NEWELL RUBBERMAID INC
Form 10-K
February 29, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K
ANNUAL REPORT PURSUANT TO
SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

FOR THE FISCAL YEAR ENDED DECEMBER 31, 2015	COMMISSION FILE NUMBER 1-9608

NEWELL RUBBERMAID INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

DELAWARE (State or other jurisdiction of incorporation or organization)	36-3514169 (I.R.S. Employer Identification No.)
Three Glenlake Parkway Atlanta, Georgia (Address of principal executive offices)	30328 (Zip Code)

Registrant’s telephone number, including area code: (770) 418-7000
Securities registered pursuant to Section 12(b) of the Act:

TITLE OF EACH CLASS	NAME OF EACH EXCHANGE ON WHICH REGISTERED
Common Stock, $1 par value per share	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.
Yes þ No ¨
Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Act.
Yes ¨ No þ
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 þ No ¨
Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 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 þ No ¨
Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant’s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ¨
Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer þ	Accelerated Filer o

Non-Accelerated Filer o Smaller Reporting Company 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 Act). Yes ¨ No þ

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There were 267.2 million shares of the Registrant's Common Stock outstanding (net of treasury shares) as of January 31, 2016. The aggregate market value of the shares of Common Stock (based upon the closing price on the New York Stock Exchange on June 30, 2015) beneficially owned by non-affiliates of the Registrant was approximately $10.9 billion. For purposes of the foregoing calculation only, which is required by Form 10-K, the Registrant has included in the shares owned by affiliates those shares owned by directors and officers of the Registrant, and such inclusion shall not be construed as an admission that any such person is an affiliate for any purpose.

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DOCUMENTS INCORPORATED BY REFERENCE

Portions of the Registrant's Definitive Proxy Statement for its Annual Meeting of Stockholders are incorporated by reference into Part III of this Annual Report on Form 10-K.

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PART I

ITEM 1. BUSINESS

"Newell Rubbermaid" or the "Company" refers to Newell Rubbermaid Inc. alone or with its wholly owned subsidiaries, as the context requires. When this report uses the words "we," "us" or "our," it refers to the Company and its subsidiaries unless the context otherwise requires. The Company was founded in Ogdensburg, NY in 1903 and is incorporated in Delaware. The Company's principal executive office is located at Three Glenlake Parkway, Atlanta, Georgia 30328, and the Company's telephone number is 770-418-7000.

Website Access to Securities and Exchange Commission Reports

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 Securities and Exchange Commission. The Company's Internet website can be found at www.newellrubbermaid.com. The information on the Company's website is not incorporated by reference into this annual report on Form 10-K.

GENERAL

Newell Rubbermaid is a global marketer of consumer and commercial products that help people get more out of life every day, where they live, learn, work and play. The Company's products are marketed under a strong portfolio of leading brands, including Sharpie®, Paper Mate®, Expo®, Prismacolor®, Mr. Sketch®, Elmer's®, Parker®, Waterman®, Dymo®, Rubbermaid®, Contigo®, Goody®, Calphalon®, Irwin®, Lenox®, Rubbermaid Commercial Products®, Graco®, Aprica® and Baby Jogger®.

The Company is driving its strategy, the Growth Game Plan, into action and simplifying its structure through the execution of Project Renewal, making sharper portfolio choices and investing in new marketing and innovation to accelerate performance. In the Growth Game Plan operating model, the Company has two core activity systems, Development and Delivery, supported by three business partnering functions, Human Resources, Finance/IT and Legal, and four winning capabilities in Design, Marketing & Insight, Supply Chain and Customer Development, all in service to drive accelerated performance in the Company's five segments. The Company's five segments and the key brands included in each segment are as follows:

- Writing: Sharpie®, Paper Mate®, Expo®, Prismacolor®, Mr. Sketch®, Elmer's®, X-Acto®, Parker®, Waterman® and Dymo® Office
- Home Solutions: Rubbermaid®, Contigo®, bubba®, Calphalon®, Levolor® and Goody®
- Tools: Irwin®, Lenox®, hilmor™ and Dymo® Industrial
- Commercial Products: Rubbermaid Commercial Products®
- Baby & Parenting: Graco®, Baby Jogger®, Aprica® and Teutonia®

In October 2015, the Company completed the acquisition of Elmer's Products, Inc. ("Elmer's"). Elmer's, whose brands include Elmer's®, Krazy Glue® (a trademark of Toagosei Co. Ltd., used with permission) and X-Acto®, is a provider of activity-based adhesive and cutting products that inspire creativity in the classroom, at home, in the office, in the workshop and at the craft table. Elmer's is included in the Writing segment.

Based on the Company's strategy to allocate resources to its businesses relative to each business' growth potential and, in particular, those businesses with the greater right to win in the marketplace, during 2015 the Company divested its Rubbermaid medical cart business, which focuses on optimizing nurse work flow and medical records processing in hospitals and was included in the Commercial Products segment. During 2015, the Company also initiated a process to divest its Levolor® and Kirsch® window coverings brands ("Décor"). The Rubbermaid medical cart and Décor businesses do not qualify as discontinued operations pursuant to U.S. Generally Accepted Accounting Principles, and as a result, the medical cart business was included in the Company's consolidated results from continuing operations in the Commercial Products segment until it was sold in August 2015, and Décor is and will continue to be included in the Company's consolidated results from continuing operations in the Home Solutions segment until the business is sold.

The Endicia on-line postage business and the Culinary electrics and retail businesses are classified as discontinued operations based on the Company's commitment in 2014 to sell these businesses. Endicia was included in the Writing segment and the Culinary businesses were included in the Home Solutions segment. The Company completed the sale of Endicia in November 2015 and ceased operations in its Culinary electrics and retail businesses in the first quarter of 2015.

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JARDEN ACQUISITION

On December 13, 2015, the Company entered into an agreement and plan of merger (the "Merger Agreement") to acquire Jarden Corporation ("Jarden"). The combined company will be named Newell Brands Inc. ("Newell Brands"), a consumer goods company with $16 billion in sales with a portfolio of leading brands in large, growing, unconsolidated, global markets. Jarden is a leading, global consumer products company with leading brands, such as Yankee Candle, Crock-Pot, FoodSaver, Mr. Coffee, Oster, Coleman, First Alert, Rawlings, Jostens, K2, Marker, Marmot, Volkl, and many others.

Under the terms of the Merger Agreement, Jarden shareholders will receive at closing for each share of Jarden common stock merger consideration of (1) 0.862 of a share of Newell Rubbermaid common stock plus (2) $21.00 in cash. Based on the closing price of a share of Newell Rubbermaid common stock on February 24, 2016 of $37.74 per share, the implied total consideration is approximately $14.0 billion, including $5.5 billion of cash and $8.5 billion of Newell Rubbermaid common stock.

The scaled enterprise is expected to accelerate profitable growth with leading brands in a global market that exceeds $100 billion, with business and capability development supported by the efficiencies of this transformational combination. Management believes that the scale of the combined Newell Rubbermaid and Jarden businesses in key categories, channels and geographies creates a much broader opportunity to deploy the Company's advantaged set of brand development and commercial capabilities for accelerated growth and margin expansion.

The transaction will be funded by cash on hand and additional debt financing. Newell Rubbermaid has obtained a committed bridge credit facility, which it expects to replace with permanent financing prior to closing. The Company is committed to maintaining its investment grade credit rating by using strong cash flow from the combined enterprise to prioritize debt reduction in the short term, while simultaneously maintaining its dividend per share.

Newell Rubbermaid anticipates incremental annualized cost synergies of approximately $500 million over four years, driven by efficiencies of scale and new efficiencies in procurement, cost to serve and infrastructure that the combination unlocks. The Company's intent is to design a benchmarked, efficient set of structures that support long-term business development.

The acquisition is subject to approval by shareholders of both Newell Rubbermaid and Jarden, receipt of regulatory approvals and other customary closing conditions. It is expected to close in the second quarter of 2016.

Refer to the forward-looking statements section of Management's Discussion and Analysis of Financial Condition and Results of Operations for a discussion of the Company's forward-looking statements included in this report.

STRATEGIC INITIATIVES

Newell Rubbermaid is committed to building leading brands through understanding the needs of consumers and using those insights to create innovative, highly differentiated product solutions that offer superior performance and value. In 2015, the Company increased advertising and promotion investments in support of its brands by $42.3 million compared to 2014, and the Company intends to continue to leverage its portfolio of leading brands to create a margin structure that allows for further increases in brand investment.

The Company is executing its Growth Game Plan, which is its strategy to simplify the organization and free up resources to invest in growth initiatives and strengthened capabilities in support of the Company's brands. The changes being implemented in the execution of the Growth Game Plan are considered key enablers to building a bigger, faster-growing, more global and more profitable company.

The Growth Game Plan encompasses the following aspects:

The Newell Way

The Newell Way is a set of behaviors that involve putting our consumers first in everything we do because our brands are designed to help consumers achieve more in life. When our consumers benefit, all of our other constituents benefit, including our customers, our employees and our investors.

Growth is our key to success and is the energy that powers the Company. We aim to be more invested than our competitors in creating meaningful connections that drive growth with our consumers, customers, suppliers, employees and communities. The Newell Way is designed to build exceptional leadership at every level in the organization that will accelerate the Company's performance and drive its transformation forward.

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The Newell Way is not simply a means to improve business results; it is a means to improve personal results. We do what we say we are going to do and execute with E.D.G.E. - Every Day Great Execution. We will execute using the key tenets of The Newell Way to guide our decisions, with the aim of making the Company one of the leading consumer goods companies in the world.

Where To Play

Win Bigger - Deploying resources to businesses and regions with higher growth opportunities through investments in innovation, brand support and geographic expansion. Our Win Bigger businesses include Writing & Creative Expression, which is included in the Writing segment, Food & Beverage, which is included in the Home Solutions segment, and the Tools and Commercial Products segments.

Win Where We Are - Optimizing the performance of businesses and brands in existing markets by investing in innovation and brand support to increase market share and reducing structural spend within the existing geographic footprint. Our Win Where We Are businesses include all businesses in the Home Solutions segment other than Food & Beverage, the Baby & Parenting segment, and the Elmer's, Labeling and Fine Writing businesses in the Writing segment.

5 Ways To Win

- Make Our Brands Really Matter — Building an innovation engine, developing outstanding brand communications and winning with superior product design and performance.
- Build An Execution Powerhouse — Transforming our supply chain and becoming a partner of choice to our customers.
- Unlock Trapped Capacity For Growth — Eliminating complexity and establishing and developing an operating rhythm and information strategy to support growth.
- Develop The Team For Growth — Building a community of leaders and focusing the organization on a performance-based culture and learning and development.
- Extend Beyond Our Borders — Create and develop local teams in developing markets to build consumer insights and build the business locally.

The Company's transformation efforts in driving the Growth Game Plan into action began in late 2011 and are being implemented over a multi-year period in three phases, which are outlined below.

- Delivery Phase — Execution during this phase included implementing structural changes in the organization while ensuring consistent execution and delivery.
- Strategic Phase — Continued consistent execution and delivery while simultaneously shaping the future through increased brand investment and bringing capabilities to speed in order to propel the Growth Game Plan into action.
- Acceleration Phase — Expand investments behind Win Bigger businesses to drive increased sales and margin expansion, which creates additional resources for further brand investment, while also remaining focused on consistent execution and delivery.

During 2015, the Company executed against the Strategic Phase of the Growth Game Plan, investing in core activity systems critical to the Company's success, unlocking trapped capacity for growth through Project Renewal, investing in new capabilities and the Company's brands for accelerated growth, and beginning to leverage an operating company structure to release the full potential of the business. During 2016, the Company plans to transition to the Acceleration Phase of the Growth Game Plan.

The Company will continue implementing changes to drive the Growth Game Plan strategy into action. These changes are the foundation of Project Renewal and are organized into the following five workstreams:

- Organizational Simplification: The Company has de-layered its top structure and further consolidated its businesses from nine global business units ("GBUs") to three operating groups that manage five operating segments.
- EMEA Simplification: The Company is focusing its resources on fewer products and countries, while simplifying go-to-market, delivery and back office support structures.
- Best Cost Finance: The Company is delivering a simplified approach to decision support, transaction processing and information management by leveraging SAP and the streamlined business segments to align resources with the Growth Game Plan.
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Best Cost Back Office: The Company is driving "One Newell Rubbermaid" efficiencies in customer and consumer services and sourcing functions.

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- Supply Chain Footprint: The Company is further optimizing manufacturing and distribution facilities across its global supply chain.

In April 2015, the Company committed to a further expansion of Project Renewal (the "April 2015 Expansion"). Project Renewal was initially launched in October 2011 to reduce the complexity of the organization and increase investment in growth platforms within the business. Under Project Renewal, the Company is simplifying and aligning its businesses around two key activities - Brand & Category Development and Market Execution & Delivery. The April 2015 Expansion is expected to generate annualized incremental cost savings of approximately $150 million when fully implemented by the end of 2017, which includes savings expected to be realized during 2018 from projects completed in 2017. Under the April 2015 Expansion, the Company plans to implement additional activities designed to further streamline business partnering functions (e.g., Finance/IT, Legal and Human Resources), optimize global selling and trade marketing functions and rationalize the Company's real estate portfolio. A large portion of the incremental savings are intended to be reinvested in the business to strengthen brand building and selling capabilities in priority markets around the world. In connection with the April 2015 Expansion, the Company expects to incur $150 million of additional costs. As a result, the cumulative costs of Project Renewal are expected to be approximately $690 to $725 million, of which approximately $645 to $675 million are expected to be cash costs. Project Renewal is expected to generate annualized cost savings of approximately $620 to $675 million by the end of 2017, which includes savings expected to be realized during 2018 from projects completed in 2017.

BUSINESS SEGMENTS

The Company's five business segments and the key brands included in each of the segments are as follows:

Segment	Key Brands	Description of Primary Products
Writing	Sharpie®, Paper Mate®, Expo®, Prismacolor®, Mr. Sketch®, Elmer's®, X-Acto®, Parker®, Waterman®, Dymo® Office	Writing instruments, including markers and highlighters, pens and pencils; art products; activity-based adhesive and cutting products; fine writing instruments; labeling solutions
Home Solutions	Rubbermaid®, Contigo®, bubba®, Calphalon®, Levolor®, Goody®	Indoor/outdoor organization, food storage and home storage products; durable beverage containers; gourmet cookware, bakeware and cutlery; window treatments; hair care accessories
Tools	Irwin®, Lenox®, hilmor™, Dymo® Industrial	Hand tools and power tool accessories; industrial bandsaw blades; tools for HVAC systems; label makers and printers for industrial use
Commercial Products	Rubbermaid Commercial Products®	Cleaning and refuse products; hygiene systems; material handling solutions
Baby & Parenting	Graco®, Baby Jogger®, Aprica®, Teutonia®	Infant and juvenile products such as car seats, strollers, highchairs and playards

Writing

The Company's Writing segment is comprised of the Writing & Creative Expression business within the Win Bigger framework of the Growth Game Plan and the Elmer's, Labeling and Fine Writing businesses within the Win Where We Are framework of the Growth Game Plan. The Writing segment designs, manufactures or sources and distributes writing instruments, adhesives, cutting products and labeling solutions, primarily for use in business and the home. The segment's product offerings include markers, highlighters, activity-based adhesives, cutting products and everyday and fine writing instruments and accessories. Permanent/waterbase markers, dry erase markers, highlighters and art supplies are primarily sold under the Sharpie®, Expo®, Sharpie® Accent®, Prismacolor® and Mr. Sketch® trademarks. Ballpoint pens and inks, roller ball pens, mechanical pencils and correction supplies are primarily sold under the Paper Mate®, InkJoy®, Uni-Ball® (used under exclusive license from Mitsubishi Pencil Co. Ltd. and its subsidiaries in North America and certain areas in Latin America), Sharpie®, Mongol® and Liquid Paper® trademarks. Activity-based adhesives and cutting products are primarily sold under the Elmer's®, Krazy Glue® and X-Acto® trademarks. Fine writing instruments are primarily sold under the Parker®, Waterman® and Rotring® trademarks. The Writing segment's on-demand labeling solutions are primarily sold under the Dymo® Office trademark.

The Writing segment generally markets its products directly to mass merchants, warehouse clubs, grocery/drug stores, office superstores, office supply stores, contract stationers, travel retail, on-line and other retailers.

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Home Solutions

The Company's Food & Beverage business within the Home Solutions segment is a Win Bigger business, and the consumer storage and organization, cookware, window treatments and hair care accessories businesses within the Home Solutions segment are Win Where We Are businesses within the framework of the Growth Game Plan. The Home Solutions segment designs, manufactures or sources and distributes a wide range of consumer products under multiple brand names. Indoor/outdoor organization and home storage products are primarily sold under the Rubbermaid® and Roughneck® trademarks. Food storage and on-the-go hydration and thermal bottles are primarily sold under the Rubbermaid®, TakeAlongs®, Contigo®, Avex® and bubba® trademarks. Aluminum and stainless steel cookware and bakeware are sold under the Calphalon® trademark. Window treatments are primarily sold under the Levolor® trademark. Hair care accessories and grooming products are marketed primarily under the Goody® trademark.

