MASCO CORP /DE/
Form 10-Q
April 28, 2015

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 March 31, 2015

Commission file number: 1-5794

Masco Corporation

(Exact name of Registrant as Specified in its Charter)

Delaware	**38-1794485**
(State or Other Jurisdiction of Incorporation)	(IRS Employer Identification No.)
21001 Van Born Road, Taylor, Michigan	**48180**

(Address of Principal Executive Offices)	(Zip Code)

(313) 274-7400

(Registrant s telephone number, including area code)

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). x Yes o No

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

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

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

Indicate the number of shares outstanding of each of the issuer s classes of common stock, as of the latest practicable date.

Class	**Shares Outstanding at March 31, 2015**
Common stock, par value $1.00 per share	347,595,200

Table of Contents

MASCO CORPORATION

INDEX

Table of Contents

MASCO CORPORATION

CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

March 31, 2015 and December 31, 2014

(In Millions, Except Share Data)

	March 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash investments	$ 1,578	$ 1,383
Short-term bank deposits	197	306
Receivables	1,248	1,040
Deferred income taxes	219	244
Prepaid expenses and other	74	71
Inventories:		
Finished goods	467	425
Raw material	291	294
Work in process	105	100
	863	819
Total current assets	4,179	3,863
Property and equipment, net	1,106	1,139
Goodwill	1,878	1,884
Other intangible assets, net	158	145
Other assets	147	136
Total assets	$ 7,468	$ 7,167
LIABILITIES		
Current liabilities:		
Notes payable	$ 506	$ 505
Accounts payable	1,019	950
Accrued liabilities	682	756
Total current liabilities	2,207	2,211
Long-term debt	3,418	2,919
Other liabilities	770	803
Deferred income taxes	114	106
Total liabilities	6,509	6,039
Commitments and contingencies		
EQUITY		
Masco Corporation s shareholders equity:		
Common shares, par value $1 per share Authorized shares: 1,400,000,000; issued and outstanding: 2015 - 342,600,000; 2014 - 345,000,000	343	345
Preferred shares authorized: 1,000,000; issued and outstanding: 2015 - None; 2014 - None		
Paid-in capital		
Retained earnings	606	690

Accumulated other comprehensive loss		(180)		(111)
Total Masco Corporation s shareholders equity		769		924
Noncontrolling interest		190		204
Total equity		959		1,128
Total liabilities and equity	$	7,468	$	7,167

See notes to condensed consolidated financial statements.

Table of Contents

MASCO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

For the Three Months Ended March 31, 2015 and 2014

(In Millions Except Per Common Share Data)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Net sales	$ 2,018	$ 1,965
Cost of sales	1,450	1,418
Gross profit	568	547
Selling, general and administrative expenses	397	395
Operating profit	171	152
Other income (expense), net:		
Interest expense	(56)	(56)
Other, net	1	(3)
	(55)	(59)
Income from continuing operations before income taxes	116	93
Income taxes	43	5
Income from continuing operations	73	88
Loss from discontinued operations		(2)
Net income	73	86
Less: Net income attributable to noncontrolling interest	9	12
Net income attributable to Masco Corporation	$ 64	$ 74
Income per common share attributable to Masco Corporation:		
Basic:		
Income from continuing operations	$ .18	$ .21
Loss from discontinued operations		(.01)
Net income	$ .18	$ .21
Diluted:		
Income from continuing operations	$ .18	$ .21
Loss from discontinued operations		(.01)
Net income	$ .18	$ .21
Amounts attributable to Masco Corporation:		
Income from continuing operations	$ 64	$ 76
Loss from discontinued operations		(2)
Net income	$ 64	$ 74

See notes to condensed consolidated financial statements.

Table of Contents

MASCO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (Unaudited)

For the Three Months Ended March 31, 2015 and 2014

(In Millions)

	Three Months Ended March 31, 2015		2014	
Net income	$	73	$	86
Less: Net income attributable to noncontrolling interest		9		12
Net income attributable to Masco Corporation	$	64	$	74
Other comprehensive loss, net of tax:				
Cumulative translation adjustment		(96)		(4)
Amortization of pension prior service cost and net loss		4		3
Other comprehensive loss		(92)		(1)
Less: Other comprehensive loss attributable to noncontrolling interest		(23)		(1)
Other comprehensive (loss) income attributable to Masco Corporation	$	(69)	$	
Total comprehensive (loss) income	$	(19)	$	85
Less: Total comprehensive (loss) income attributable to noncontrolling interest		(14)		11
Total comprehensive (loss) income attributable to Masco Corporation	$	(5)	$	74

See notes to condensed consolidated financial statements.

