

Date**:** July 29, 2020

Exhibit 31.2

CERTIFICATIONS

I, Neal V. Fenwick, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ACCO Brands Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and we have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

By: /s/ Neal V. Fenwick

Neal V. Fenwick

Executive Vice President and Chief Financial Officer

Date**:** July 29, 2020

Exhibit 32.1

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

As adopted pursuant to

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ACCO Brands Corporation on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof, (the "Report"), I, Boris Elisman, Chief Executive Officer of ACCO Brands Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ACCO Brands Corporation.

By: /s/ Boris Elisman

Boris Elisman

Chairman, President and
Chief Executive Officer

Date: July 29, 2020

Exhibit 32.2

CERTIFICATION PURSUANT TO 18 U.S.C. SECTION 1350,

As adopted pursuant to

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report of ACCO Brands Corporation on Form 10-Q for the period ended June 30, 2020 as filed with the Securities and Exchange Commission on the date hereof, (the "Report"), I, Neal V. Fenwick, Chief Financial Officer of ACCO Brands Corporation, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

(2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ACCO Brands Corporation.

By: /s/ Neal V. Fenwick

Neal V. Fenwick

Executive Vice President and
Chief Financial Officer

Date: July 29, 2020