The Home Solutions segment primarily markets its products directly to mass merchants and specialty, grocery/drug and department stores.

Tools

The Company's Tools segment is a Win Bigger business within the framework of the Growth Game Plan. The Tools segment designs, manufactures or sources and distributes hand tools and power tool accessories, industrial bandsaw blades, tools and industrial labeling solutions. Hand tools and power tool accessories are primarily sold under the Irwin® trademark, while industrial bandsaw blades and cutting and drilling accessories are sold under the Lenox® trademark. Heating, ventilation and air conditioning (HVAC) tools are sold under the hilmor™ trademark, and industrial label makers are sold under the Dymo® trademark.

The Tools segment primarily markets its products through distributors and directly to mass merchants, home centers, industrial/construction outlets and other professional customers.

Commercial Products

The Company's Commercial Products segment is a Win Bigger business within the framework of the Growth Game Plan. The Commercial Products segment designs, manufactures or sources and distributes cleaning and refuse products, hygiene systems and material handling solutions. Rubbermaid Commercial Products® primarily sells its products under the Rubbermaid®and Brute® trademarks.

The Commercial Products segment primarily markets its products through distributors and directly to mass merchants, home centers, commercial products distributors, select contract customers and other professional customers.

Baby & Parenting

The Company's Baby & Parenting segment is a Win Where We Are business within the framework of the Growth Game Plan. The Baby & Parenting segment designs and distributes infant and juvenile products such as car seats, strollers, swings, highchairs and playards, and primarily sells its products under the Graco®, Baby Jogger®, City Mini®, City Select®, Aprica® and Teutonia® trademarks. The Baby & Parenting segment sources substantially all of its products.

The Baby & Parenting segment primarily markets its products directly to mass merchants, department stores, distributors and on-line retailers.

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NET SALES BY BUSINESS SEGMENT

The following table sets forth the amounts and percentages of the Company's net sales for continuing operations for 2015, 2014 and 2013 for the Company's five business segments. The Company acquired Elmer's in 2015. The Company acquired Ignite Holdings, LLC ("Ignite") in September 2014, the assets of bubba brands, inc. ("bubba") in October 2014 and Baby Jogger Holdings, Inc. ("Baby Jogger") in December 2014. Ignite and bubba are designers and marketers of durable beverage containers, and Baby Jogger is a designer and marketer of premium infant and juvenile products. The net sales of these businesses are included in the table below since the acquisition date of each business. Elmer's is included in the Writing segment, Ignite and bubba are included in the Home Solutions segment, and Baby Jogger is included in the Baby & Parenting segment. The Company sold the Rubbermaid medical cart business in August 2015, and the Rubbermaid medical cart business' sales are included in the table below in the Commercial Products segment up to the date the business was sold (in millions, except percentages).

	2015	% of Total		2014	% of Total		2013	% of Total	
Writing	$1,763.5	29.8	%	$1,708.9	29.8	%	$1,653.6	29.5	%
Home Solutions	1,704.2	28.8	%	1,575.4	27.5	%	1,560.3	27.8	%
Tools	790.0	13.4	%	852.2	14.9	%	817.9	14.6	%
Commercial Products	809.7	13.7	%	837.1	14.6	%	785.9	14.0	%
Baby & Parenting	848.3	14.3	%	753.4	13.2	%	789.3	14.1	%
Total Company	$5,915.7	100.0	%	$5,727.0	100.0	%	$5,607.0	100.0	%

Sales to Wal-Mart Stores, Inc. and subsidiaries, which includes Sam's Club, amounted to approximately 10.9%, 10.6% and 11.2% of consolidated net sales for 2015, 2014 and 2013, respectively, substantially across all segments. For more detailed segment information, including operating income and identifiable assets by segment, refer to Footnote 19 of the Notes to Consolidated Financial Statements.

OTHER INFORMATION

Multi-Product Offering

The Company's broad product offering in multiple categories permits it to more effectively meet the needs of its customers. With families of leading brand names and profitable and innovative new products, the Company can assist volume purchasers in selling a more profitable product mix. As a potential single source for an entire product line, the Company can use program merchandising to improve product presentation, optimize display space for both sales and income, and encourage impulse buying by retail consumers.

Foreign Operations

Information regarding the Company's 2015, 2014 and 2013 foreign operations and financial information by geographic area is included in Footnote 19 of the Notes to Consolidated Financial Statements and is incorporated by reference herein. Information regarding risks relating to the Company's foreign operations is set forth in Part I, Item 1A, of this report and is incorporated by reference herein.

Please refer to Management's Discussion and Analysis of Financial Condition and Results of Operations and Footnote 1 of the Notes to Consolidated Financial Statements for further information regarding the Company's Venezuelan operations.

Raw Materials and Sourced Finished Goods

The Company has multiple foreign and domestic sources of supply for substantially all of its material requirements. The raw materials and various purchased components required for its products have generally been available in sufficient quantities. The Company's product offerings require the purchase of resin, corrugate and metals, including steel, stainless steel, aluminum and gold. The Company's resin purchases principally comprise polyethylene, polypropylene and copolyester. Over the long-term, the Company has experienced inflation in raw material prices, labor and sourced products, and in 2015, inflation in labor and sourced products offset deflation in raw material prices. In 2016, the Company expects continued labor and sourced product inflation and moderate inflation in raw material prices. On an annualized basis, resin and metals consumed as raw materials generally represent 10% to 15% of annual cost of products sold, with neither resin nor metals purchased as raw materials individually representing more than 10% of cost of products sold.

The Company also relies on third-party manufacturers as a source for finished goods. Historically, the Company has experienced inflation in sourced product costs due to currency fluctuations and increased input and labor costs. For a limited number of product

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lines, a single manufacturer or a limited number of manufacturers may supply substantially all of the finished goods for a product line. In particular, certain businesses within the Baby & Parenting and Home Solutions segments rely on third-party manufacturers for substantially all of their products. Specifically, the Company's Baby & Parenting segment has a single source of supply for products that comprise a majority of Baby & Parenting's sales and which owns the intellectual property for many of those products.

See Management's Discussion and Analysis of Financial Condition and Results of Operations for further discussion.

Backlog

The dollar value of unshipped factory orders is not material.

Seasonal Variations

Sales of the Company's products tend to be seasonal, with sales and operating income in the first quarter generally lower than any other quarter during the year, driven principally by reduced volume and the mix of products sold in the first quarter. Historically, the Company has earned approximately 60% of its annual operating income during the second and third quarters of the year. The seasonality of the Company's sales volume, combined with the accounting for fixed costs such as depreciation, amortization, rent, personnel costs and interest expense, impacts the Company's results on a quarterly basis. In addition, the Company has historically generated more than 95% of its operating cash flow in the second half of the year due to seasonal variations in operating results, the timing of annual performance-based compensation payments and customer rebates, and credit terms provided to customers.

Patents and Trademarks

The Company has many patents, trademarks, brand names and trade names that are, in the aggregate, important to its business. The Company's most significant registered trademarks are "Sharpie®," "Paper Mate®," "Elmer's®," "Parker®," "Waterman®," "Dymo®," "Rubbermaid®," "Contigo®," "Goody®," "Calphalon®," "Irwin®," "Lenox®," "Graco®," "Baby Jogger®" and "Aprica®."

Customers/Competition

The Company's principal customers are large mass merchandisers, such as discount stores, home centers, warehouse clubs, office superstores, commercial distributors and e-commerce companies. The dominant share of the market represented by large mass merchandisers, together with consumer shopping patterns, contributes to a market environment in which dominant multi-category retailers and e-commerce companies have strong negotiating power with suppliers. This environment may limit the Company's ability to recover cost increases through selling prices. Current trends among retailers and e-commerce companies include fostering high levels of competition among suppliers, demanding innovative new products and products tailored to each of their unique requirements and requiring suppliers to maintain or reduce product prices and deliver products with shorter lead times. Other trends, in the absence of a strong new product development effort or strong end-user brands, are for retailers and e-commerce companies to import generic products directly from foreign sources and to source and sell products, under their own private label brands, which compete with the Company's products. The combination of these market influences has created an intensely competitive environment in which the Company's principal customers continuously evaluate which product suppliers to use, resulting in downward pricing pressures and the need for big, consumer-meaningful brands, the ongoing introduction and commercialization of innovative new products, continuing improvements in category management and customer service, and the maintenance of strong relationships with large, high-volume purchasers. The Company competes with numerous manufacturers and distributors of consumer products, many of which are large and well-established.

The Company's principal methods of meeting its competitive challenges are creating and maintaining leading brands and differentiated products that deliver superior value and performance; delivering superior customer service and consistent on-time delivery; producing and procuring products at a competitive cost; and experienced management. In addition, the Company focuses on building consumer loyalty and increased consumer demand through increased investment in consumer insights and using those insights to develop innovative products and product features that meet consumers' needs.

The Company has also positioned itself to respond to the competitive challenges in the retail environment by developing strong relationships with large, high-volume purchasers. The Company markets its strong multi-product offering through virtually every category of high-volume retailers, including discount, drug, grocery and variety chains; warehouse clubs; department, hardware and specialty stores; home centers; office superstores; contract stationers; and e-commerce companies. The Company’s largest customer, Wal-Mart (which includes Sam’s Club), accounted for approximately 10.9% of net sales in 2015, across substantially all segments. The Company’s top-ten customers in 2015 included (in alphabetical order): amazon, Costco, Essendant, Lowe’s, Office Depot, Staples, Target, The Home Depot, Toys ‘R’ Us and Wal-Mart.

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Environmental Matters
Information regarding the Company’s environmental matters is included in the Management’s Discussion and Analysis of Financial Condition and Results of Operations section of this report and in Footnote 20 of the Notes to Consolidated Financial Statements and is incorporated by reference herein.
Research and Development
The Company’s research and development efforts focus on developing new, differentiated and innovative products to meet consumers’ needs. The Company’s product development efforts begin with consumer insights, and the Company has consolidated its consumer marketing and insight capabilities into a global center of excellence and is investing further to strengthen these capabilities. The Company continues to invest to strengthen its product design and research and development capabilities and has consolidated its design and innovation capabilities into a center of excellence. The Company’s enhanced marketing and insight and research and development capabilities have been leveraged to implement a new ideation process throughout the business, resulting in idea fragments that feed the development of product concepts.
Information regarding the Company’s research and development costs for each of the past three years is included in Footnote 1 of the Notes to Consolidated Financial Statements and is incorporated by reference herein.
Employees
As of January 31, 2016, the Company had approximately 17,200 employees worldwide. Approximately 2,500 of the Company’s employees are covered by collective bargaining agreements or are located in countries that have collective arrangements decreed by statute.

ITEM 1A. RISK FACTORS
The factors that are discussed below, as well as the matters that are generally set forth in this report on Form 10-K and the documents incorporated by reference herein, could materially and adversely affect the Company’s business, results of operations and financial condition.

The Company is subject to risks related to its dependence on the strength of retail, commercial and industrial sectors of the economy in various parts of the world.
The Company’s business depends on the strength of the retail, commercial and industrial sectors of the economy in various parts of the world, primarily in North America, and to a lesser extent Europe, Latin America and Asia. These sectors of the economy are affected primarily by factors such as consumer demand and the condition of the retail industry, which, in turn, are affected by general economic conditions. With continuing challenging global economic conditions, particularly outside the U.S., there has been considerable pressure on consumer demand, and the resulting impact on consumer spending has had and may continue to have an adverse effect on demand for the Company’s products, as well as its financial condition and results of operations. The Company could also be negatively impacted by economic crises in specific countries or regions, including the deterioration in the creditworthiness of, or a default by, the issuers of sovereign debt. Such events could negatively impact the Company’s overall liquidity and/or create significant credit risks relative to its local customers and depository institutions. Consumer demand and the condition of these sectors of the economy may also be impacted by other external factors such as war, terrorism, geopolitical uncertainties, public health issues, natural disasters and other business interruptions. The impact of these external factors is difficult to predict, and one or more of these factors could adversely impact the Company’s business.
The Company is subject to intense competition in a marketplace dominated by large retailers and e-commerce companies.
The Company competes with numerous other manufacturers and distributors of consumer and commercial products, many of which are large and well-established. The Company’s principal customers are large mass merchandisers, such as discount stores, home centers, warehouse clubs, office superstores, commercial distributors and e-commerce companies. The dominant share of the market represented by these large mass merchandisers, together with changes in consumer shopping patterns, has contributed to the formation of dominant multi-category retailers and e-commerce companies that have strong negotiating power with suppliers. Current trends among retailers and e-commerce companies include fostering high levels of competition among suppliers, demanding innovative new products and

products tailored to each of their unique requirements, requiring suppliers to maintain or reduce product prices in response to competitive, economic or other factors, and requiring product delivery with shorter lead times. Other trends are for retailers and e-commerce companies to import products directly from foreign sources and to source and sell products under their own private label brands, typically at lower prices, that compete with the Company's products.

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The combination of these market influences and retailer consolidation has created an intensely competitive environment in which the Company's principal customers continuously evaluate which product suppliers to use, resulting in downward pricing pressures and the need for big, consumer-meaningful brands, the ongoing introduction and commercialization of innovative new products, continuing improvements in category management and customer service, and the maintenance of strong relationships with large, high-volume purchasers. The Company also faces the risk of changes in the strategy or structure of its major customers, such as overall store and inventory reductions. The intense competition in the retail and e-commerce sectors, combined with the overall economic environment, may result in a number of customers experiencing financial difficulty, or failing in the future. In particular, a loss of, or a failure by, one of the Company's large customers could adversely impact the Company's sales and operating cash flows. To address these challenges, the Company must be able to respond to competitive factors, and the failure to respond effectively could result in a loss of sales, reduced profitability and a limited ability to recover cost increases through price increases.

The Company's customers may further consolidate, which could adversely affect its sales and margins.

The Company's customers have steadily consolidated over the last two decades. In 2013, two of the Company's large customers, Office Depot and OfficeMax, completed their previously announced merger. In February 2015, Staples and Office Depot announced plans to merge. The Company currently expects any customers that consolidate will take actions to harmonize pricing from their suppliers, close retail outlets and rationalize their supply chain, which could negatively impact the Company's sales and margins and adversely affect the Company's business and results of operations. There can be no assurance that following consolidation, the Company's large customers will continue to buy from the Company across different product categories or geographic regions, or at the same levels as prior to consolidation, which could negatively impact the Company's financial results. Further, if the consolidation trend continues, it could result in future pressures that could reduce the Company's sales and margins and have a material adverse effect on the Company's business, results of operations and financial condition.

The Company's plans to continue to improve productivity and reduce complexity and costs may not be successful, which would adversely affect its ability to compete.

The Company's success depends on its ability to continuously improve its manufacturing operations to gain efficiencies, reduce supply chain costs and streamline or redeploy nonstrategic selling, general and administrative expenses in order to produce products at a best-cost position and allow the Company to invest in innovation and brand building, including advertising and promotion. The Company is currently in the process of implementing Project Renewal, a global initiative designed to reduce the complexity of the organization and increase investment in the Company's most significant growth platforms. Project Renewal may not be completed substantially as planned, may be more costly to implement than expected, or may not result in, in full or in part, the positive effects anticipated. In addition, such initiatives require the Company to implement a significant amount of organizational change, which could have a negative impact on employee engagement, divert management's attention from other concerns, and if not properly managed, impact the Company's ability to retain key employees, cause disruptions in the Company's day-to-day operations and have a negative impact on the Company's financial results. It is also possible that other major productivity and streamlining programs may be required in the future.

If the Company is unable to commercialize a continuing stream of new products that create demand, the Company's ability to compete in the marketplace may be adversely impacted.

The Company's strategy includes investment in new product development and a focus on innovation. Its long-term success in the competitive retail environment and the industrial and commercial markets depends on its ability to develop and commercialize a continuing stream of innovative new products and line extensions that create demand. New product development and commercialization efforts, including efforts to enter markets or product categories in which the Company has limited or no prior experience, have inherent risks. These risks include the costs involved, such as development and commercialization, product development or launch delays, and the failure of new products and line extensions to achieve anticipated levels of market acceptance or growth in sales or operating income. The Company also faces the risk that its competitors will introduce innovative new products that compete with the Company's products. In addition, sales generated by new products or line extensions could cause a decline in sales of the Company's existing products. If new product development and commercialization efforts are not successful, the

Company's financial results could be adversely affected.

If the Company does not continue to develop and maintain leading brands or realize the anticipated benefits of increased advertising and promotion spend, its operating results may suffer.