Table of Contents

MASCO CORPORATION

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

For the Three Months Ended March 31, 2015 and 2014

(In Millions)

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
CASH FLOWS FROM (FOR) OPERATING ACTIVITIES:		
Cash provided by operations	$ 144	$ 121
Increase in receivables	(244)	(227)
Increase in inventories	(56)	(75)
Increase (decrease) in accounts payable and accrued liabilities, net	4	(63)
Net cash for operating activities	(152)	(244)
CASH FLOWS FROM (FOR) FINANCING ACTIVITIES:		
Purchase of Company common stock	(103)	(39)
Cash dividends paid	(32)	(27)
Issuance of notes, net of issuance costs	497	
Net cash from (for) financing activities	362	(66)
CASH FLOWS FROM (FOR) INVESTING ACTIVITIES:		
Capital expenditures	(32)	(26)
Acquisition of businesses, net of cash acquired	(26)	(2)
Proceeds from disposition of:		
Other financial investments	3	2
Property and equipment	3	5
Short-term bank deposits	141	84
Purchases of:		
Short-term bank deposits	(63)	(69)
Other, net	(15)	
Net cash from (for) investing activities	11	(6)
Effect of exchange rate changes on cash and cash investments	(26)	(1)
CASH AND CASH INVESTMENTS:		
Increase (decrease) for the period	195	(317)
At January 1	1,383	1,223
At March 31	$ 1,578	$ 906

See notes to condensed consolidated financial statements.

4

Table of Contents

MASCO CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY (Unaudited)

For The Three Months Ended March 31, 2015 and 2014

(In Millions, Except Per Share Data)

	Total	Common Shares ($1 par value)	Paid-In Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Noncontrolling Interest
Balance, January 1, 2014	**$ 787**	**$ 349**	**$ 16**	**$ 79**	**$ 115**	**$ 228**
Total comprehensive income	85			74		11
Shares issued	(3)	2	(5)			
Shares retired:						
Repurchased	(39)	(2)	(9)	(28)		
Surrendered (non-cash)	(14)		(14)			
Cash dividends declared	(27)			(27)		
Stock-based compensation	12		12			
Balance, March 31, 2014	$ 801	$ 349	$	$ 98	$ 115	$ 239
Balance, January 1, 2015	**$ 1,128**	**$ 345**	**$**	**$ 690**	**$ (111)**	**$ 204**
Total comprehensive (loss) income	(19)			64	(69)	(14)
Shares issued	(5)	3	(8)			
Shares retired:						
Repurchased	(106)	(4)		(102)		
Surrendered (non-cash)	(16)	(1)		(15)		
Cash dividends declared	(31)			(31)		
Stock-based compensation	8		8			
Balance, March 31, 2015	$ 959	$ 343	$	$ 606	$ (180)	$ 190

See notes to condensed consolidated financial statements.

Table of Contents

MASCO CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

A. ACCOUNTING POLICIES

In our opinion, the accompanying unaudited condensed consolidated financial statements contain all adjustments, of a normal recurring nature, necessary to present fairly our financial position as at March 31, 2015, our results of operations, comprehensive (loss) income, cash flows, and changes in shareholders equity for the three months ended March 31, 2015 and 2014. The condensed consolidated balance sheet at December 31, 2014 was derived from audited financial statements.

Recently Issued Accounting Pronouncements: In April 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2014-8 (ASU 2014-8) Reporting of Discontinued Operations and Disclosure of Disposals of Components of an Entity, which changes the criteria for determining which disposals can be presented as discontinued operations and modifies the related disclosure requirements. On January 1, 2015, we adopted the ASU 2014-8. The adoption of the new standard did not have an impact on our financial position or results of operations.

In February 2015, the FASB issued Accounting Standards Update 2015-02 (ASU 2015-02) Consolidation (Topic 810) Amendments to the Consolidations Analysis, which modifies certain aspects of both the variable interest and voting models. ASU 2015-2 is effective for us for annual periods beginning January 1, 2016. We are currently evaluating the impact the adoption of this new standard will have on our financial position or results of operations.

In April 2015, the FASB issued Accounting Standards Update 2015-03 (ASU 2015-03) Interest Imputation of Interest (Subtopic 835-30) Simplifying the Presentation of Debt Issuance Costs, that requires that all costs incurred to issue debt be presented in the balance sheet as a direct deduction from the carrying value of the debt. ASU 2015-3 is effective for us for annual periods beginning January 1, 2016. We do not expect that the adoption of the new standard will have a material impact on our financial position.

