TWEETER HOME ENTERTAINMENT GROUP INC
Form SC 13G/A
February 06, 2002

OMB APPROVAL	
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 13G

UNDER THE SECURITIES EXCHANGE ACT OF 1934

(AMENDMENT NO. 1)*

Tweeter Home Entertainment Group, Inc.
(Name of Issuer)

Common Stock, $.01 par value per share
(Title of Class of Securities)

901167106
(CUSIP Number)

December 31, 2001
(Date of Event Which Requires Filing of this Statement)

Check the appropriate box to designate the rule pursuant to which this Schedule is filed:

[X] Rule 13d-1(b)
[ ] Rule 13d-1(c)
[ ] Rule 13d-1(d)

*The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

SCHEDULE 13G

CUSIP No. 901167106

1.	Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only). A I M Management Group Inc., on behalf of itself and its wholly-owned subsidiaries, A I A I M Capital Management, Inc. I.D. No. 74-1881407	
2.	Check the Appropriate Box if a Member of a Group (See Instructions) (a) (b)	
3.	SEC Use Only	
4.	Citizenship or Place of Organization	Delaware

Number of Shares Beneficially Owned by Each Reporting Person With			
	5.	Sole Voting Power	162,700
	6.	Shared Voting Power	---------------
	7.	Sole Dispositive Power	162,700
	8.	Shared Dispositive Power	---------------

9.	Aggregate Amount Beneficially Owned by Each Reporting Person	1
10.	Check if the Aggregate Amount in Row (9) Excludes Certain Shares (See Instructions)	--
11.	Percent of Class Represented by Amount in Row (9)	0.7%
12.	Type of Reporting Person (See Instructions)	HC

SCHEDULE 13G

Item 1(a) NAME OF ISSUER:

Tweeter Home Entertainment Group, Inc.

Item 1(b) ADDRESS OF ISSUER'S PRINCIPAL EXECUTIVE OFFICES:

10 Pequot Way
Canton, MA 02021

Item 2(a) NAME OF PERSON FILING:

A I M Management Group Inc.

Item 2(b) ADDRESS OF PRINCIPAL BUSINESS OFFICE:

11 Greenway Plaza, Suite 100
Houston, Texas 77046

Item 2(c) CITIZENSHIP:

State of Delaware

Item 2(d) TITLE OF CLASS OF SECURITIES:

Common Stock, $.01 par value per share

Item 2(e) CUSIP NUMBER:

901167106

Item 3 TYPE OF REPORTING PERSON:

Parent Holding Company, in accordance with
section 240.13d-1(b)(1)(ii)(G)

Item 4(a) AMOUNT BENEFICIALLY OWNED AS OF DECEMBER 31, 2001:

162,700

Item 4(b) PERCENT OF CLASS:

0.7%

Item 4(c) NUMBER OF SHARES AS TO WHICH THE PERSON HAS:

(i)	Sole power to vote or to direct the vote:	162,700
(ii)	Shared power to vote or to direct the vote:	N/A
(iii)	Sole power to dispose or to direct the disposition of:	162,700
(iv)	Shared power to dispose or to direct the disposition of:	N/A

Item 5 OWNERSHIP OF FIVE PERCENT OR LESS OF A CLASS:

This statement is being filed to report the fact that as of
December 31, 2001, the reporting person has ceased to be the
beneficial owner of more than five percent of the class of

securities.

Item 6 OWNERSHIP OF MORE THAN FIVE PERCENT ON BEHALF OF ANOTHER PERSON:

N/A

Item 7 IDENTIFICATION AND CLASSIFICATION OF THE SUBSIDIARY WHICH ACQUIRED THE SECURITY BEING REPORTED ON BY THE PARENT HOLDING COMPANY:

A I M Advisors, Inc. and A I M Capital Management, Inc., Investment Advisers registered under Section 203 of the Investment Advisers Act

Item 8 IDENTIFICATION AND CLASSIFICATION OF MEMBERS OF THE GROUP:

N/A

Item 9 NOTICE OF DISSOLUTION OF A GROUP:

N/A

Item 10 CERTIFICATION:

By signing below I certify that, to the best of my knowledge and belief, the securities referred to above were acquired and are held in the ordinary course of business and were not acquired and are not held for the purpose of or with the effect of changing or influencing the control of the issuer of the securities and were not acquired and are not held in connection with or as a participant in any transaction having that purpose or effect.

SIGNATURE:

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

February 6, 2002

Date

/s/ CAROL F. RELIHAN

Signature

Carol F. Relihan
Senior Vice President, Secretary and General Counsel
A I M Management Group Inc.