The Company's ability to compete successfully also depends increasingly on its ability to develop and maintain leading brands so that the Company's retailer and other customers will need the Company's products to meet consumer demand. Leading brands allow the Company to realize economies of scale in its operations. The development and maintenance of such brands require significant investment in brand-building and marketing initiatives. While the Company plans to continue to increase its expenditures for advertising and promotion and other brand-building and marketing initiatives over the long term, the initiatives may not deliver the anticipated results and the results of such initiatives may not cover the costs of the increased investment.

Price increases in raw materials and sourced products could harm the Company’s financial results.

The Company purchases raw materials, including resin, principally polyethylene, polypropylene and copolyester, corrugate, steel, gold, brass and aluminum, which are subject to price volatility and inflationary pressures. The Company’s success is dependent, in part, on its continued ability to reduce its exposure to increases in those costs through a variety of programs, including periodic purchases, future delivery purchases, long-term contracts, sales price adjustments and certain derivative instruments, while maintaining and improving margins and market share. Also, the Company relies on third-party manufacturers as a source for its products. These manufacturers are also subject to price volatility and labor cost and other inflationary pressures, which may, in turn, result in an increase in the amount the Company pays for sourced products. Raw material and sourced product price increases may more than offset the Company’s productivity gains and price increases and adversely impact the Company’s financial results.

If the Company is unable to make strategic acquisitions and to integrate its acquired businesses, the Company’s future growth and profitability could be adversely impacted.

The Company’s ability to continue to make strategic acquisitions and to integrate the acquired businesses successfully remain important factors in the Company’s future growth. In 2014, the Company completed the acquisitions of Ignite and Baby Jogger and the assets of bubba and in 2015, completed the acquisition of Elmer's Products, Inc. The Company’s ability to successfully integrate these or any other acquired business is dependent upon its ability to identify suitable acquisition candidates, integrate and manage product lines that have been acquired, obtain anticipated cost savings and operating income improvements within a reasonable period of time, assume unknown liabilities, known contingent liabilities that become realized or known liabilities that prove greater than anticipated, and manage unanticipated demands on the Company’s management, operational resources and financial and internal control systems. Furthermore, the Company’s ability to finance major acquisitions may be adversely affected by the Company’s financial position and access to credit markets. In addition, significant additional borrowings would increase the Company’s borrowing costs and could adversely affect its credit rating and could constrain the Company’s future access to capital. The Company may not successfully manage these or other risks it may encounter in acquiring and integrating a business or product line, which could have a material adverse effect on its business.

Circumstances associated with divestitures and product line exits could adversely affect the Company’s results of operations and financial condition.

The Company continually evaluates the performance and strategic fit of its businesses and products. In August 2015, the Company sold its Rubbermaid medical cart business, and in November 2015, the Company completed the sale of the Endicia on-line postage business. In October 2015, the Company announced that it intends to divest its Décor business, which comprises its Levolor® and Kirsch® window coverings brands. The Company may decide to sell or discontinue other businesses or products in the future based on an evaluation of performance and strategic fit. A decision to divest or discontinue a business or product may result in asset impairments, including those related to goodwill and other intangible assets, and losses upon disposition, both of which could have an adverse effect on the Company’s results of operations and financial condition. In addition, the Company may encounter difficulty in finding buyers or executing alternative exit strategies at acceptable prices and terms and in a timely manner. In addition, prospective buyers may have difficulty obtaining financing. Divestitures and business discontinuations could involve additional risks, including the following:

- difficulties in the separation of operations, services, products and personnel;
- the diversion of management's attention from other business concerns;
- the retention of certain current or future liabilities in order to induce a buyer to complete a divestiture;
- the disruption of the Company’s business; and
- the potential loss of key employees.

The Company may not be successful in managing these or any other significant risks that it may encounter in divesting or discontinuing a business or exiting product lines, which could have a material adverse effect on its business.

The Company is subject to risks related to its international operations and sourcing model.

International operations are important to the Company’s business, and the Company’s strategy emphasizes international growth. In addition, as the Company sources products in low-cost countries, particularly in Asia, it is exposed to additional risks and uncertainties. Foreign operations can be affected by factors such as currency devaluation; other currency fluctuations; tariffs; nationalization; exchange controls; price controls; labor inflation; interest rates; limitations on foreign investment in local business; compliance with U.S. laws affecting operations outside the United States, such as the Foreign Corrupt Practices Act; and other political, economic and regulatory risks and difficulties. The Company also faces risks due to the transportation and logistical complexities inherent in reliance on foreign sourcing.

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The Company has foreign currency translation and transaction risks that may materially adversely affect the Company's operating results, financial condition and liquidity.

The financial position and results of operations of many of the Company's international subsidiaries are initially recorded in various foreign currencies and then translated into U.S. Dollars at the applicable exchange rate for inclusion in the Company's financial statements. The strengthening of the U.S. Dollar against these foreign currencies ordinarily has a negative impact on the Company's reported sales, operating margin and operating income (and conversely, the weakening of the U.S. Dollar has a positive impact). For the year ended December 31, 2015, foreign currency unfavorably affected reported sales by $331 million compared to the year ended December 31, 2014. The volatility of foreign exchange rates may materially adversely affect the Company's operating results.

The margin impacts from changes in foreign currency are because the Company's costs for produced and sourced products are largely denominated in U.S. Dollars, and the Company's international operations generally sell the Company's products at prices denominated in local currencies. When local currencies decline in value relative to the U.S. Dollar in the regions in which the Company sells products whose costs are denominated in U.S. Dollars, the Company's international businesses would need to increase the local currency sales prices of the products and/or reduce costs through productivity or other initiatives in order to maintain the same level of profitability. The Company may not be able to increase the selling prices of its products in its international businesses due to market dynamics, competition or otherwise and may not realize cost reductions through productivity or other initiatives. As a result, gross margins and overall operating results of the Company's international businesses would be adversely affected when the U.S. Dollar strengthens.

The Company has been adversely impacted by developments in Venezuela, including the significant devaluations of the Venezuelan Bolivar that have occurred in recent years, the declining availability of U.S. Dollars and the implementation of pricing and exchange controls in Venezuela. In 2014, the Venezuelan government issued a Law on Fair Pricing which established a maximum profit margin of 30%, thereby limiting the Company's ability to implement price increases, which had been one of the key mechanisms to offset the effects of continuing high inflation and the impact of currency devaluations. In 2015, the Venezuelan government adopted additional regulations requiring the Company to identify the ultimate retail price to consumers on products it sells and further limit maximum profit margins on certain products to 20%, both of which adversely affected the prices the Company charges to its distributor customers and its distribution channels and route-to-market. As a result of increasingly restrictive exchange control regulations and reduced access to U.S. Dollars through official currency exchange mechanisms, the Company concluded that an other-than-temporary lack of exchangeability between the Venezuelan Bolivar and the U.S. Dollar existed as of December 31, 2015. The exchange restrictions and other regulations have impacted the Company's ability to make key operational and financial decisions regarding its Venezuelan operations and benefit from the earnings of its Venezuelan operations. The Company determined that it no longer could exercise control over the operations of its Venezuela subsidiary. Accordingly, the Company deconsolidated its Venezuela subsidiary on December 31, 2015 and recorded a pretax charge of $172.7 million.

Future government actions, such as currency devaluations, import authorization controls, foreign exchange controls, price or profit controls or expropriation or other forms of government take-over, could adversely impact the Company's business, results of operations, cash flows and financial condition.

See Management's Discussion and Analysis of Financial Condition and Results of Operations and Footnote 1 of the Notes to Consolidated Financial Statements for further information.

The inability to obtain raw materials and finished goods in a timely manner from suppliers would adversely affect the Company's ability to manufacture and market its products.

The Company purchases raw materials to be used in manufacturing its products. In addition, the Company relies on third-party manufacturers as a source for finished goods. The Company typically does not enter into long-term contracts with its suppliers or sourcing partners. Most raw materials and sourced goods are obtained on a "purchase order" basis; however, in limited cases where the Company has supply contracts with fixed prices, the Company may be required to purchase raw materials at above-market prices, which could adversely impact gross margins. In addition, in some instances the Company maintains single-source or limited-source sourcing relationships, either because multiple sources are not available or the relationship is advantageous due to performance, quality, support, delivery, capacity or price considerations. In particular, the Company's Baby & Parenting business has a single source of supply for products that comprise a majority of Baby & Parenting's sales and which owns the intellectual property for many of those products. In addition, certain businesses in the Company's Home Solutions segment rely on a single source of supply for a majority of their products. Financial, operating or other difficulties encountered by the Company's suppliers and/or sourcing partners or changes in the Company's relationships with them could result in manufacturing or sourcing interruptions, delays and inefficiencies, and prevent the Company from manufacturing or obtaining the finished goods necessary to manufacture and market its products, which could have a material adverse effect on its business.

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A failure of one or more key information technology systems, networks, processes, associated sites or service providers could have a material adverse impact on the Company’s business or reputation.

The Company relies extensively on information technology (IT) systems, networks and services, including Internet sites, data hosting and processing facilities and tools and other hardware, software and technical applications and platforms, some of which are managed, hosted, provided and/or used by third parties or their vendors, to assist in conducting business. The various uses of these IT systems, networks and services include, but are not limited to:

- ordering and managing materials from suppliers;
- converting materials to finished products;
- shipping products to customers;
- marketing and selling products to consumers;
- collecting and storing customer, consumer, employee, investor and other stakeholder information and personal data;
- processing transactions;
- summarizing and reporting results of operations;
- hosting, processing and sharing confidential and proprietary research, business plans and financial information;
- complying with regulatory, legal or tax requirements;
- providing data security; and
- handling other processes necessary to manage the Company’s business.

Increased IT security threats and more sophisticated computer crime, including advanced persistent threats, pose a potential risk to the security of the Company’s IT systems, networks and services, as well as the confidentiality, availability and integrity of the Company’s data. If the IT systems, networks or service providers relied upon fail to function properly, or if the Company suffers a loss or disclosure of business or stakeholder information, due to any number of causes, ranging from catastrophic events to power outages to security breaches, and business continuity plans do not effectively address these failures on a timely basis, the Company may suffer interruptions in its ability to manage operations and reputational, competitive and/or business harm, which may adversely impact the Company’s results of operations and/or financial condition.

Impairment charges could have a material adverse effect on the Company’s financial results.

Future events may occur that would adversely affect the reported value of the Company’s assets and require impairment charges. Such events may include, but are not limited to, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on the Company’s sales and customer base, the unfavorable resolution of litigation, a material adverse change in the Company’s relationship with significant customers or business partners, or a sustained decline in the Company’s stock price. The Company continues to evaluate the impact of economic and other developments on the Company and its business units to assess whether impairment indicators are present. Accordingly, the Company may be required to perform impairment tests based on changes in the economic environment and other factors, and these tests could result in impairment charges in the future.

The Company’s businesses are subject to regulation in the U.S. and abroad.

Changes in laws, regulations and related interpretations may alter the environment in which the Company does business. This includes changes in environmental, competitive and product-related laws, as well as changes in accounting standards, taxation and other regulations. Accordingly, the Company’s ability to manage regulatory, tax and legal matters (including environmental, human resource, product liability, patent and intellectual property matters), and to resolve pending legal and environmental matters without significant liability could require the Company to record significant reserves in excess of amounts accrued to date or pay significant fines during a reporting period, which could materially impact the Company’s results. In addition, new regulations may be enacted in the U.S. or abroad that may require the Company to incur additional personnel-related, environmental or other costs on an ongoing basis, significantly restrict the Company’s ability to sell certain products, or incur fines or penalties for noncompliance, any of which could adversely affect the Company’s results of operations. For example, the United States Consumer Product Safety Commission and Health Canada are advocating for more strict design standards for window blinds that if implemented, would require the Company to redesign a large number of window blinds products sold in the U.S. and Canada. For certain products, redesign may not be possible or practical, and as a result, the Company would lose revenues from the sales of such products.

As a U.S.-based multinational company, the Company is also subject to tax regulations in the U.S. and multiple foreign jurisdictions, some of which are interdependent. For example, certain income that is earned and taxed in countries outside the U.S. is not taxed in the U.S. until those earnings are actually repatriated or deemed repatriated. If these or other tax regulations should change, the Company's financial results could be impacted.

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The Company may not be able to attract, retain and develop key personnel.

The Company's success at implementing Project Renewal and the Growth Game Plan and its future performance depends in significant part upon the continued service of its executive officers and other key personnel. The loss of the services of one or more executive officers or other key employees could have a material adverse effect on the Company's business, prospects, financial condition and results of operations. The Company's success also depends, in part, on its continuing ability to attract, retain and develop highly qualified personnel. Competition for such personnel is intense, and there can be no assurance that the Company can retain its key employees or attract, assimilate and retain other highly qualified personnel in the future.

The resolution of the Company's tax contingencies may result in additional tax liabilities, which could adversely impact the Company's cash flows and results of operations.

The Company is subject to income tax in the U.S. and numerous jurisdictions outside the U.S. Significant estimation and judgment are required in determining the Company's worldwide provision for income taxes. In the ordinary course of the Company's business, there are many transactions and calculations where the ultimate tax determination is uncertain. The Company is regularly under audit by various worldwide tax authorities. Although the Company believes its tax estimates are reasonable, the final outcome of tax audits and related litigation could be materially different than that reflected in its historical income tax provisions and accruals. There can be no assurance that the resolution of any audits or litigation will not have an adverse effect on future operating results.

Product liability claims or regulatory actions could adversely affect the Company's financial results or harm its reputation or the value of its end-user brands.

Claims for losses or injuries purportedly caused by some of the Company's products arise in the ordinary course of the Company's business. In addition to the risk of substantial monetary judgments or fines or penalties that may result from any governmental investigations, product liability claims or regulatory actions could result in negative publicity that could harm the Company's reputation in the marketplace, adversely impact the value of its end-user brands, or result in an increase in the cost of producing the Company's products. The Company could also be required to recall possibly defective products, which could result in adverse publicity and significant expenses. Although the Company maintains product liability insurance coverage, potential product liability claims are subject to a self-insured deductible and may exceed the amount of insurance coverage, while certain costs, such as recall expenses and government fines, are outside the scope of the Company's insurance coverage.

A reduction in the Company's credit ratings could materially and adversely affect its business, financial condition and results of operations.

The Company's current senior debt credit ratings from Moody's Investors Service, Standard & Poor's and Fitch Ratings are Baa3, BBB- and BBB+, respectively. Its current short-term debt credit ratings from Moody's Investors Service, Standard & Poor's and Fitch Ratings are P-3, A-3 and F-2, respectively. Moody's has a stable outlook on its ratings, and Standard & Poor's and Fitch have a negative outlook on their ratings. The Company cannot be sure that any of its current ratings will remain in effect for any given period of time or that a rating will not be lowered by a rating agency if, in its judgment, circumstances in the future so warrant. A downgrade by Moody's or Standard & Poor's, which would reduce the Company's senior debt below investment-grade, could increase the Company's borrowing costs, which would adversely affect the Company's financial results. The Company would likely be required to pay a higher interest rate in future financings, and its potential pool of investors and funding sources could decrease. If the Company's short-term ratings were to be lowered, it would limit, or eliminate entirely, the Company's access to the commercial paper market. The ratings from credit agencies are not recommendations to buy, sell or hold the Company's securities, and each rating should be evaluated independently of any other rating.

The level of returns on pension and post-retirement plan assets and the actuarial assumptions used for valuation purposes could affect the Company's earnings and cash flows in future periods. Changes in government regulations could also affect the Company's pension and post-retirement plan expenses and funding requirements.

The funding obligations for the Company's pension plans are impacted by the performance of the financial markets, particularly the equity markets, and interest rates. Funding obligations are determined under government regulations and are measured each year based on the value of assets and liabilities on a specific date. If the financial markets do not provide the long-term returns that are expected under the governmental funding calculations, the Company could be required to make larger contributions. The equity markets can be, and recently have been, very volatile, and therefore the Company's estimate of future contribution requirements can change dramatically in relatively short periods of time. Similarly, changes in interest rates and legislation enacted by governmental authorities can impact the timing and amounts of contribution requirements. An adverse change in the funded status of the plans could significantly increase the Company's required contributions in the future and adversely impact its liquidity.

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Assumptions used in determining projected benefit obligations and the fair value of plan assets for the Company's pension and other post-retirement benefit plans are determined by the Company in consultation with outside actuaries. In the event that the Company determines that changes are warranted in the assumptions used, such as the discount rate, expected long-term rate of return on assets, expected health care costs, or mortality rates, the Company's future pension and post-retirement benefit expenses could increase or decrease. Due to changing market conditions or changes in the participant population, the assumptions that the Company uses may differ from actual results, which could have a significant impact on the Company's pension and post-retirement liabilities and related costs and funding requirements.

Risks Related to the Proposed Merger Transactions with Jarden Corporation

The Company is subject to various risks related to the proposed merger transactions with Jarden.