B. DISCONTINUED OPERATIONS

On September 30, 2014, we announced a plan to spin off 100 percent of our Installation and Other Services businesses into an independent, publicly-traded company (to be named TopBuild Corp.) through a tax-free distribution of the stock of TopBuild Corp. to our shareholders. The transaction is expected to be completed in mid-2015. For the three months ended March 31, 2015, we have incurred $4 million of costs and charges related to this transaction. Under generally accepted accounting principles, the Installation and Other Services businesses are included in continuing operations until the transaction is completed.

C. ACQUISITIONS

In the first quarter of 2015, we acquired an aquatic fitness business for approximately $26 million in cash in the Plumbing Products segment. This acquisition will allow our spa business to expand its wellness products platform, open new channels of distribution and access a new customer base.

The results of this acquisition are included in the condensed consolidated financial statements from the date of acquisition.

Table of Contents

MASCO CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (continued)

D. GOODWILL AND OTHER INTANGIBLE ASSETS

The changes in the carrying amount of goodwill for the three months ended March 31, 2015, by segment, were as follows, in millions:

	Gross Goodwill At Mar. 31, 2015	Accumulated Impairment Losses	Net Goodwill At Mar. 31, 2015
Cabinets and Related Products	$ 240	$ (59)	$ 181
Plumbing Products	525	(340)	185
Installation and Other Services	1,806	(762)	1,044
Decorative Architectural Products	294	(75)	219
Other Specialty Products	983	(734)	249
Total	$ 3,848	$ (1,970)	$ 1,878

	Gross Goodwill At Dec. 31, 2014	Accumulated Impairment Losses	Net Goodwill At Dec. 31, 2014	Acquisitions	Other(A)	Net Goodwill At Mar. 31, 2015
Cabinets and Related Products	$ 240	$ (59)	$ 181	$	$	$ 181
Plumbing Products	531	(340)	191	9	(15)	185
Installation and Other Services	1,806	(762)	1,044			1,044
Decorative Architectural Products	294	(75)	219			219
Other Specialty Products	983	(734)	249			249
Total	$ 3,854	$ (1,970)	$ 1,884	$ 9	$ (15)	$ 1,878

(A) Other principally includes the effect of foreign currency translation.

Other indefinite-lived intangible assets were $136 million and $131 million at March 31, 2015 and December 31, 2014, respectively, and principally included registered trademarks. The carrying value of our definite-lived intangible assets was $22 million (net of accumulated amortization of $65 million) at March 31, 2015 and $14 million (net of accumulated amortization of $65 million) at December 31, 2014, and principally included customer relationships.

Table of Contents

MASCO CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (continued)

E. DEPRECIATION AND AMORTIZATION

Depreciation and amortization expense, including discontinued operations, was $34 million and $43 million for the three months ended March 31, 2015 and 2014, respectively. Depreciation and amortization expense included accelerated depreciation (relating to business rationalization initiatives) of $1 million for the three months ended March 31, 2014.

F. FAIR VALUE OF FINANCIAL INVESTMENTS

We have maintained investments in available-for-sale securities, equity method investments and a number of private equity funds, principally as part of our tax planning strategies, as any gains enhance the utilization of any current and future tax capital losses. Financial investments included in other assets were as follows, in millions:

	March 31, 2015	December 31, 2014
Auction rate securities	$ 22	$ 22
Total recurring investments	22	22
Equity method investments	11	11
Private equity funds	12	14
Other investments	3	3
Total	$ 48	$ 50

Recurring Fair Value Measurements. The fair value of the auction rate securities held by us have been estimated, on a recurring basis, using a discounted cash flow model (Level 3 input). The significant inputs in the discounted cash flow model used to value the auction rate securities include: expected maturity of auction rate securities, discount rate used to determine the present value of expected cash flows and the assumptions for credit defaults, since the auction rate securities are backed by credit default swap agreements.

Our investments in auction rate securities included cost basis of $19 million and pre-tax unrealized gains of $3 million and had a recorded basis of $22 million at both March 31, 2015 and December 31, 2014.

Non-Recurring Fair Value Measurements. During the three months ended March 31, 2015 and 2014, we did not measure any financial investments at fair value on a non-recurring basis, as there was no other-than-temporary decline in the estimated value of these investments.

We did not have any transfers between Level 1 and Level 2 financial assets in the three months ended March 31, 2015 or 2014.