Name/Title

** Please call Jesse Frazier at (713) 214-4780 with questions regarding this filing.

ion with entering into the 2016 Term Loan Facility, the 2013 Interest Swap was carried over to apply to a notional amount of $400 million in respect of indebtedness under such loan for the remaining balance of the term of such swap. The Company initially designated the 2013 Interest Rate Swap as a cash flow hedge of the variability of the forecasted three-month LIBOR interest rate payments initially related to the $400 million notional amount under the Old Acquisition Term Loan over the three-year term of the 2013 Interest Rate Swap (and subsequently to the $400 million notional amount under the 2016 Term Loan Facility for the remaining balance of the term of such swap). Commencing in May 2015, Products Corporation receives from the counterparty a floating interest rate based on the higher of three-month U.S. Dollar LIBOR or the floor percentage in effect, while paying a fixed interest rate payment to the counterparty equal to 2.0709% (which, with respect to the 2016 Term Loan Facility, effectively fixes the interest rate on such notional amount at 5.5709% over the remaining balance of the three-year term of the 2013 Interest Rate Swap). At December 31, 2016 the fair value of the 2013 Interest Rate

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Swap was a liability of $4.7 million and the accumulated loss recorded in accumulated other comprehensive loss was $3.0 million net of tax.

As a result of completely refinancing the Old Acquisition Term Loan with a portion of the proceeds from Product's Corporation's consummation of the 2016 Senior Credit Facilities and the 6.25% Senior Notes Offering in connection with consummating the Elizabeth Arden Acquisition, the critical terms of the 2013 Interest Rate Swap no longer match the terms of the underlying debt under the 2016 Term Loan Facility. At the refinancing date, which was the same as the September 7, 2016 Elizabeth Arden Acquisition Date (the "De-designation Date"), the 2013 Interest Rate Swap was determined to no longer be highly effective and the Company discontinued hedge accounting for the 2013 Interest Rate Swap. Following the de-designation of the 2013 Interest Rate Swap, changes in fair value are accounted for as a component of other non-operating expenses. Accumulated deferred losses of $6.3 million, or $3.9 million net of tax, at the De-designation Date that were previously recorded as a component of accumulated other comprehensive loss will be amortized into earnings over the remaining term of the 2013 Interest Rate Swap through its maturity. At December 31, 2016, $4.9 million, or $3.0 million net of tax, remains as a component of accumulated other comprehensive loss related to the 2013 Interest Rate Swap. See "Quantitative Information – Derivative Financial Instruments" below).

The Company expects that $2.3 million of the net of tax deferred net losses related to the 2013 Interest Rate Swap will be amortized into earnings over the next 12 months.

Credit Risk

Exposure to credit risk in the event of nonperformance by any of the counterparties is limited to the gross fair value of the derivative instruments in asset positions, which totaled $2.3 million and $2.0 million as of December 31, 2016 and December 31, 2015, respectively. The Company attempts to minimize exposure to credit risk by generally entering into derivative contracts with counterparties that have investment-grade credit ratings and are major financial institutions. The Company also periodically monitors any changes in the credit ratings of its counterparties. Given the current credit standing of the Company's counterparties to its derivative instruments, the Company believes that the risk of loss under these derivative instruments arising from any non-performance by any of the counterparties is remote.

Quantitative Information – Derivative Financial Instruments

The effects of the Company’s derivative instruments on its Consolidated Financial Statements were as follows:

(a) Fair Values of Derivative Financial Instruments in the Consolidated Balance Sheets:

	Fair Values of Derivative Instruments					
	Assets			Liabilities		
	Balance Sheet Classification	December 31, 2016 Fair Value	December 31, 2015 Fair Value	Balance Sheet Classification	December 31, 2016 Fair Value	December 31, 2015 Fair Value
Derivatives designated as hedging instruments:						
2013 Interest Rate Swap(i)	Prepaid expenses and other	$ —	$ —	Accrued expenses and other	$ —	$ 4.0
	Other assets	—	—	Other long-term liabilities	—	2.5
Derivatives not designated as hedging instruments:						
FX Contracts(ii)	Prepaid expenses and other	$ 2.3	$ 2.0	Accrued Expenses	$ 1.1	$ 0.6
2013 Interest Rate Swap(i)	Prepaid expenses and other	$ —	$ —	Accrued expenses and other	$ 3.7	$ —
	Other assets	$ —	$ —	Other long-term liabilities	$ 1.0	$ —

(i) The fair values of the 2013 Interest Rate Swap at December 31, 2016 and December 31, 2015 were measured based on the implied forward rates from the U.S. Dollar three-month LIBOR yield curve at December 31, 2016 and December 31, 2015, respectively.