As described elsewhere is this Annual Report on Form 10-K, the Company has entered into the Merger Agreement with Jarden pursuant to which the Company will acquire Jarden in the Proposed Merger Transactions (as defined below). The risks, contingencies and other uncertainties that could result in the failure of the Proposed Merger Transactions to be completed or, if completed, that could have a material adverse effect on the results of operations, cash flows and financial position of the Company following the Proposed Merger Transactions, and any anticipated benefits of the Proposed Merger Transactions to the Company, include:

- the failure to obtain necessary regulatory or other approvals for the Proposed Merger Transactions, which could result in a material delay in, or the abandonment of, the Proposed Merger Transactions or otherwise have a material adverse effect on Newell Rubbermaid or Jarden, or if obtained, the possibility of Newell Rubbermaid being subjected to conditions that could reduce or delay the expected cost savings and other benefits of the Proposed Merger Transactions;
- the failure to obtain necessary stockholder approvals for the share issuance and the adoption of the Merger Agreement;
- the obligation of Newell Rubbermaid to complete the Proposed Merger Transactions even if financing is not available or is available only on terms other than those currently anticipated;
- the failure to satisfy required closing conditions or complete the Proposed Merger Transactions in a timely manner or at all;
- the effect of the announcement of the Proposed Merger Transactions on each company's ability to retain and hire key personnel, maintain business relationships, and on operating results and the businesses generally;
- the effect of restrictions placed on Newell Rubbermaid's and Jarden's respective subsidiaries' business activities and ability to pursue alternatives to the Proposed Merger Transactions pursuant to the Merger Agreement;
- the terms and availability of indebtedness planned to be incurred in connection with the Proposed Merger Transactions;
- the risk that the Company may not be able to maintain its investment grade rating;
- the potential impact of the Proposed Merger Transactions on the stock price of the Company, and the dividends expected to be paid to Company stockholders in the future;
- the failure to realize projected cost savings and other benefits from the Proposed Merger Transactions;
- the incurrence of significant pre- and post-transaction related costs in connection with the Proposed Merger Transactions that are, and will be, incurred regardless of whether the Proposed Merger Transactions are completed; and
- the occurrence of any event giving rise to the right of a party to terminate the Merger Agreement.

The future results of the Company following the Proposed Merger Transactions will suffer if Newell Brands does not effectively manage its expanded operations or successfully integrate the businesses of Newell Rubbermaid and Jarden.

Following the Proposed Merger Transactions, the size of the business of Newell Brands will increase significantly beyond the current size of either Newell Rubbermaid's or Jarden's business. Newell Brands' future success will depend, in part, upon its ability to manage this expanded business, including challenges related to the management and monitoring of new operations and associated increased costs and complexity. If Newell Brands is not able to successfully combine the businesses of Newell Rubbermaid and Jarden in an efficient and effective manner, the anticipated benefits and cost savings may not be realized fully, or at all, or may take longer to realize than expected, and the value of common stock of Newell Brands may be affected adversely. An inability to realize the full extent of the anticipated benefits of the Proposed Merger Transactions and the other transactions contemplated by the Merger Agreement, as well as any delays encountered in the integration process, could have an adverse effect upon the results of operations, cash flows and financial position of Newell Brands, which may adversely affect the value of its common stock following the Proposed Merger Transactions. In addition, the actual integration may result in additional and unforeseen expenses, and the anticipated benefits of the integration plan may not be realized. Actual growth and cost savings, if achieved, may be lower than what Newell Brands expects and may take longer to achieve than anticipated.

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Uncertainties associated with the Proposed Merger Transactions may cause a loss of management personnel and other key employees which could affect the future business and operations of the Company following the Proposed Merger Transactions.

The success of the Proposed Merger Transactions will depend in part on Newell Brands' ability to retain the talents and dedication of key employees currently employed by Jarden and by the Company. It is possible that these employees may decide not to remain with Jarden or with the Company, as applicable, while the Proposed Merger Transactions are pending or with Newell Brands after the Proposed Merger Transactions are consummated. If key employees terminate their employment, or if an insufficient number of employees are retained to maintain effective operations, Newell Brands' business activities may be adversely affected and management's attention may be diverted from successfully integrating the businesses to hiring suitable replacements, all of which may cause Newell Brands' business to suffer. In addition, the Company and Jarden may not be able to locate suitable replacements for any key employees who leave either company, or offer employment to potential replacements on reasonable terms.

Newell Rubbermaid may encounter difficulties or high costs associated with securing financing necessary to pay the cash portion of the merger consideration.

Newell Rubbermaid currently intends to finance the cash portion of the merger consideration for the Proposed Merger Transactions and related fees and expenses incurred by it in connection with the Proposed Merger Transactions, to refinance approximately $4.5 billion of outstanding Jarden debt and to assume two tranches of outstanding Jarden debt with principal amounts of $300 million and €300 million, with up to approximately $10.1 billion of new debt expected to be incurred in the form of (1) up to approximately $8.6 billion of newly issued Newell Rubbermaid debt securities and the $1.5 billion term loan facility, depending on market conditions at the time of obtaining the financing and available cash balances, and (2) available balance sheet cash. To the extent necessary, Newell Rubbermaid may also fund all or a portion of the cash portion of the merger consideration from borrowings under the bridge credit facility, as contemplated by the commitment letter with a lender, or from borrowings under other permanent or alternative financing.

Newell Rubbermaid expects to pursue financing that would replace or supplement financing available under the bridge credit facility. There is no guarantee that replacement or supplemental financing will be available to Newell Rubbermaid on acceptable terms or at all. Newell Rubbermaid's ability to obtain financing to replace or supplement the commitment under the bridge credit facility will be subject to various factors, including market conditions, operating performance and credit ratings, and may be subject to restrictions in the agreements relating to Newell Rubbermaid's outstanding debt.

The receipt of financing by Newell Rubbermaid is not a condition to the completion of the Proposed Merger Transactions and, except in certain limited circumstances in which Newell Rubbermaid or Jarden may be permitted to terminate the Proposed Merger Transactions if (1) the proceeds to be provided to Newell Rubbermaid pursuant to the bridge credit facility sufficient to consummate the Proposed Merger Transactions are not available and (2) a debt rating failure has occurred, Newell Rubbermaid will be required to complete the Proposed Merger Transactions (assuming that all of the conditions to its obligations under the Merger Agreement are satisfied). Newell Rubbermaid would be obligated to complete the Proposed Merger Transactions whether or not the bridge credit facility or other financing is available on acceptable terms or at all.

The substantial additional indebtedness that the Company will incur in connection with the Proposed Merger Transactions could materially adversely affect Newell Brands and its financial position after the Proposed Merger Transactions, including by decreasing Newell Brands' business flexibility, increasing its borrowing costs and resulting in a reduction of Newell Brands' credit ratings.

Following completion of the Proposed Merger Transactions, Newell Brands will have substantially increased debt compared to Newell Rubbermaid and Jarden on a recent historical basis. Newell Rubbermaid expects to incur more than $5.0 billion of additional debt (excluding approximately $4.5 billion of Jarden debt expected to be refinanced in connection with the Proposed Merger Transactions and two tranches of outstanding Jarden debt with principal amounts of $300 million and €300 million expected to be assumed by Newell Brands in connection with the Proposed Merger Transactions), assuming the conversion of all Jarden's convertible notes into shares of Jarden common stock entitled to receive the merger consideration in connection with the completion of the Proposed Merger Transactions.

This increased level of debt could have the effect, among other things, of reducing Newell Brands' flexibility to respond to changing business and economic conditions and will have the effect of increasing Newell Brands' interest expense. In addition, if Newell Brands is unable to timely reduce its level of indebtedness following the Proposed Merger Transactions, Newell Brands will be subject to increased demands on its cash resources, which could increase its total debt-to- capitalization ratios, decrease its interest coverage ratios or otherwise result in a breach of the covenants or otherwise adversely affect the business and financial results of Newell Brands.

Newell Rubbermaid's credit ratings impact the cost and availability of future borrowings and, accordingly, Newell Rubbermaid's cost of capital. Newell Rubbermaid's credit ratings reflect each rating organization's opinion of Newell Rubbermaid's financial strength, operating performance and ability to meet Newell Rubbermaid's debt obligations. Following announcement of the

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Proposed Merger Transactions, Standard & Poor's ratings services reaffirmed all of its ratings on Newell Rubbermaid, including its BBB- corporate credit rating, Moody's reaffirmed Newell Rubbermaid's Baa3 senior unsecured rating and Fitch reaffirmed Newell Rubbermaid's BBB+ long-term issuer default rating, although Fitch indicated it anticipates a downgrade from BBB+ to BBB- upon completion of the Proposed Merger Transactions. There can be no assurance any of the rating agencies will not downgrade the Company's credit rating upon completion of the Proposed Merger Transactions, and any reduction in Newell Rubbermaid's credit ratings, either on a corporate basis or any one or more debt issuances or under the bridge credit facility (as contemplated by the commitment letter with a lender) or otherwise, may limit Newell Rubbermaid's ability to borrow at interest rates consistent with the interest rates currently available or available to Newell Rubbermaid prior to the Proposed Merger Transactions. Any impairment of Newell Rubbermaid's ability to obtain future financing on favorable terms could have a material adverse effect on Newell Rubbermaid's ability to finance the cash portion of the merger consideration through the issuance of debt securities or another alternative to borrowings under the bridge credit facility on terms more favorable than those contemplated by the bridge credit facility, or to refinance the bridge credit facility, if drawn.

The Proposed Merger Transactions are subject to a number of conditions to the obligations of both Newell Rubbermaid and Jarden to complete the Proposed Merger Transactions, which, if not fulfilled, or not fulfilled in a timely manner, may result in termination of the Merger Agreement.

The Merger Agreement contains a number of conditions to completion of the Proposed Merger Transactions, including, among others:

- approval of the share issuance by Newell Rubbermaid stockholders;
- adoption of the Merger Agreement by Jarden stockholders;
- effectiveness under the Securities Act of Newell Rubbermaid's Form S-4 registration statement relating to the offer, sale and issuance of the Newell Rubbermaid common stock in connection with the share issuance and the absence of any stop order in respect thereof or proceedings by the SEC for that purpose;
- expiration or termination of the applicable HSR Act waiting period and the affirmative approval of antitrust and competition authorities or expiration of waiting periods in certain other specified jurisdictions;
- the absence of laws, orders, judgments and injunctions that restrain, enjoin or otherwise prohibit completion of the Proposed Merger Transactions;
- subject to certain exceptions, the accuracy of representations and warranties with respect to the businesses of Newell Rubbermaid and Jarden and compliance by Newell Rubbermaid and Jarden with their respective covenants contained in the Merger Agreement; and
- the absence of a material adverse effect relating to Newell Rubbermaid or Jarden.

Many of the conditions to completion of the Proposed Merger Transactions are not within either Newell Rubbermaid's or Jarden's control, and neither company can predict when or if these conditions will be satisfied. If any of these conditions are not satisfied or waived prior to July 31, 2016, which may be extended by either Newell Rubbermaid or Jarden up to two times, each for an additional 45 day period, it is possible that the Merger Agreement may be terminated. Although Newell Rubbermaid and Jarden have agreed in the Merger Agreement to use commercially reasonable efforts, subject to certain limitations, to complete the Proposed Merger Transactions as promptly as practicable, these and other conditions to the completion of the Proposed Merger Transactions may fail to be satisfied. In addition, satisfying the conditions to and completion of the Proposed Merger Transactions may take longer, and could cost more, than Newell Rubbermaid and Jarden expect. Neither Newell Rubbermaid nor Jarden can predict whether and when these other conditions will be satisfied. Furthermore, the requirements for obtaining the required clearances and approvals could delay the completion of the Proposed Merger Transactions for a significant period of time or prevent them from occurring. Any delay in completing the Proposed Merger Transactions may adversely affect the cost savings and other benefits that Newell Rubbermaid expects to achieve if the Proposed Merger Transactions and the integration of the companies' respective businesses are completed within the expected timeframe.

Failure to complete the Proposed Merger Transactions could negatively impact Newell Rubbermaid's or Jarden's stock price and have a material adverse effect on their results of operations, cash flows and financial position.

If the Proposed Merger Transactions are not completed for any reason, including as a result of Newell Rubbermaid or Jarden stockholders failing to approve the applicable proposals, the ongoing businesses of Newell Rubbermaid and

Jarden may be materially adversely affected and, without realizing any of the benefits of having completed the Proposed Merger Transactions, Newell Rubbermaid and Jarden would be subject to a number of risks, including the following:

- Newell Rubbermaid and Jarden may experience negative reactions from the financial markets, including negative impacts on their respective stock prices;
- Newell Rubbermaid and Jarden and their respective subsidiaries may experience negative reactions from their respective customers, distributors, regulators, vendors and employees;

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- Newell Rubbermaid and Jarden will still be required to pay certain significant costs relating to the Proposed Merger Transactions, such as legal, accounting, financial advisor and printing fees;
- Newell Rubbermaid or Jarden may be required to pay one or more cash termination fees as required by the Merger Agreement;
- the Merger Agreement places certain restrictions on the conduct of the respective businesses pursuant to the terms of the Merger Agreement, which may have delayed or prevented the respective companies from undertaking business opportunities that, absent the Merger Agreement, may have been pursued;
- matters relating to the Proposed Merger Transactions (including integration planning) require substantial commitments of time and resources by each company’s management, which could have resulted in the distraction of each company’s management from ongoing business operations and pursing other opportunities that could have been beneficial to the companies; and
- litigation related to any failure to complete the Proposed Merger Transactions or related to any enforcement proceeding commenced against Newell Rubbermaid or Jarden to perform their respective obligations under the Merger Agreement.

For example, the Merger Agreement provides that, upon termination of the Merger Agreement under specified circumstances, including termination by Newell Rubbermaid or Jarden to enter into a definitive agreement for a proposal that constitutes a superior proposal, Newell Rubbermaid or Jarden, as applicable, will be required to pay the other a cash termination fee equal to $385 million. In addition, if the Merger Agreement is terminated by either party due to a failure to obtain the applicable necessary stockholder approval, Newell Rubbermaid or Jarden, as applicable, will be required to reimburse the other for up to $100 million for fees and expenses incurred in connection with the Proposed Merger Transactions. Newell Rubbermaid could also be required to pay a termination fee of $900 million to Jarden and terminate the Merger Agreement under certain conditions if it is unable to obtain financing contemplated by the Merger Agreement, including the bridge credit facility (as contemplated by the commitment letter with a lender), and is otherwise unable to secure alternative investment grade financing.

If the Proposed Merger Transactions are not completed, the risks described above may materialize and they may have a material adverse effect on the Company’s results of operations, cash flows, financial position and stock prices.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

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ITEM 2. PROPERTIES

The following table shows the location and general character of the principal operating facilities owned or leased by the Company. The properties are listed within their designated business segment: Writing, Home Solutions, Tools, Commercial Products and Baby & Parenting. These are the primary manufacturing locations, administrative offices and distribution warehouses of the Company. The Company's headquarters are in Atlanta, Georgia, and the Company also maintains sales offices throughout the U.S. and the world. Most of the Company's idle facilities, which are excluded from the following list, are subleased, pending lease expiration, or are for sale. The Company's properties currently in use are generally in good condition, well-maintained, and are suitable and adequate to carry on the Company's business.