Table of Contents

MASCO CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (continued)

Note F concluded:

Realized Gains (Losses). Income (loss) from financial investments, net, included in other, net, within other income (expense), net, was as follows, in millions:

	Three Months Ended March 31, 2015	Three Months Ended March 31, 2014
Realized gains from private equity funds	$ 2	$ 1
Equity investments loss, net		(2)
Total income (loss) from financial Investments, net	$ 2	$ (1)

Fair Value of Debt. The fair value of our short-term and long-term fixed-rate debt instruments is based principally upon modeled market prices for the same or similar issues or the current rates available to us for debt with similar terms and remaining maturities. The aggregate estimated market value of short-term and long-term debt at March 31, 2015 was approximately $4.3 billion, compared with the aggregate carrying value of $3.9 billion. The aggregate estimated market value of short-term and long-term debt at December 31, 2014 was approximately $3.7 billion, compared with the aggregate carrying value of $3.4 billion.

G. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

We are exposed to global market risk as part of our normal daily business activities. To manage these risks, we enter into various derivative contracts. These contracts include interest rate swap agreements, foreign currency exchange contracts and metals contracts intended to hedge our exposure to copper and zinc. We review our hedging program, derivative positions and overall risk management on a regular basis.

Interest Rate Swap Agreements. In March 2012, in connection with the issuance of $400 million of debt, we terminated the interest rate swap hedge relationships that we had entered into in August 2011. These interest rate swaps were designated as cash flow hedges and effectively fixed interest rates on the forecasted debt issuance to variable rates based on 3-month LIBOR. Upon termination, the ineffective portion of the cash flow hedges of approximately $2 million loss was recognized in our consolidated statement of operations in other, net. The remaining loss of approximately $23 million from the termination of these swaps is being amortized as an increase to interest expense over the remaining term of the debt, through March 2022.

Foreign Currency Contracts. Our net cash inflows and outflows exposed to the risk of changes in foreign currency exchange rates arise from the sale of products in countries other than the manufacturing source, foreign currency denominated supplier payments, debt and other payables, and investments in subsidiaries. To mitigate this risk, we, including certain of our European operations, entered into foreign currency forward contracts and foreign currency exchange contracts.

Gains (losses) related to foreign currency forward and exchange contracts are recorded in our condensed consolidated statements of operations in other income (expense), net. In the event that the counterparties fail to meet the terms of the foreign currency forward contracts, our exposure is limited to the aggregate foreign currency rate differential with such institutions.

Table of Contents

MASCO CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (continued)

Note G concluded:

Metals Contracts. We have entered into several contracts to manage our exposure to increases in the price of copper and zinc. Gains (losses) related to these contracts are recorded in our condensed consolidated statements of operations in cost of sales.

The pre-tax (losses) gains included in our condensed consolidated statements of operations are as follows, in millions:

	Three Months Ended March 31, 2015		Three Months Ended March 31, 2014	
Foreign currency contracts				
Exchange contracts	$	4	$	(2)
Forward contracts		(4)		(1)
Metals contracts		(2)		(3)
Total loss	$	(2)	$	(6)

We present our derivatives, net by counterparty due to the right of offset under master netting arrangements in receivables or accrued liabilities in the condensed consolidated balance sheet. The notional amounts being hedged and the fair value of those derivative instruments, on a gross basis, are as follows, in millions:

	At March 31, 2015 Notional Amount		At March 31, 2015 Balance Sheet	
Foreign currency contracts				
Exchange contracts	$	40		
Receivables			$	5
Forward contracts		61		
Other assets				3
Accrued liabilities				(7)
Metals contracts		76		
Accrued liabilities				(3)

	At December 31, 2014 Notional Amount	At December 31, 2014 Balance Sheet

Foreign currency contracts				
Exchange contracts	$	55		
Receivables			$	6
Forward contracts		79		
Other assets				2
Accrued liabilities				(1)
Metals contracts		70		
Accrued liabilities				(2)

The fair value of all metals and foreign currency derivative contracts is estimated on a recurring basis, quarterly, using Level 2 inputs (significant other observable inputs).

Table of Contents

MASCO CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (continued)

H. WARRANTY LIABILITY

Changes in our warranty liability were as follows, in millions:

	Three Months Ended March 31, 2015	Twelve Months Ended December 31, 2014
Balance at January 1	$ 135	$ 124
Accruals for warranties issued during the period	13	51
Accruals related to pre-existing warranties	2	11
Settlements made (in cash or kind) during the period	(12)	(46)
Other, net (including currency translation)	(2)	(5)
Balance at end of period	$ 136	$ 135

I. DEBT

On March 17, 2015, we issued $500 million of 4.45% Notes (Notes) due April 1, 2025. The Notes are senior indebtedness and are redeemable at our option.