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(ii) The fair values of the FX Contracts at December 31, 2016 and December 31, 2015 were measured based on observable market transactions of spot and forward rates at December 31, 2016 and December 31, 2015, respectively.

(b) Effects of Derivative Financial Instruments on the Consolidated Statements of Operations and Comprehensive (Loss)Income for each of 2016, 2015 and 2014:

	Amount of Gain (Loss) Recognized in Other Comprehensive (Loss) Income Year Ended December 31,		
	2016	2015	2014
Derivatives designated as hedging instruments:			
2013 Interest Rate Swap, net of tax (a)	$0.8	$(1.6)	$(3.7)

(a) Net of tax expense (benefit) of $0.5 million, $(1.0) million and $(2.3) million for 2016, 2015 and 2014, respectively.

	Statement of Operations Classification	Amount of Gain (Loss) Recognized in Net (Loss) Income Year Ended December 31,		
		2016	2015	2014
Derivatives designated as hedging instruments:				
2013 Interest Rate Swap	Interest Expense	$(4.3)	$(2.6)	$—
Derivatives not designated as hedging instruments:				
FX Contracts	Foreign currency gain, net	$2.1	$3.8	$0.5
2013 Interest	Miscellaneous, net	0.7	—	

Rate
Swap

14. PENSION AND POST-RETIREMENT BENEFITS

Savings Plan:

The Company offers a qualified defined contribution plan for its U.S.-based employees, the Revlon Employees' Savings, Investment and Profit Sharing Plan (as amended, the "Savings Plan"), which allows eligible participants to contribute up to 25%, and highly compensated participants to contribute up to 6%, of eligible compensation through payroll deductions, subject to certain annual dollar limitations imposed by the Internal Revenue Service (the "IRS"). The Company matches employee contributions at fifty cents for each dollar contributed up to the first 6% of eligible compensation. The Company made cash matching contributions to the Savings Plan of $2.6 million, $2.5 million and $2.4 million during each of 2016, 2015 and 2014, respectively. The Company also offers a non-qualified defined contribution plan (the “Excess Savings Plan”) providing benefits for certain U.S. employees who are in excess of IRS limitations. These non-qualified defined contribution benefits are funded from the Company's general assets.

The Company’s qualified and non-qualified defined contribution savings plans for its U.S.-based employees contain a discretionary profit sharing component that enables the Company, should it elect to do so, to make discretionary profit sharing contributions. For 2016, the Company made discretionary profit sharing contributions to the Savings Plan and Excess Savings Plan of $5.0 million (of which $3.9 million was paid in 2016 and $1.1 million was paid in January 2017), or 3% of eligible compensation, which was credited on a quarterly basis. For 2015, the Company made discretionary profit sharing contributions to the Savings Plan and Excess Savings Plan of $4.8 million (of which $3.7 million was paid in 2015 and $1.1 million was paid in January 2016), or 3% of eligible compensation, which was credited on a quarterly basis. For 2014, the Company made discretionary profit sharing contributions to the Savings Plan and Excess Savings Plan of $4.0 million (of which $3.1 million was paid in 2014 and $0.9 million was paid in January 2015), or 3% of eligible compensation, which was credited on a quarterly basis.

Pension Benefits:

In 2009, Products Corporation’s U.S. qualified defined benefit pension plan (the Revlon Employees’ Retirement Plan, which covered a substantial portion of the Company's employees in the U.S.) and its non-qualified pension plan (the Revlon Pension Equalization Plan) were amended to cease future benefit accruals under such plans after December 31, 2009. No additional benefits have accrued since December 31, 2009, other than interest credits on participant account balances under the cash balance program of the Company’s U.S. pension plans. Also, service credits for vesting and early retirement eligibility will continue to accrue in accordance with the terms of the respective plans. In 2010, the Company amended its Canadian defined benefit pension plan (the Affiliated Revlon Companies Employment Plan) to reduce future benefit accruals under such plan after December 31, 2010.

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Additionally, while the Company closed its U.K. defined pension plan to new entrants in 2002, then-existing participants continue to accrue pension benefits.