BUSINESS SEGMENT	LOCATION	CITY	OWNED OR LEASED	GENERAL CHARACTER
WRITING	IL	Downers Grove	L	Writing Instruments
	TN	Shelbyville	O	Writing Instruments
	TN	Maryville	O	Writing Instruments
	TN	Manchester	O	Writing Instruments
	Thailand	Bangkok	O	Writing Instruments
	India	Chennai	L	Writing Instruments
	China	Shanghai	L	Writing Instruments
	Colombia	Bogota	O	Writing Instruments
	Mexico	Mexicali	L	Writing Instruments
	France	Nantes	O	Writing Instruments
	UK	London	L	Fine Writing
	NC	Statesville	L/O	Adhesives
	OH	Columbus	L/O	Adhesives
	Canada	Toronto	L	Adhesives
	Belgium	Sint Niklaas	O	Labeling Technology
HOME SOLUTIONS	OH	Mogadore	L/O	Home Products
	KS	Winfield	L/O	Home Products
	Canada	Calgary	L	Home Products
	IL	Chicago	L	Beverage
	MO	Jackson	O	Home Storage Systems
	OH	Perrysburg	O	Cookware
	OH	Bowling Green	L	Cookware
	Mexico	Agua Prieta	L	Window Treatments
	UT	Ogden	L	Window Treatments
	Canada	Etobicoke	L	Window Furnishings
TOOLS	MA	East Longmeadow	O	Tools
	China	Shanghai	L	Tools
	China	Shenzhen	L	Tools
	ME	Gorham	O	Tools
	Brazil	Sao Paulo	L	Tools
	Brazil	Carlos Barbosa	O	Tools
	Poland	Zerniki	L	Tools
COMMERCIAL PRODUCTS	TN	Cleveland	O	Commercial Products
	VA	Winchester	O	Commercial Products
	WV	Martinsburg	L	Commercial Products
	Brazil	Rio Grande Do Sul	L	Commercial Products
	Brazil	Cachoeirinha	O	Commercial Products

Netherlands	Bentfield	O	Commercial Products

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BUSINESS SEGMENT	LOCATION	CITY	OWNED OR LEASED	GENERAL CHARACTER
BABY & PARENTING	PA	Exton	L	Infant Products
	Japan	Nara	O	Infant Products
	Japan	Osaka	O	Infant Products
	Germany	Hiddenhausen	O	Infant Products
	Poland	Wloclawek	O	Infant Products
	China	Zhongshan	L	Infant Products
CORPORATE	GA	Atlanta	L	Office
	Canada	Oakville	L	Office
	NY	Manhattan	L	Office
	Switzerland	Geneva	L	Office
	Japan	Tokyo	L	Shared
	Australia	Scores	L	Office
	MI	Kalamazoo	L	Research & Development
SHARED FACILITIES	AR	Bentonville	L	Shared Services
	CA	Victorville	L	Shared Services
	GA	Union City	L	Shared Services
	IL	Freeport	L/O	Shared Services
	NC	Huntersville	L	Shared Services
	NC	High Point	L	Shared Services
	Canada	Bolton	L	Shared Services
	UK	Lichfield	L	Shared Services
	Netherlands	Goirle	O	Shared Services
	France	Malissard	L/O	Shared Services
	France	Paris	L	Shared Services
	Italy	Milan	L	Shared Services
	Poland	Poznan	L	Shared Services
	Poland	Zerniki	L	Shared Services

ITEM 3. LEGAL PROCEEDINGS

Information regarding legal proceedings is included in Footnote 20 of the Notes to Consolidated Financial Statements and is incorporated by reference herein.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

SUPPLEMENTARY ITEM — EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Present Position with the Company
Michael B. Polk	55	President and Chief Executive Officer
Joseph A. Arcuri	52	Executive Vice President, Chief Commercial Officer
William A. Burke	55	Executive Vice President
Richard B. Davies	53	Executive Vice President, Chief Development Officer
Paula S. Larson	53	Executive Vice President, Chief Human Resources Officer
John K. Stipancich	47	Executive Vice President, Chief Financial Officer
Mark S. Tarchetti	40	Executive Vice President
Bradford R. Turner	43	Senior Vice President, General Counsel and Corporate Secretary

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Michael B. Polk has been President and Chief Executive Officer of the Company since July 2011. He joined the Company's Board of Directors in November 2009 and served as a member of the Audit Committee prior to assuming his current role. Prior to assuming his current role, Mr. Polk was President, Global Foods, Home & Personal Care, Unilever (a consumer packaged goods manufacturer and marketer) since 2010. He joined Unilever in 2003 as Chief Operating Officer, Unilever Foods USA and subsequently became President, Unilever USA in 2005. From 2007 to 2010, he served as President, Unilever Americas. Prior to joining Unilever, he spent 16 years at Kraft Foods Inc. and three years at The Procter & Gamble Company. At Kraft Foods, he was President, Kraft Foods Asia Pacific; President, Biscuits and Snacks Sector; and was a member of the Kraft Foods Management Committee. Mr. Polk also serves as a director of Colgate-Palmolive Company.

Joseph A. Arcuri has been Executive Vice President and Chief Commercial Officer since January 2016 and served as President - Home Solutions from December 2014 to December 2015. Prior to these roles, he served as Vice President, General Manager of North American Beauty at The Procter & Gamble Company from 2007 to November 2014.

William A. Burke has been Executive Vice President since January 2016. Prior to this role, he served as Executive Vice President and Chief Operating Officer from October 2012 to December 2015; President, Newell Professional from January 2012 to September 2012; President, Tools, Hardware & Commercial Products from January 2009 through 2011; and, President, Tools and Hardware from December 2007 to January 2009. Prior to these roles, he was President, North American Tools from 2004 through 2006. He served as President of the Company's Lenox division from 2003 through 2004. From 1982 through 2002, he served in a variety of positions with The Black & Decker Corporation (a manufacturer and marketer of power tools and accessories), culminating as Vice President and General Manager of Product Service.

Richard B. Davies has been Executive Vice President and Chief Development Officer since January 2016 and served as Chief Marketing Officer from December 2012 through December 2015. Prior to these roles, from 1982 to 2012, he held positions of increasing responsibility at Unilever, most recently serving as its Global Senior Vice President - Consumer and Market Insights from 2008 to 2012.

Paula S. Larson has been Executive Vice President and Chief Human Resources Officer since December 2013. From November 2011 to March 2013, Ms. Larson was Executive Vice President and Chief Human Resources Officer of The Western Union Company (a financial services and communications company). She was also Chief Human Resources Officer for Invensys Plc (a multinational engineering and information technology company) from April 2005 to April 2011. Prior to that time, Ms. Larson held various senior human resources positions at Eaton Corporation (a provider of power management solutions) and subsidiaries of General Electric Company.

John K. Stipancich has been Executive Vice President and Chief Financial Officer since February 2015, having previously served as Interim Chief Financial Officer since October 2014. He also served as the Company's Executive Vice President and General Counsel and Corporate Secretary from October 2014 to March 2015. From October 2012 to October 2014, he served as Executive Vice President, General Counsel and Corporate Secretary and EMEA Executive Leader. Prior to these roles, he served as Senior Vice President, General Counsel and Corporate Secretary from January 2010 to October 2012. From November 2004 through December 2009, he served as Vice President and General Counsel to several of the Company's businesses.

Mark S. Tarchetti has been Executive Vice President since January 2016. Prior to this role, he served as Executive Vice President and Chief Development Officer from January 2013 to December 2015. From September 2011 to December 2012, Mr. Tarchetti was the Director of Tarchetti & Co. Ltd., a consulting firm he founded where he advised clients, including the Company, on business strategy and change management. From 1997 to 2011, he served in a variety of senior strategic, business and finance roles at Unilever, including as Head of Corporate Strategy from 2009 to 2011, Vice President of Corporate Strategy in 2008, Finance Director of the UK Home & Personal Care business from 2007 to 2008, and Global Head of Financial Planning & Analysis from 2004 to 2007.

Bradford R. Turner has been Senior Vice President, General Counsel and Corporate Secretary since March 2015. Mr. Turner joined the Company in 2004 and has served in various legal roles including Vice President and Deputy General Counsel from October 2011 to March 2015, and Group Vice President & General Counsel - Office Products from June 2007 to October 2011.

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PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

The Company’s common stock is listed on the New York Stock Exchange (symbol: NWL). As of January 31, 2016, there were 10,405 stockholders of record. The following table sets forth the high and low sales prices of the common stock on the New York Stock Exchange Composite Tape for the calendar periods indicated:

	2015		2014	
Quarters	High	Low	High	Low
First	$40.37	$36.33	$32.54	$29.14
Second	42.00	37.95	31.61	28.27
Third	44.51	38.17	35.25	30.85
Fourth	50.90	39.39	38.73	31.14

The Company has paid regular cash dividends on its common stock since 1947. For 2015, the Company paid a quarterly cash dividend of $0.19 per share in each quarter. For 2014, the Company paid a quarterly cash dividend of $0.15 per share in the first quarter and $0.17 per share in each of the second, third and fourth quarters. The payment of dividends to holders of the Company’s common stock remains at the discretion of the Board of Directors and will depend upon many factors, including the Company’s financial condition, earnings, legal requirements and other factors the Board of Directors deems relevant.

ISSUER PURCHASES OF EQUITY SECURITIES

The following table provides information about the Company’s purchases of equity securities during the quarter ended December 31, 2015:

Calendar Month	Total Number of Shares Purchased(1)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs(2)	Maximum Approximate Dollar Value of Shares that May Yet Be Purchased Under the Plans or Programs(2)
October 2015	301,380	$41.66	298,500	$ 257,571,604
November 2015	58,249	43.78	38,500	255,912,171
December 2015	12,115	47.79	—	255,912,171
Total	371,744	$42.19	337,000	

(1) During 2015, all share purchases other than those pursuant to the Company’s share repurchase program (the “SRP”) were made to satisfy employees’ tax withholding and payment obligations in connection with the vesting of awards of restricted stock units, which are repurchased by the Company based on their fair market value on the vesting date. In October, November and December, in addition to the shares purchased under the SRP, the Company purchased 2,880 shares (average price: $44.11), 19,749 shares (average price: $45.10), and 12,115 shares (average price: $47.79), respectively, in connection with the vesting of employees’ stock-based awards.

(2) Under the SRP, the Company may repurchase its own shares of common stock through a combination of 10b5-1 automatic trading plans, discretionary market purchases or in privately negotiated transactions. The average per share price of shares purchased in October and November 2015 relating to the SRP was $41.63 and $43.10, respectively.

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ITEM 6. SELECTED FINANCIAL DATA

The following is a summary of certain consolidated financial data relating to the Company as of and for the year ended December 31, (in millions, except per share data). The summary has been derived in part from, and should be read in conjunction with, the Consolidated Financial Statements of the Company included elsewhere in this report and the schedules thereto.

	2015(1)	2014(1)	2013(1), (2)	2012(2)	2011(2)
STATEMENTS OF OPERATIONS DATA					
Net sales	$5,915.7	$5,727.0	$5,607.0	$5,508.5	$5,451.5
Cost of products sold	3,611.1	3,523.6	3,482.1	3,414.4	3,388.3
Gross margin	2,304.6	2,203.4	2,124.9	2,094.1	2,063.2
Selling, general and administrative expenses	1,573.9	1,480.5	1,399.5	1,403.5	1,390.6
Pension settlement charge	52.1	65.4	—	—	—
Impairment charges	—	—	—	—	317.9
Restructuring costs(3)	77.2	52.8	110.3	52.9	47.9
Operating income	601.4	604.7	615.1	637.7	306.8
Nonoperating expenses:					
Interest expense, net	79.9	60.4	60.3	76.1	86.2
Losses related to extinguishments of debt	—	33.2	—	10.9	4.8
Venezuela deconsolidation charge	172.7	—	—	—	—
Other expense (income), net	11.3	49.0	18.5	(1.3)	13.5
Net nonoperating expenses	263.9	142.6	78.8	85.7	104.5
Income before income taxes	337.5	462.1	536.3	552.0	202.3
Income taxes	78.2	89.1	120.0	161.5	19.1
Income from continuing operations	259.3	373.0	416.3	390.5	183.2
Income (loss) from discontinued operations, net of tax	90.7	4.8	58.3	10.8	(58.0)
Net income	$350.0	$377.8	$474.6	$401.3	$125.2
Weighted-average shares outstanding:					
Basic	269.3	276.1	288.6	291.2	293.6
Diluted	271.5	278.9	291.8	293.6	296.2
Earnings (loss) per share:					
Basic:					
Income from continuing operations	$0.96	$1.35	$1.44	$1.34	$0.62
Income (loss) from discontinued operations	$0.34	$0.02	$0.20	$0.04	$(0.20)
Net income	$1.30	$1.37	$1.64	$1.38	$0.43
Diluted:					
Income from continuing operations	$0.96	$1.34	$1.43	$1.33	$0.62
Income (loss) from discontinued operations	$0.33	$0.02	$0.20	$0.04	$(0.20)
Net income	$1.29	$1.35	$1.63	$1.37	$0.42
Dividends	$0.76	$0.66	$0.60	$0.43	$0.29
BALANCE SHEET DATA					
Inventories, net	$721.8	$708.5	$684.4	$696.4	$699.9
Working capital (4), (5)	504.9	403.6	551.9	568.3	366.7
Total assets (4)	7,278.0	6,564.3	5,967.8	6,215.6	6,154.7
Short-term debt, including current portion of long-term debt	388.8	397.4	174.8	211.9	367.5
Long-term debt, net of current portion	2,687.6	2,084.5	1,661.6	1,706.5	1,809.3
Total stockholders' equity	$1,826.4	$1,854.9	$2,075.0	$2,000.2	$1,852.6

(1) Supplemental data regarding 2015, 2014 and 2013 is provided in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

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(2) Statement of Operations data for 2013, 2012, and 2011 has been adjusted to reclassify the results of operations of the Endicia and Culinary electrics and retail businesses to discontinued operations. Statement of Operations data for 2012 and 2011 has been adjusted to reclassify the results of operations of the Hardware and Teach businesses to discontinued operations.

(3) Restructuring costs include asset impairment charges, employee severance and termination benefits, employee relocation costs, and costs associated with exited contractual commitments and other restructuring costs.

(4) In November 2015, the Financial Accounting Standards Board issued Accounting Standards Update ("ASU") 2015-17, Income Taxes (Topic 740), requiring deferred tax assets and liabilities to be classified as noncurrent assets and liabilities in the balance sheet. ASU 2015-17 is effective for annual periods beginning after December 15, 2016, and interim periods within those annual periods. Early adoption is permitted as of the beginning of an interim or annual reporting period. The Company adopted ASU 2015-17 retrospectively as of December 31, 2015. Accordingly, working capital and total assets in the Selected Financial Data have been adjusted to give effect to the retrospective adoption of ASU-17. See Note 16 of the Notes to Consolidated Financial Statements for additional information.

(5) Working capital is defined as Current Assets less Current Liabilities.

Acquisitions of Businesses

On October 22, 2015, the Company completed the acquisition of Elmer's Products, Inc. ("Elmer's") for a purchase price of $570.1 million, which is net of $16.8 million of cash acquired and is subject to customary working capital adjustments. Elmer's, whose brands include Elmer's®, Krazy Glue® and X-Acto®, is a provider of activity-based adhesive and cutting products that inspire creativity in the classroom, at home, in the office, in the workshop and at the craft table. The acquisition was accounted for using the purchase method of accounting, and accordingly, the results of operations of Elmer's are included in the Company's consolidated financial statements beginning October 22, 2015. Elmer's is included in the Company's Writing segment.

On December 15, 2014, the Company acquired Baby Jogger Holdings, Inc. ("Baby Jogger"), a designer and marketer of premium infant and juvenile products focused on activity strollers and related accessories. Baby Jogger is headquartered in the U.S. and markets and sells its products in North America, Europe and Asia. The Baby Jogger acquisition gives the Baby & Parenting segment a premium brand and the opportunity to expand its geographic footprint. The Company acquired Baby Jogger for net cash consideration of $210.1 million, a portion of which was used to repay Baby Jogger's outstanding debt obligations at closing. The acquisition was accounted for using the purchase method of accounting. As a result, the results of operations of Baby Jogger are included in the Company's consolidated financial statements beginning December 15, 2014.

On October 22, 2014, the Company acquired the assets of bubba brands, inc. ("bubba") for $82.4 million. bubba is a designer and marketer of durable beverage containers in North America. The acquisition was accounted for using the purchase method of accounting. As a result, the results of operations of bubba are included in the Company's consolidated financial statements beginning October 22, 2014.

On September 4, 2014, the Company acquired Ignite Holdings, LLC ("Ignite") for $313.1 million, which is net of $7.2 million of cash acquired. A portion of the purchase price was used to repay Ignite's outstanding debt obligations at closing. Ignite is a designer and marketer of durable beverage containers sold in North America under the Contigo® and Avex® brands. The acquisition was accounted for using the purchase method of accounting, and accordingly, the results of operations of Ignite are included in the Company's consolidated financial statements beginning September 4, 2014.

The Ignite and bubba acquisitions give the Company's Home Solutions segment access to additional channels in the on-the-go hydration and thermal bottle market in North America and fit with the Company's strategy of accelerating growth by leveraging its capabilities across additional product categories, geographies and channels.

Divestitures and Planned Divestitures

In October 2015, the Company initiated a process to divest its Levolor® and Kirsch® window coverings brands ("Décor"). The assets and liabilities of Décor subject to the divestiture, including $61.1 million of property, plant and equipment, intangible assets and goodwill, have been classified as current assets held for sale and current liabilities held for sale as of December 31, 2015. The results of operations of the Décor business are and will continue to be included in the Company's consolidated results from continuing operations in the Home Solutions segment until the business is sold.

In August 2015, the Company sold its Rubbermaid medical cart business, which was included in the Company's Commercial Products segment. The results of operations of the Rubbermaid medical cart business are included in the Company's operating results from continuing operations through the date of sale.