On March 28, 2013, we entered into a credit agreement (the Credit Agreement) with a bank group, with an aggregate commitment of $1.25 billion and a maturity date of March 28, 2018.

Based on the limitations of the debt to total capitalization ratio covenant in the Credit Agreement, at March 31, 2015, we had additional borrowing capacity, subject to availability, of up to $1.1 billion. Additionally, at March 31, 2015, we could absorb a reduction to shareholders equity of approximately $579 million and remain in compliance with the debt to total capitalization covenant.

In order for us to borrow under the Credit Agreement, there must not be any default in our covenants in the Credit Agreement (i.e., in addition to the two financial covenants, principally limitations on subsidiary debt, negative pledge restrictions, legal compliance requirements and maintenance of properties and insurance) and our representations and warranties in the Credit Agreement must be true in all material respects on the date of borrowing (i.e., principally no material adverse change or litigation likely to result in a material adverse change, since December 31, 2012, in each case, no material ERISA or environmental non-compliance and no material tax deficiency). We were in compliance with all covenants and no borrowings have been made at March 31, 2015.

Table of Contents

MASCO CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (continued)

J. STOCK-BASED COMPENSATION

Our 2014 Long Term Stock Incentive Plan (the 2014 Plan) provides for the issuance of stock-based incentives in various forms to our employees and non-employee Directors. At March 31, 2015, outstanding stock-based incentives were in the form of long-term stock awards, stock options, phantom stock awards and stock appreciation rights. Pre-tax compensation expense and the related income tax benefit for these stock-based incentives were as follows, in millions:

	Three Months Ended March 31, 2015	2014
Long-term stock awards	$ 7	$ 11
Stock options	1	1
Phantom stock awards and stock appreciation rights	3	
Total	$ 11	$ 12
Income tax benefit (37 percent tax rate - before valuation allowance)	$ 4	$ 4

Long-Term Stock Awards. Long-term stock awards are granted to our key employees and non-employee Directors and do not cause net share dilution inasmuch as we continue the practice of repurchasing and retiring an equal number of shares in the open market. We granted 675,040 shares of long-term stock awards in the three months ended March 31, 2015.

Our long-term stock award activity was as follows, shares in millions:

	Three Months Ended March 31, 2015	2014
Unvested stock award shares at January 1	6	8
Weighted average grant date fair value	$ 18	$ 17
Stock award shares granted	1	1
Weighted average grant date fair value	$ 26	$ 22
Stock award shares vested	2	2
Weighted average grant date fair value	$ 17	$ 17
Stock award shares forfeited		

Weighted average grant date fair value	$	19	$	18
Unvested stock award shares at March 31		5		7
Weighted average grant date fair value	$	19	$	18

At March 31, 2015 and 2014, there was $68 million and $94 million of total unrecognized compensation expense related to unvested stock awards, respectively; such awards had a weighted average remaining vesting period of three years in 2015 and four years in 2014.

The total market value (at the vesting date) of stock award shares which vested during the three months ended March 31, 2015 and 2014 was $48 million and $45 million, respectively.

Table of Contents

MASCO CORPORATION

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited) (continued)

Note J continued:

Stock Options. Stock options are granted to our key employees. The exercise price equals the market price of our common stock at the grant date. These options generally become exercisable (vest ratably) over five years beginning on the first anniversary from the date of grant and expire no later than 10 years after the grant date.

We granted 452,380 of stock option shares in the three months ended March 31, 2015 with a grant date exercise price approximating $26 per share. In the first three months of 2015, 136,040 stock option shares were forfeited (including options that expired unexercised).

Our stock option activity was as follows, shares in millions:

	Three Months Ended March 31,			
		2015		**2014**
Option shares outstanding, January 1		18		24
Weighted average exercise price	$	21	$	22
Option shares granted				
Weighted average exercise price	$	26	$	22
Option shares exercised		1		1
Aggregate intrinsic value on date of exercise **(A)**	$	17 million	$	10 million
Weighted average exercise price	$	14	$	16
Option shares forfeited				
Weighted average exercise price	$	22	$	27
Option shares outstanding, March 31		17		23
Weighted average exercise price	$	22	$	22
Weighted average remaining option term (in years)		3		4
Option shares vested and expected to vest, March 31		17		23
Weighted average exercise price	$	22	$	22
Aggregate intrinsic value **(A)**	$	108 million	$	93 million
Weighted average remaining option term (in years)		3		4
Option shares exercisable (vested), March 31		15		20
Weighted average exercise price	$	22	$	23
Aggregate intrinsic value **(A)**				