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Quarterly Summaries

Summarized quarterly data for the last two years is as follows (in millions, except per share data) (unaudited):

Calendar Year	1st	2nd	3rd	4th	Year
2015					
Net sales	$1,264.0	$1,560.9	$1,530.0	$1,560.8	$5,915.7
Gross margin	$487.5	$621.0	$598.9	$597.2	$2,304.6
Income (loss) from continuing operations	$56.9	$148.1	$134.0	$(79.7)	$259.3
(Loss) income from discontinued operations	$(2.8)	$0.4	$0.2	$92.9	$90.7
Net income	$54.1	$148.5	$134.2	$13.2	$350.0
Earnings (loss) per share:					
Basic					
Income (loss) from continuing operations	$0.21	$0.55	$0.50	$(0.30)	$0.96
(Loss) income from discontinued operations	$(0.01)	$—	$—	$0.35	$0.34
Net income	$0.20	$0.55	$0.50	$0.05	$1.30
Diluted					
Income (loss) from continuing operations	$0.21	$0.55	$0.49	$(0.30)	$0.96
(Loss) income from discontinued operations	$(0.01)	$—	$—	$0.35	$0.33
Net income	$0.20	$0.55	$0.50	$0.05	$1.29

Calendar Year	1st	2nd	3rd	4th	Year
2014					
Net sales	$1,214.3	$1,502.2	$1,484.5	$1,526.0	$5,727.0
Gross margin	$457.0	$595.6	$576.7	$574.1	$2,203.4
Income from continuing operations	$51.8	$149.0	$122.9	$49.3	$373.0
Income (loss) from discontinued operations	$1.1	$1.6	$(0.6)	$2.7	$4.8
Net income	$52.9	$150.6	$122.3	$52.0	$377.8
Earnings per share:					
Basic					
Income from continuing operations	$0.18	$0.54	$0.45	$0.18	$1.35
Income (loss) from discontinued operations	$—	$0.01	$—	$0.01	$0.02
Net income	$0.19	$0.54	$0.45	$0.19	$1.37
Diluted					
Income from continuing operations	$0.18	$0.53	$0.44	$0.18	$1.34
Income (loss) from discontinued operations	$—	$0.01	$—	$0.01	$0.02
Net income	$0.19	$0.54	$0.44	$0.19	$1.35

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ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis provides information which management believes is relevant to an assessment and understanding of the Company's consolidated results of operations and financial condition. The discussion should be read in conjunction with the accompanying Consolidated Financial Statements and Notes thereto.

Business Overview

Newell Rubbermaid (which may be referred to hereafter as the "Company" or "our") is a global marketer of consumer and commercial products that help people get more out of life every day, where they live, learn, work and play. The Company's products are marketed under a strong portfolio of leading brands, including Sharpie®, Paper Mate®, Expo®, Prismacolor®, Mr. Sketch®, Elmer's®, Parker®, Waterman®, Dymo®, Rubbermaid®, Contigo®, Goody®, Calphalon®, Irwin®, Lenox®, Rubbermaid Commercial Products®, Graco®, Aprica® and Baby Jogger®.

The Company is executing its Growth Game Plan, a strategy to simplify the organization and free up resources to invest in growth initiatives and strengthened capabilities in support of the Company's brands. The Company considers the changes being implemented in the execution of the Growth Game Plan to be key enablers to building a bigger, faster-growing, more global and more profitable company.

During 2015, the Company continued the cadence of consistent execution and delivery while simultaneously driving its change agenda to propel the Growth Game Plan into action. During 2015, the Company executed against the Strategic Phase of the Growth Game Plan, investing in core activity systems critical to the Company's success, unlocking trapped capacity for growth through Project Renewal, investing in new capabilities and the Company's brands for accelerated growth, and beginning to leverage an operating company structure to release the full potential of the business. The Company expects to transition to the Acceleration Phase of the Growth Game Plan during 2016.

The Company is driving the Growth Game Plan into action and simplifying its structure through the execution of Project Renewal, making sharper portfolio choices and investing in new marketing and innovation to accelerate performance. In the Growth Game Plan operating model, the Company has two core activity systems, Development and Delivery, supported by three business partnering functions, Human Resources, Finance/IT and Legal, and four winning capabilities in Design, Marketing & Insight, Supply Chain and Customer Development, all in service to drive accelerated performance in the Company's five segments. The Company's five segments and the key brands included in each segment are as follows:

Segment	Key Brands	Description of Primary Products
Writing	Sharpie®, Paper Mate®, Expo®, Prismacolor®, Mr. Sketch®, Elmer's®, X-Acto®, Parker®, Waterman®, Dymo® Office	Writing instruments, including markers and highlighters, pens and pencils; art products; activity-based adhesive and cutting products; fine writing instruments; labeling solutions
Home Solutions	Rubbermaid®, Contigo®, bubba®, Calphalon®, Levolor®, Goody®	Indoor/outdoor organization, food storage and home storage products; durable beverage containers; gourmet cookware, bakeware and cutlery; window treatments; hair care accessories
Tools	Irwin®, Lenox®, hilmor™, Dymo® Industrial	Hand tools and power tool accessories; industrial bandsaw blades; tools for HVAC systems; label makers and printers for industrial use
Commercial Products	Rubbermaid Commercial Products®	Cleaning and refuse products; hygiene systems; material handling solutions
Baby & Parenting	Graco®, Baby Jogger®, Aprica®, Teutonia®	Infant and juvenile products such as car seats, strollers, highchairs and playards

In October 2015, the Company acquired Elmer's Products, Inc. ("Elmer's") for a purchase price of $570.1 million. Elmer's, whose brands include Elmer's®, Krazy Glue® and X-Acto®, is a provider of activity-based adhesive and cutting products that inspire creativity in the classroom, at home, in the office, in the workshop and at the craft table. The acquisition was accounted for using the purchase method of accounting, and accordingly, Elmer's results of operations were included in the Company's statement of operations since the acquisition date, including net sales of $36.3 million. Elmer's is reported as part of our Writing segment.

Based on the Company's strategy to allocate resources to its businesses relative to each business' growth potential and, in particular, those businesses with the greater right to win in the marketplace, during 2015 the Company divested its Rubbermaid medical cart

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business and initiated a process to divest its Levolor® and Kirsch® window coverings brands ("Décor"). The Rubbermaid medical cart business focuses on optimizing nurse work flow and medical records processing in hospitals and was included in the Commercial Products segment. The Company sold substantially all of the assets of the Rubbermaid medical cart business in August 2015. The Rubbermaid medical cart business was included in the Company's consolidated results from continuing operations, including net sales of $26.5 million, until it was sold in August 2015. Décor will continue to be reported in our results from continuing operations as part of our Home Solutions segment until the business is sold, which is expected in 2016. In 2015, Décor generated $300.8 million of net sales. The assets and liabilities of Décor that are subject to divestiture are classified as current assets held for sale and current liabilities held for sale in the consolidated balance sheet as of December 31, 2015.

The Endicia on-line postage and the Culinary electrics and retail businesses have been classified as discontinued operations since the Company committed in 2014 to sell these businesses. Endicia was included in our Writing segment, and the Culinary businesses were included in our Home Solutions segment. During 2015, the Company sold Endicia for a sales price of $208.7 million, subject to customary working capital adjustments. During 2015, the Company ceased operations in its Culinary electrics and retail businesses.

Proposed Acquisition of Jarden Corporation

On December 13, 2015, the Company entered into an agreement and plan of merger (the "Merger Agreement") to acquire Jarden Corporation ("Jarden"). Jarden is a leading, global consumer products company with leading brands, such as Yankee Candle, Crock-Pot, FoodSaver, Mr. Coffee, Oster, Coleman, First Alert, Rawlings, Jostens, K2, Marker, Marmot, Volkl, and many others. The merger is expected to create a consumer goods company with estimated annual sales of $16 billion to be named Newell Brands Inc. ("Newell Brands"), with a portfolio of leading brands in large, growing, unconsolidated, global markets. Newell Rubbermaid anticipates significant annualized cost synergies will be realized by Newell Brands, driven by efficiencies of scale and efficiencies in procurement, cost to serve and infrastructure.

Pursuant to the Merger Agreement, by and among Newell Rubbermaid, Jarden, NCPF Acquisition Corp. I, a wholly-owned subsidiary of Newell Rubbermaid ("Merger Sub 1"), and NCPF Acquisition Corp. II, a wholly-owned subsidiary of Newell Rubbermaid ("Merger Sub 2"), Merger Sub 1 will be merged with and into Jarden, with Jarden surviving as a wholly-owned subsidiary of Newell Rubbermaid, and immediately thereafter, Jarden will be merged with and into Merger Sub 2, with Merger Sub 2 continuing as the surviving corporation as a wholly-owned subsidiary of Newell Rubbermaid (collectively, the "Proposed Merger Transactions"). Upon completion of the Proposed Merger Transactions, Jarden will become a wholly-owned subsidiary of Newell Rubbermaid and will no longer be a publicly held corporation.

In connection with the Proposed Merger Transactions, each share of Jarden common stock will be converted into the right to receive and become exchangeable for merger consideration consisting of (1) 0.862 of a share of Newell Rubbermaid common stock plus (2) $21.00 in cash. Based on the closing price of a share of Newell Rubbermaid common stock on February 24, 2016 of $37.74 per share, the implied total consideration is approximately $14.0 billion, including $5.5 billion of cash and $8.5 billion of Newell Rubbermaid common stock. Based on the estimated 225.0 million shares of Newell Rubbermaid common stock expected to be issued in the Proposed Merger Transactions, stockholders of Newell Rubbermaid and stockholders and convertible noteholders of Jarden immediately before the Proposed Merger Transactions will own 54% and 46%, respectively, of Newell Brands upon completion of the Proposed Merger Transactions.

Newell Rubbermaid entered into a commitment letter for a $10.5 billion senior unsecured bridge credit facility, the availability of which has since been reduced to $9.0 billion because Newell Rubbermaid subsequently entered into the $1.5 billion term loan facility. The total available amount of the bridge credit facility is subject to further reduction in equivalent amounts upon the completion of any issuance of debt or equity securities by Newell Rubbermaid. Newell Rubbermaid currently intends to finance the $5.5 billion cash portion of the merger consideration and related fees and expenses incurred by it in connection with the Proposed Merger Transactions, to refinance approximately $4.5 billion of outstanding Jarden debt and to assume two tranches of outstanding Jarden debt with principal amounts of $300 million and €300 million, with up to approximately $10.1 billion of new debt expected to be incurred in the form of (1) up to approximately $8.6 billion of newly issued Newell Rubbermaid debt securities and the $1.5 billion term loan facility, depending on market conditions at the time of obtaining the financing and available cash balances, and (2) available balance sheet cash and the net cash proceeds, if any, from the planned divestiture of the Décor business. To the extent necessary, Newell Rubbermaid may also fund all or a portion of the cash portion of the merger consideration from borrowings under the bridge credit facility (as completed by the commitment letter with a lender) or from borrowings under other permanent or alternative financing.

Newell Rubbermaid and Jarden currently expect the Proposed Merger Transactions to close during the second quarter of 2016. The Proposed Merger Transactions are subject to the approval of the share issuance by Newell Rubbermaid stockholders and the adoption of the Merger Agreement by Jarden stockholders, as well as regulatory approvals and other customary closing conditions.

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Market and Performance Overview

The Company operates in the consumer and commercial products markets, which are generally impacted by overall economic conditions in the regions in which the Company operates. The following is a summary of the Company's progress in 2015 in driving the Growth Game Plan into action:

- Core sales, which excludes the impact of changes in foreign currency, acquisitions and planned and completed divestitures, increased 5.5% in 2015, excluding a 580 basis point adverse impact from foreign currency, a 470 basis point contribution from acquisitions and a 110 basis point decline associated with planned and completed divestitures. Reported sales increased 3.3%. Core sales grew across all four regions led by North America core growth of 3.8% and Latin America core growth of 30.5%. Asia Pacific core sales increased 3.4% and EMEA 1.5%.

The impact of acquisitions includes Elmer's sales from October 22, 2015, the date of acquisition, through December 31, 2015; Ignite sales up to, but excluding, the month of September, the month the business was acquired in 2014; bubba sales through October 2015, the month the business was acquired in 2014; and, Baby Jogger sales up to, but excluding the month of December, the month the business was acquired in 2014. Businesses that have been divested or for which there is a plan to divest the business are excluded from core sales beginning with the quarter in which the Company determines to divest the business. Accordingly, the impact of planned and completed divestitures includes the divested Rubbermaid medical cart business for the entire year and Décor for the period July 1, 2015 through December 31, 2015.

Core sales is determined by applying a fixed exchange rate, calculated as the 12-month average in the prior year, to the current and prior year local currency sales amounts, with the difference, after removing the impact of acquisitions and planned and completed divestitures, equal to changes in core sales, and the difference between the change in reported net sales and the change in total constant-currency sales, calculated using the 12-month average exchange rate in the prior year, being attributable to currency.

- Core sales increased 9.4% in the Company's Win Bigger businesses, which includes Writing & Creative Expression in the Writing segment, Food & Beverage in the Home Solutions segment, and the Tools and Commercial Products segments. Net sales in the Company's Win Bigger businesses increased 7.2%, which includes a 490 basis point contribution from acquisitions and a 710 basis point adverse impact from foreign currency.

- Gross margin was 39.0%, up 50 basis points compared to the prior year. The improvement was driven by productivity, pricing, lower input costs (including resin) and the comparison to the prior year period which reflected the impacts of the Graco harness buckle recall, which more than offset unfavorable foreign currency and sourced product, labor and other input cost inflation. Unfavorable foreign currency resulted in a 150 basis point decrease in gross margin, and the adverse impact of the cost of products sold associated with the Graco product recall in the prior year's results contributed 20 basis points of improvement.

- Selling, general and administrative expenses ("SG&A") increased $93.4 million to $1,573.9 million, due primarily to increased advertising and promotion in support of the Company's brands and innovation, costs associated with the Graco product recall, SG&A of acquired businesses (Ignite, bubba and Baby Jogger), costs associated with due diligence for the Jarden transaction, increased annual incentive compensation and increased costs associated with Project Renewal transformation initiatives, partially offset by a reduction in overhead costs due to Project Renewal initiatives and the impacts of foreign currency.

The Company's advertising and promotion strategy is to invest behind innovation, including new product launches, and in building brands. During 2015, the Company increased advertising and promotion investments by $42.3 million, representing an incremental 60 basis points as a percentage of net sales to 4.9%. The Company's investments in brand-building and consumer demand creation and commercialization activities in 2015 included the following:

- continued advertising campaigns supporting the new line of Sharpie® highlighters called Sharpie Clear View®, which have a unique, see-through tip for more precise highlighting;

- continued investment in InkJoy® advertising in the North America, Europe and Latin America markets;
- continued advertising for Mr. Sketch® scented markers in the U.S. market;
- advertising support for Parker® in China, Japan, Hong Kong and the United Kingdom;
- advertising support behind Dymo® Office, supporting the Why Write campaign in the Europe and U.S. markets;

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- advertising campaigns supporting Easy Find Lids® and LunchBlox® Kids, making it easier for parents to pack healthy lunches for kids' lunch bags;
- advertising for Calphalon® Self-Sharpening Cutlery with SharpIN™ technology in North America;
- advertising support behind Irwin Brazil's 240 Cart Tool Box campaign;
- advertising for Irwin's Vise-Grip® family of hand tools;
- continued advertising in North America, China and Brazil for Brute®, Slim Jim® Step-On, RUBBERMAID HYGEN™ disposable microfiber, WaveBrake® mop buckets and Maximizer® mops in the Commercial Products segment;
- advertising for Graco 4Ever® All-in-One convertible car seat; and
- advertising for the Graco Nautilus® Plus 3-in-1 car seat.

The Company plans to continue increasing advertising and promotion in support of its brands to drive growth.

- Settled U.S. pension liabilities with plan assets for certain participants which resulted in a $52.1 million non-cash settlement charge in the fourth quarter of 2015.

- Continued execution of Project Renewal to simplify the business, reduce structural costs and increase investment in the most significant growth platforms within the business by taking significant steps in implementing activities centered around Project Renewal's five workstreams, resulting in $74.0 million of restructuring costs in 2015.

- Realized a $9.2 million foreign exchange loss during 2015 for the Company's Venezuelan operations associated with declines in the SICAD exchange rate for the Venezuela Bolivar throughout the year and recognized a $172.7 million pretax charge ($165.1 million after tax) upon deconsolidation of the Company's Venezuela subsidiary on December 31, 2015.

- Reported a 23.2% effective tax rate for 2015, compared to an effective tax rate of 19.3% for 2014. During 2015, the Company's effective tax rate was adversely impacted by the geographical mix of earnings, the strengthening of the U.S. Dollar against foreign currencies and the implied tax rate associated with the $7.6 million income tax benefit on the $172.7 million Venezuela deconsolidation charge, which were partially offset by benefits from the impact of increased foreign tax credits. During 2014, the Company recognized discrete income tax benefits of $15.5 million related to the resolution of certain tax contingencies and $18.4 million of income tax benefits associated with the net reduction of valuation allowances on certain international deferred tax assets.

- The Company repurchased and retired 4.5 million shares of its common stock for $180.4 million during 2015.

- The Company sold its Endicia® on-line postage business for $208.7 million of net proceeds, resulting in a net gain from sale of $95.6 million included in discontinued operations.

- The Company initiated a process to divest its Levolor® and Kirsch® window coverings brands ("Décor"). Décor will continue to be reported in results from continuing operations in the Home Solutions segment until the business is sold.

- In October 2015, the Company completed the offering and sale of $600.0 million of medium-term notes, consisting of $300.0 million aggregate principal amount of 2.15% notes due 2018 (the "2018 Notes") and $300.0 million aggregate principal amount of 3.90% notes due 2025 (the "2025 Notes" and, together with the 2018 Notes, the "Notes"). The aggregate net proceeds from the issuance of the Notes were $594.5 million, which were used for the acquisition of Elmer's Products, Inc. ("Elmer's") and for general corporate purposes.

Acquisitions

In October 2015, the Company acquired Elmer's for $570.1 million. The acquisition was accounted for using the purchase method of accounting, and accordingly, Elmer's results of operations were included in the Company's statement of operations since the acquisition date, including net sales of $36.3 million. Elmer's is included in the

Writing segment.

In December 2015, the Company entered into the Merger Agreement to acquire Jarden in the Proposed Merger Transactions and create Newell Brands. In 2015, the Company incurred $10.8 million of costs associated with the Jarden transaction, which are classified as SG&A, and $2.0 million of interest costs for financing arrangements associated with the Jarden transaction.

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During 2014, the Company completed the acquisitions of Ignite Holdings, LLC ("Ignite") and Baby Jogger Holdings, Inc. ("Baby Jogger") and acquired the assets of bubba brands, inc. ("bubba"). The Ignite and bubba acquisitions give the Company's Home Solutions segment access to additional channels in the on-the-go hydration and thermal bottle market in North America and fit with the Company's strategy of accelerating growth by leveraging its capabilities across additional product categories, geographies and channels. The Baby Jogger acquisition gives the Baby & Parenting segment a premium brand and the opportunity to expand its geographic footprint. The results of operations of Ignite, bubba and Baby Jogger are included in the Company's consolidated financial statements beginning on the respective acquisition dates of each business in 2014, which included net sales of $51.1 million, $13.4 million and $4.4 million for Ignite, bubba and Baby Jogger, respectively, in 2014.

- On September 4, 2014, the Company acquired Ignite for $313.1 million, which is net of $7.2 million of cash acquired. A portion of the purchase price was used to repay Ignite's outstanding debt obligations at closing. Ignite is a designer and marketer of durable beverage containers in North America sold under the Contigo® and Avex® brands.

- On October 22, 2014, the Company acquired the assets of bubba for $82.4 million. bubba is a designer and marketer of durable beverage containers in North America.

- On December 15, 2014, the Company acquired Baby Jogger, a designer and marketer of premium infant and juvenile products focused on activity strollers and related accessories, for $210.1 million. Baby Jogger is headquartered in the U.S. and markets and sells its products in North America, Europe and Asia under the Baby Jogger brand and its City Mini® and City Select® sub-brands.

Key Initiatives

Project Renewal

During April 2015, the Company committed to a further expansion of Project Renewal (the "April 2015 Expansion"), a program initially launched in October 2011 to reduce the complexity of the organization and increase investment in growth platforms within the business, funded by a reduction in structural SG&A costs. Project Renewal is designed to simplify and align the business around two key activities — Brand & Category Development and Market Execution & Delivery. Project Renewal encompasses projects centered around five workstreams:

- Organizational Simplification: The Company has de-layered its top structure and further consolidated its businesses from nine Global Business Units ("GBUs") to three operating groups that manage five operating segments.
- EMEA Simplification: The Company is focusing its resources on fewer products and countries, while simplifying go-to-market, delivery and back office support structures.
- Best Cost Finance: The Company is delivering a simplified approach to decision support, transaction processing and information management by leveraging SAP and the streamlined business segments to align resources with the Growth Game Plan.
- Best Cost Back Office: The Company is driving "One Newell Rubbermaid" efficiencies in customer and consumer services and sourcing functions.
- Supply Chain Footprint: The Company is further optimizing manufacturing and distribution facilities across its global supply chain.

Through Project Renewal, the Company has been realigned from a holding company comprised of 13 GBUs, each with its own support structure, to an operating company with three operating groups that manage five operating segments. The operating company structure is centered around four primary capabilities: Design; Marketing & Insight; Supply Chain; and Customer Development. The Company has developed centers of excellence in each of these capabilities and has realigned its back office support structure functions (Human Resources, Finance/IT and Legal) to support the four primary capabilities. This realignment has led to efficiencies and cost reductions, allowing the Company to increase investments in its brands and capabilities. In addition, through Project Renewal, the Company has simplified its go-to-market and back office structures in EMEA which has resulted in significant Project Renewal costs and savings in the EMEA region.

Pursuant to an expansion of Project Renewal in October 2014, the Company is: (i) further streamlining its supply chain function, including reducing overhead and realigning the supply chain management structure; (ii) investing in value analysis and value engineering efforts to reduce product and packaging costs; (iii) reducing operational and manufacturing complexity in its Writing segment; and (iv) further streamlining its distribution and transportation functions.

Under the April 2015 Expansion, the Company is implementing additional activities designed to further streamline business partnering functions (e.g., Finance/IT, Legal and Human Resources), optimize global selling and trade marketing functions and

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rationalize the Company’s real estate portfolio. The April 2015 Expansion is expected to generate annualized incremental overhead cost savings of approximately $150 million when fully implemented by the end of 2017, which includes savings expected to be realized during 2018 from projects completed in 2017. In connection with the April 2015 Expansion, the Company expects to incur approximately $150 million of additional costs, including cash costs of approximately $135 million. The additional costs include pretax restructuring charges in the range of $125 to $135 million, a majority of which are expected to be facility exit costs and employee-related cash costs, including severance, retirement and other termination benefits.
Cumulative costs of the expanded Project Renewal are now expected to be approximately $690 to $725 million pretax, with cash costs of approximately $645 to $675 million. Project Renewal in total is expected to generate annualized cost savings of approximately $620 to $675 million by the end of 2017, which includes savings expected to be realized during 2018 from projects completed in 2017. The Company achieved its targeted savings of approximately $270 to $325 million by the end of the first half of 2015, having realized annualized savings of approximately $311 million through the second quarter of 2015. Through December 31, 2015, the Company has realized annualized savings of approximately $360 million. The majority of these savings have been, and the majority of future savings from Project Renewal initiatives are expected to be, reinvested in the business to strengthen brand building and selling capabilities in priority markets around the world.

Through December 31, 2015, the Company had incurred $309.8 million and $158.7 million of restructuring and other project-related costs, respectively. The majority of the restructuring costs represent employee-related cash costs, including severance, retirement and other termination benefits and costs. Other project-related costs represent organizational change implementation costs, including advisory and consultancy costs, compensation and related costs of personnel dedicated to transformation projects, and other costs associated with the implementation of Project Renewal. Through December 31, 2015, the Company estimates it has reduced its headcount by approximately 2,500 employees as a result of Project Renewal initiatives.

The following table summarizes the estimated costs and savings relating to Project Renewal, as well as the actual results through December 31, 2015 (amounts in millions):

	Total Project	Through December 31, 2015	Remaining through December 31, 2017*
Cost	$690 - $725	$469	$221- $256
Savings	$620 - $675	$360	$260 - $315

* Includes savings expected to be realized during 2018 from projects completed in 2017.

In 2015, the Company has continued to execute existing projects as well as initiate new activities relating to Project Renewal as follows:

- Initiated plans to relocate the Company’s corporate headquarters from 3 Glenlake Parkway in Atlanta, Georgia, to 6655 Peachtree Dunwoody Road in Atlanta, Georgia in early 2016. The new space will reflect a brand-led, innovative company with headquarters purpose-fit for how employees work today and into the future.

- The ongoing implementation of the EMEA Simplification workstream, which includes projects focused on profitable growth in the region, including the closure, consolidation and/or relocation of certain manufacturing facilities, distribution centers, customer support and sales and administrative offices. During 2015, the Company initiated a project focused on aligning the sales and marketing capabilities in the region, a project in the Best Cost Finance workstream and a project focused on optimizing the region’s activities and relationships with its sourcing partners.

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Ongoing evaluations of the Company’s overhead structure, supply chain organization and processes, customer development organization alignment, and pricing structure to optimize and transform processes, simplify the organization and reduce costs. During 2015, the Company initiated a project focused on optimizing the sales and marketing overhead cost structure in North America and Latin America.

- The continued execution of projects to streamline the three business partnering functions, Human Resources, Finance/IT and Legal, and to align these functions with the new operating structure, including the ongoing execution of projects to reduce the Company’s IT footprint and centralize and optimize Human Resources support activities.

- The ongoing reconfiguration and consolidation of the Company’s manufacturing footprint and distribution centers to reduce overhead, improve operational efficiencies and better utilize existing assets, including the initiation of projects to reduce the Home Solutions and Tools segments’ manufacturing footprint in North America, to reduce the Baby & Parenting segment’s manufacturing footprint in Asia Pacific and to better align the Writing segment’s worldwide supply chain footprint.

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- The creation of a Transformation Office to lead and manage the various workstreams that are integral to the expanded Project Renewal initiatives, including investing in value analysis and value engineering efforts to reduce product and packaging costs and reducing operational and manufacturing complexity in the Writing segment.

One Newell Rubbermaid

The Company strives to leverage common business activities and best practices to build functional capabilities and to build one common culture of shared values with a focus on collaboration and teamwork. Through this initiative, the Company has established regional shared service centers to leverage nonmarket-facing functional capabilities to reduce costs. In addition, the Company has expanded its focus on leveraging common business activities and best practices by reorganizing the business around two of the critical elements of the Growth Game Plan — Brand & Category Development and Market Execution & Delivery, enhancing its Customer Development and Global Supply Chain organizations and consolidating activities into centers of excellence for design and innovation capabilities and marketing capabilities.

The Company is also migrating multiple legacy systems and users to a common SAP global information platform in a phased, multi-year rollout. SAP is expected to enable the Company to integrate and manage its worldwide business and reporting processes more efficiently. Substantially all of the Company's North American, Latin American and European operations are live on SAP, and the Company plans to implement SAP in its Asia Pacific operations in 2016.

Foreign Currency - Venezuela

The Company began accounting for its Venezuelan operations using highly inflationary accounting in January 2010. Under highly inflationary accounting, the Company remeasures assets, liabilities, sales and expenses denominated in Bolivar Fuertes ("Bolivars") into U.S. Dollars using the applicable exchange rate, and the resulting translation adjustments are included in earnings. The Company's Venezuelan operations are primarily included in the Writing segment. The Company generally imports raw materials into Venezuela and manufactures writing instruments locally. The Company's Venezuelan operations also import components and finished goods. Generally, purchases of imported products are denominated in U.S. Dollars. The Company has historically used various means, including price increases and productivity initiatives, to offset increased costs due to the impacts of high inflation and currency devaluations. During the years ended December 31, 2015, 2014 and 2013, the Company's Venezuelan operations generated 2.2%, 1.4% and 1.4% of consolidated net sales, respectively and approximately $51 million, $30 million and $34 million of the Company's reported operating income, respectively. The Venezuelan operations also generated approximately $40 million of cash flow from operating activities during 2015.

Beginning in July 2013, the Venezuelan government authorized certain companies that operate in designated industry sectors to exchange a limited volume of Bolivars for U.S. Dollars at a bid rate established via weekly auctions under a system referred to as "SICAD I." During the first quarter of 2014, the government expanded the types of transactions that may be subject to the weekly SICAD I auction rate while retaining the official rate of 6.3 Bolivars per U.S. Dollar and introduced another currency exchange mechanism ("SICAD II"). The official exchange rate for settling certain transactions through the National Center of Foreign Trade ("CENCOEX"), including imports of essential goods, remained at 6.3 Bolivars per U.S. Dollar. In March 2014, the Company analyzed the multiple rates available and the Company's estimates of the applicable rate at which future transactions could be settled and dividends could be paid. Based on this analysis, the Company determined as of March 31, 2014 that the SICAD I rate was the most appropriate rate to use prospectively for remeasurement rather than the CENCOEX rate, which the Company used up to March 31, 2014. As a result, the Company recorded net foreign exchange losses of $45.6 million in 2014, including $38.7 million of foreign exchange losses during the three months ended March 31, 2014, based on the adoption of and ongoing changes in the SICAD I exchange rate applicable for remeasuring the net monetary assets of the Company's Venezuelan operations that are denominated in Bolivars. As of December 31, 2014, the SICAD I auction rate was 12.0 Bolivars per U.S. Dollar, and the SICAD II rate was 50.0 Bolivars per U.S. Dollar.

In February 2015, the Venezuelan government announced changes in its foreign currency exchange system. The official rate of 6.3 Bolivars per U.S. Dollar continued to be made available for purchases of essential goods. The SICAD I exchange mechanism became known as SICAD. There were SICAD auctions conducted during 2014 and

2015, and the exchange rate in the last SICAD auction in 2015 was 13.5 Bolivars per U.S. Dollar. The SICAD II market has been eliminated, and a new alternative currency market, the Foreign Exchange Marginal System ("SIMADI") has been created. The SIMADI market is intended to have a floating exchange rate determined by market participants. SIMADI became operational with an initial exchange rate of approximately 170 Bolivars per U.S. Dollar. The SIMADI rate has since increased to 198.7 Bolivars per U.S. Dollar as of December 31, 2015. As of December 31, 2015, it is unclear how future SICAD auctions will work, and the volume of transactions in the SIMADI market since its inception has been limited. The Company last participated in a SICAD auction in the fourth quarter of 2014.

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During 2014, the Company was awarded $7.5 million and $16.0 million via the CENCOEX and SICAD I exchange mechanisms, respectively, and during 2015, the Company was awarded $1.6 million via the CENCOEX exchange mechanism. The Company's Venezuelan operations used these amounts to pay third party and intercompany vendors. The Company did not participate in the SICAD II market in 2014 or 2015 and did not participate in the SIMADI market in 2015.

Based on an assessment of the rate at which future transactions could be settled and dividends could legally be paid by the Company's Venezuelan operations, the Company used the SICAD rate during the year ended December 31, 2015, which was a rate of 13.5 Bolivars per U.S. Dollar as of December 31, 2015. As a result of declines in the SICAD rate from 12.0 Bolivars per U.S. Dollar at December 31, 2014 to 13.5 Bolivars per U.S. Dollar as of December 31, 2015, the Company recorded foreign exchange losses of $9.2 million during the year ended December 31, 2015 based on the change in the SICAD rate used for remeasuring the net monetary assets of the Company's Venezuelan operations that are denominated in Bolivars.

As part of the changes implemented in the first quarter of 2014, the Venezuelan government also issued a Law on Fair Pricing, establishing a maximum profit margin of 30% for the types of products the Company sells in Venezuela. In addition, new regulations implemented in 2015 require the Company to identify the ultimate retail price to consumers on products it sells to distributors in Venezuela. In October 2015, the Venezuelan government reduced the maximum profit margin from 30% to 20% for the types of goods the Company imports into the country for sale. For locally manufactured goods the Company sells, the maximum profit margin remains at 30%.

As of December 31, 2015, the Company determined it could no longer exercise control over its Venezuela operations because the availability of U.S. Dollars had declined significantly over the past several years in each of Venezuela's three exchange mechanisms. The Company most recently participated in a SICAD auction in the fourth quarter of 2014 and had very little access to the CENCOEX exchange mechanism during 2015. As the conditions in Venezuela have continued to deteriorate, including increasingly restrictive exchange control regulations and reduced access to U.S. Dollars through official currency exchange mechanisms, the Company concluded that an other-than-temporary lack of exchangeability between the Bolivar and the U.S. Dollar existed as of December 31, 2015. Furthermore, increasingly restrictive governmental regulations related to prices the Company can charge for its products, distribution channels into which the Company can sell its products, product labeling requirements, importation of raw materials and sourced products which must be purchased in U.S. Dollars, and labor matters have restricted the Company's ability to make and execute decisions related to its Venezuelan operations. Additionally, the exchange restrictions have prevented the Venezuela business from paying royalties and dividends, restricting the ability of the Company to benefit from the earnings of its Venezuela operations. These factors impact the Company's ability to make key operational and financial decisions regarding its Venezuelan operations, such as the Company's ability to manage its Venezuelan operations' capital structure, material sourcing, product pricing and labor relations. As a result, the Company deconsolidated its Venezuelan operations effective December 31, 2015 and began accounting for its investment in its Venezuelan operations using the cost method of accounting. As a result of deconsolidating its Venezuelan operations, the Company recorded a pretax charge of $172.7 million in 2015. The charge consisted of the write-off of the Venezuelan operations' net assets of $74.7 million, as well as $58.3 million of Venezuela-related assets held by other subsidiaries, resulting in $133.0 million of total charges associated with the deconsolidation of Venezuela's net assets. In addition, in accordance with applicable accounting standards for foreign currency and the transition to the cost method for the Company's Venezuelan operations, the Company wrote-off the currency translation adjustment that arose prior to the application of hyperinflationary accounting in 2010 that was included in other comprehensive income in equity. The write-off of the currency translation adjustment resulted in a pretax charge of $39.7 million, which had no effect on net assets or total equity.

Beginning in the first quarter of 2016, the Company will no longer include the results of its Venezuelan operations in its consolidated financial statements. The Company has operated in Venezuela for decades and plans to continue to manufacture and sell products in Venezuela. The Company will record revenues for sales of inventory to its Venezuelan operations in its consolidated financial statements to the extent the sales are realizable. Further, dividends and payments for intercompany receivables due from the Company’s Venezuelan operations will be recorded as other income upon receipt. Prior to the deconsolidation of the Venezuelan operations on December 31, 2015, the results of the Company’s Venezuelan operations have been included in the Company’s Consolidated Statements of Operations for all periods presented and have been included in the Company’s Consolidated Balance Sheets for all periods prior to December 31, 2015.

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CONSOLIDATED RESULTS OF OPERATIONS

The Company believes the selected data and the percentage relationship between net sales and major categories in the Consolidated Statements of Operations are important in evaluating the Company’s operations. The following table sets forth items from the Consolidated Statements of Operations as reported and as a percentage of net sales for the years ended December 31, (in millions, except percentages):

	2015		2014		2013	
Net sales	$5,915.7	100.0 %	$5,727.0	100.0 %	$5,607.0	100.0 %
Cost of products sold	3,611.1	61.0	3,523.6	61.5	3,482.1	62.1
Gross margin	2,304.6	39.0	2,203.4	38.5	2,124.9	37.9
Selling, general and administrative expenses	1,573.9	26.6	1,480.5	25.9	1,399.5	25.0
Pension settlement charge	52.1	0.9	65.4	1.1	—	—
Restructuring costs	77.2	1.3	52.8	0.9	110.3	2.0
Operating income	601.4	10.2	604.7	10.6	615.1	11.0
Nonoperating expenses:						
Interest expense, net	79.9	1.4	60.4	1.1	60.3	1.1
Losses related to extinguishments of debt	—	—	33.2	0.6	—	—
Venezuela deconsolidation charge	172.7	2.9	—	—	—	—
Other expense, net	11.3	0.2	49.0	0.9	18.5	0.3
Net nonoperating expenses	263.9	4.5	142.6	2.5	78.8	1.4
Income before income taxes	337.5	5.7	462.1	8.1	536.3	9.6
Income tax expense	78.2	1.3	89.1	1.6	120.0	2.1
Income from continuing operations	259.3	4.4	373.0	6.5	416.3	7.4
Income from discontinued operations	90.7	1.5	4.8	0.1	58.3	1.0
Net income	$350.0	5.9 %	$377.8	6.6 %	$474.6	8.5 %

Results of Operations — 2015 vs. 2014

Net sales for 2015 were $5,915.7 million, representing an increase of $188.7 million, or 3.3%, from $5,727.0 million for 2014. Core sales increased 5.5%, which excludes a negative foreign currency impact of 5.8% and the positive net impact of acquisitions and planned and completed divestitures of 3.6%. The following table sets forth an analysis of changes in consolidated net sales for 2015 as compared to 2014 (in millions, except percentages):

Core sales	$302.6	5.5 %
Acquisitions	272.1	4.7
Planned and completed divestitures	(55.0)	(1.1)
Foreign currency	(331.0)	(5.8)
Total change in net sales	$188.7	3.3 %

Core sales in the Company’s North American and international businesses increased 3.8% and 10.0%, respectively. Latin America led with core sales growth of 30.5% as a result of pricing and volume in the region, including Venezuela, improved Back-To-School performance, volume gains in the Win Bigger businesses and increased advertising and promotion. North America generated core growth of 3.8%, as core sales grew across all five segments, with strong core sales growth in the Writing, Commercial Products and Baby & Parenting segments. EMEA core sales increased 1.5% due to growth in the Writing, Commercial Products and Tools segments, which was offset by a decline in Baby & Parenting due to challenging market conditions in Russia and weakness in the Baby & Parenting segment across EMEA. The Writing segment’s growth in EMEA was due to distribution gains, merchandising and promotion support, pricing and strengthened innovation. Asia Pacific core sales increased 3.4%, as double-digit innovation-led core growth in Baby & Parenting and double-digit core growth in Commercial Products more than offset a slight decline in Writing. Overall, core sales growth in Venezuela contributed 160 basis points to the Company’s 5.5% core sales growth in 2015. The Company’s core sales growth in 2015 was favorably impacted by additional sell-in in advance of advertising and marketing support planned for 2016.

Gross margin, as a percentage of net sales, for 2015 was 39.0%, or $2,304.6 million, compared to 38.5%, or $2,203.4 million, for 2014, as the benefits of productivity, pricing, the adverse impact of the Graco product recall on the prior year's results and lower input costs (including resin) more than offset the impacts of unfavorable foreign currency and sourced product, labor and other input cost inflation.

SG&A expenses for 2015 were 26.6% of net sales, or $1,573.9 million, versus 25.9% of net sales, or $1,480.5 million, for 2014. SG&A expenses increased $93.4 million as a result of a $42.3 million increase in advertising and promotion investments, primarily relating to the Writing segment's continued investment in advertising in North America, Latin America and Asia Pacific and increased advertising in the Tools, Commercial Products and Baby & Parenting segments. The increase was also driven by a $36.1 million year-over-year increase in Project Renewal related costs, including advisory costs for process transformation and optimization initiatives, which increased from $41.9 million for 2014 to $78.0 million for 2015. The increase was also attributable to $55.5 million of incremental SG&A expenses of Ignite, bubba, Baby Jogger and Elmer's and a $30.7 million increase in annual incentive compensation expense. These increases were partially offset by the impacts of foreign currency and overhead cost savings from Project Renewal, which includes an estimated $8.0 million of annual costs for personnel that transitioned to the Transformation Office at the beginning of 2015 and are included in Project Renewal related costs in 2015.

In 2015 and 2014, the Company offered certain U.S. pension plan participants who have deferred vested benefits under the Company's U.S. pension plan the opportunity to make a one-time election to receive a lump sum distribution of the present value of their benefits. Based on participants that accepted the offers, the Company paid $70.6 million and $98.6 million of lump sum distributions from plan assets in 2015 and 2014, respectively, which resulted in $52.1 million and $65.4 million of non-cash settlement charges during the fourth quarters of 2015 and 2014, respectively.

The Company recorded restructuring costs of $77.2 million and $52.8 million for 2015 and 2014, respectively. The year-over-year increase in restructuring costs is primarily a result of larger projects being initiated in North America in 2015 associated with reducing structural overhead costs. The restructuring costs for 2015 primarily related to Project Renewal and consisted of $6.7 million of facility and other exit costs, including impairments, $54.9 million of employee severance, termination benefits and employee relocation costs and $15.6 million of exited contractual commitments and other restructuring costs. The restructuring costs in 2014 primarily related to Project Renewal and consisted of $7.5 million of facility and other exit costs, including impairments, $22.9 million of employee severance, termination benefits and employee relocation costs and $22.4 million of exited contractual commitments and other restructuring costs. See Footnote 5 of the Notes to Consolidated Financial Statements for further information.

Operating income for 2015 was $601.4 million, or 10.2% of net sales, versus $604.7 million, or 10.6% of net sales, for 2014. The 40 basis point decline in operating margin was primarily attributable to a 70 basis point increase in SG&A as a percentage of net sales, which, as explained above, includes the impact of increased advertising and promotion spend, and increased restructuring costs, partially offset by a 50 basis point increase in gross margin.

Net nonoperating expenses for 2015 were $263.9 million versus $142.6 million for 2014. Interest expense for 2015 was $79.9 million, compared to $60.4 million for 2014. The increase is attributable to interest expense incurred during 2015 in connection with the bridge loan related to the acquisition of Elmer's and the overall impact of higher overall borrowings to finance the acquisition of Elmer's during the fourth quarter of 2015 and the acquisitions of Ignite, bubba and Baby Jogger in the second half of 2014. Nonoperating expenses in 2015 included a charge of $172.7 million associated with deconsolidating the Company's Venezuelan operations. These increases in nonoperating expenses were partially offset by the year-over-year decrease in foreign exchange losses associated with the adoption of and declines in the SICAD exchange rate used to remeasure the net monetary assets of the Company's Venezuelan operations, which declined from $45.6 million during 2014 to $9.2 million during 2015, and the $33.2 million loss on extinguishment of debt incurred in 2014 associated with the repayment of $439.4 million principal amount of medium-term notes.

The Company recognized an effective income tax rate of 23.2% for 2015, which compared to an effective income tax rate of 19.3% for 2014. During 2015, the Company's effective tax rate was adversely impacted by the geographical mix of earnings, the strengthening of the U.S. Dollar against foreign currencies and the implied tax rate associated with the $7.6 million income tax benefit on the $172.7 million Venezuela deconsolidation charge, which were partially offset by benefits from the impact of increased foreign tax credits. During 2014, the Company recognized discrete income tax benefits of $15.5 million related to the resolution of certain tax contingencies and $18.4 million of net income tax benefits associated with the reduction of valuation allowances on certain international deferred tax assets.

For the year ended December 31, 2015, the Company recorded income of $90.7 million, net of tax, associated with discontinued operations, primarily due to the $95.6 million net gain recognized from the sale of the Endicia business. The Company recorded income of $4.8 million, net of tax, during the year ended December 31, 2014, which primarily relates to the Company’s Hardware,

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Endicia and Culinary electrics and retail businesses. See Footnote 3 of the Notes to Consolidated Financial Statements for further information.

Results of Operations — 2014 vs. 2013

Net sales for 2014 were $5,727.0 million, representing an increase of $120.0 million, or 2.1%, from $5,607.0 million for 2013. Core sales increased 3.0% as foreign currency had the effect of decreasing net sales by 2.1%, while the acquisitions had the effect of increasing net sales by 1.2%. The following table sets forth an analysis of changes in consolidated net sales for 2014 as compared to 2013 (in millions, except percentages):

Core sales	$166.4	3.0 %
Acquisitions	68.9	1.2
Foreign currency	(115.3)	(2.1)
Total change in net sales	$120.0	2.1 %

Core sales in the Company's North American and international businesses grew 2.1% and 5.4%, respectively. Latin America led with 22.6% core sales growth driven by strong innovation and pricing in the Writing segment, particularly in Venezuela, and strong innovation and increased distribution in the Tools segment in Brazil. North America reported modest core sales growth of 2.1%, as the Win Bigger businesses generated solid growth that was partially offset by declines in Home Solutions due to deemphasizing certain lower margin Rubbermaid product lines. Baby & Parenting core sales were flat in North America, as the Graco harness buckle recall impacted sales growth. Asia Pacific core sales growth of 0.4% was attributable to core sales growth across the Win Bigger businesses, partially offset by declines in Baby & Parenting primarily as a result of increased competition in Japan. EMEA had a core sales decline of 1.3% as a result of planned product and geographic exits, continued macroeconomic challenges in Western Europe and challenging market conditions in Eastern Europe. Overall, core sales growth in Venezuela contributed 70 basis points to core sales growth in 2014. The Company's core sales growth in 2014 was favorably impacted by additional sell-in in advance of advertising and merchandising support planned for 2015.

Gross margin, as a percentage of net sales, for 2014 was 38.5%, or $2,203.4 million, an increase of 60 basis points compared to the prior year. Pricing, productivity and segment and product mix more than offset the impact of inflation, negative foreign currency, the $12.0 million of costs associated with the Graco harness buckle recall and the adverse impact of the $5.2 million increase in Venezuela cost of products sold due to changes in Venezuela exchange rates.

SG&A expenses for 2014 were 25.9% of net sales, or $1,480.5 million, versus 25.0% of net sales, or $1,399.5 million, for 2013. During 2014, the Company increased investments in advertising across all segments by $52.8 million, representing an incremental 90 basis points as a percentage of net sales. Continued investment in selling and e-commerce capabilities in North America and Latin America also contributed to the increase. The increase was also driven by an increase in organizational change implementation and restructuring-related costs and advisory costs for process transformation and optimization initiatives, which increased from $23.8 million in 2013 to $41.9 million in 2014, to support efforts to improve selling, pricing and supply chain capabilities. SG&A expenses in 2014 also include $5.5 million of acquisition and integration costs associated with the Ignite, bubba and Baby Jogger acquisitions and $3.0 million of costs relating to the Graco harness buckle recall. These increases in SG&A were partially offset by Project Renewal cost savings.

In 2014, the Company recorded a $65.4 million non-cash pension settlement charge during the fourth quarter of 2014. The Company recorded restructuring costs of $52.8 million and $110.3 million for 2014 and 2013, respectively. The year-over-year decrease in restructuring costs is primarily due to the significant costs incurred in 2013 associated with the implementation of restructuring plans and initiatives under Project Renewal in Europe as part of the EMEA Simplification workstream. The restructuring costs in 2014 primarily related to Project Renewal and consisted of $7.5 million of facility and other exit costs, including impairments, $22.9 million of employee severance, termination benefits and employee relocation costs and $22.4 million of exited contractual commitments and other restructuring costs. The restructuring costs in 2013 primarily relate to Project Renewal and consisted of $4.9 million of facility and other exit costs, including impairments, $89.4 million of employee severance, termination benefits and employee relocation costs and $16.0 million of exited contractual commitments and other restructuring costs. See Footnote 5 of the Notes to Consolidated Financial Statements for further information.

Operating income for 2014 was 10.6% of net sales, or $604.7 million, versus 11.0% of net sales, or $615.1 million for 2013. Gross margin expansion was more than offset by the increased investment in brands and capabilities and the non-cash pension settlement charge of $65.4 million.

Net nonoperating expenses for 2014 were $142.6 million versus $78.8 million for 2013. Interest expense for 2014 was $60.4 million, an increase of $0.1 million from $60.3 million for 2013, as the impact of higher average debt levels was offset by a lower

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average interest rate and interest income earned on foreign cash balances. The increase in nonoperating expenses during 2014 was driven by the negative impact of the hyperinflationary accounting for the Company's Venezuelan operations compared to 2013, which resulted in the Company recognizing $45.6 million of charges in 2014 based on the decline in value of the net monetary assets of its Venezuelan operations that are denominated in Bolivars compared to $11.1 million of charges in 2013, as well as the $33.2 million loss on extinguishment of debt associated with the repayment of $439.4 million principal amount of medium-term notes in 2014.

The Company's effective income tax rate was 19.3% and 22.4% for 2014 and 2013, respectively. During 2014, the Company recognized discrete income tax benefits of $15.5 million related to the resolution of certain tax contingencies and $18.4 million of net income tax benefits associated with the reduction of valuation allowances on certain international deferred tax assets. The tax rate for 2013 was impacted by $7.9 million of tax benefits related to the resolution of various income tax contingencies and the expiration of various statutes of limitation. Additionally, the 2013 tax rate was impacted by $19.5 million of net tax benefits associated with the recognition of incremental deferred tax assets. The tax rates for both 2014 and 2013 were impacted by the geographical mix in earnings.

Income from discontinued operations was $4.8 million for 2014 compared to $58.3 million for 2013. Income from discontinued operations during 2014 and 2013 relates to the Company's Hardware, Teach, Endicia and Culinary electrics and retail businesses. The Company's Hardware and Teach businesses were sold during 2013, which resulted in a net gain (including impairment charges) of $58.9 million in 2013. Income (loss) from discontinued operations was $1.4 million and $(0.6) million for 2014 and 2013, respectively. See Footnote 3 of the Notes to Consolidated Financial Statements for further information.

Business Segment Operating Results:

2015 vs. 2014 Business Segment Operating Results

Net sales by segment were as follows for the years ended December 31, (in millions, except percentages):

	2015	2014	% Change
Writing	$1,763.5	$1,708.9	3.2 %
Home Solutions	1,704.2	1,575.4	8.2
Tools	790.0	852.2	(7.3)
Commercial Products	809.7	837.1	(3.3)
Baby & Parenting	848.3	753.4	12.6
Total net sales	$5,915.7	$5,727.0	3.3 %

The following table sets forth an analysis of changes in net sales in each segment for 2015 as compared to 2014:

	Writing	Home Solutions	Tools	Commercial Products	Baby & Parenting
Core sales	10.9 %	0.8 %	2.2 %	4.8 %	6.4 %
Acquisitions	2.2	9.9	—	—	10.5
Planned and completed divestitures	—	(1.1)	—	(5.1)	—
Foreign currency	(9.9)	(1.4)	(9.5)	(3.0)	(4.3)
Total change in net sales	3.2 %	8.2 %	(7.3)%	(3.3)%	12.6 %

Operating income (loss) by segment was as follows for the years ended December 31, (in millions, except percentages):

	2015	2014	% Change
Writing(1)	$430.8	$416.6	3.4 %
Home Solutions(2)	238.4	196.0	21.6
Tools(3)	85.1	94.6	(10.0)
Commercial Products(4)	100.8	101.3	(0.5)
Baby & Parenting(5)	55.2	40.6	36.0
Restructuring costs	(77.2)	(52.8)	(46.2)
Corporate(6)	(231.7)	(191.6	