Effective December 31, 2012, Products Corporation merged two of its U.S. qualified defined benefit pension plans; therefore, as of December 31, 2012, Products Corporation sponsors two U.S. qualified defined benefit pension plans. The Company also has non-qualified pension plans that provide benefits for certain U.S. and non-U.S. employees, and for U.S. employees in excess of IRS limitations in the U.S. and in certain limited cases contractual benefits for certain former officers of the Company. These non-qualified plans are funded from the Company's general assets.

In the fourth quarter of 2015, the Company offered certain former employees who had vested benefits in the Revlon Employees' Retirement Plan the option of receiving the present value of the participant's pension benefit in a one-time cash lump sum payment, an annuity form of benefit or the ability to maintain their deferred vested status in the pension plan. Based upon the participants' acceptance of that offer, $53.4 million was paid from the plan's assets in December 2015, with a corresponding decrease in the plan's benefit obligation. As a result of such program, the Company recorded a $20.7 million charge as a result of the pension lump sum settlement in the fourth quarter of 2015. This charge was included in cost of sales and SG&A expenses.

Other Post-retirement Benefits:

The Company previously sponsored an unfunded retiree benefit plan, which provides death benefits payable to beneficiaries of a very limited number of former employees. Participation in this plan was limited to participants enrolled as of December 31, 1993. The Company also administers an unfunded medical insurance plan on behalf of Revlon Holdings, certain costs of which have been apportioned to Revlon Holdings under the transfer agreements among Revlon, Products Corporation and MacAndrews & Forbes. (See Note 22, "Related Party Transactions - Transfer Agreements").

The following table provides an aggregate reconciliation of the projected benefit obligations, plan assets, funded status and amounts recognized in the Company's Consolidated Financial Statements related to the Company's significant pension and other post-retirement benefit plans:

	Pension Plans		Other Post-Retirement Benefit Plans	
	December 31,			
	2016	2015	2016	2015
Change in Benefit Obligation:				
Benefit obligation - beginning of year	$(649.4)	$(761.7)	$(13.0)	$(12.9)
Service cost	(0.5)	(0.7)	—	—
Interest cost	(20.7)	(28.6)	(0.4)	(0.5)
Actuarial (loss) gain	(21.6)	44.4	(1.0)	(0.4)
Lump sum settlement	—	53.4	—	—
Other pension settlements	—	0.8	—	—
Benefits paid	42.8	38.3	1.0	0.8
Foreign currency translation adjustments	8.9	4.7	—	—
Other	—	—	—	—
Benefit obligation - end of year	$(640.5)	$(649.4)	$(13.4)	$(13.0)
Change in Plan Assets:				
Fair value of plan assets - beginning of year	$473.9	$567.7	$—	$—
Actual return on plan assets	35.8	(13.9)	—	—
Employer contributions	7.3	17.3	1.0	0.8
Lump sum settlement	—	(53.4)	—	—
Other pension settlements	—	(0.8)	—	—
Benefits paid	(42.8)	(38.3)	(1.0)	(0.8)

Foreign currency translation adjustments	(10.2)	(4.7)	—	—
Fair value of plan assets - end of year	$464.0	$473.9	$—	$—
Unfunded status of plans at December 31,	$(176.5)	$(175.5)	$(13.4)	$(13.0)

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In respect of the Company's pension plans and other post-retirement benefit plans, amounts recognized in the Company's Consolidated Balance Sheets at December 31, 2016 and 2015 consist of the following:

	Pension Plans		Other Post-Retirement Benefit Plans	
	December 31,			
	2016	2015	2016	2015
Other long-term assets	$—	$3.6	$—	$—
Accrued expenses and other	(6.1)	(6.0)	(0.8)	(0.8)
Pension and other post-retirement benefit liabilities	(170.4)	(173.1)	(12.6)	(12.2)
Total liability	$(176.5)	$(175.5)	$(13.4)	$(13.0)
Accumulated other comprehensive loss, gross	$266.6	$258.0	$3.6	$2.8
Income tax (benefit) expense	(44.3)	(41.9)	(0.4)	(0.1)
Portion allocated to Revlon Holdings	(0.9)	(0.9)	(0.2)	(0.2)
Accumulated other comprehensive loss, net	$221.4	$215.2	$3.0	$2.5

With respect to the above accrued expenses and other, the Company has recorded receivables from affiliates of $2.7 million and $3.0 million at December 31, 2016 and 2015, respectively, relating to pension plan liabilities retained by such affiliates.

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for the Company's pension plans are as follows:

	December 31,	
	2016	2015
Projected benefit obligation	$640.5	$649.4
Accumulated benefit obligation	$640.2	$649.0
Fair value of plan assets	$464.0	$473.9

Net Periodic Benefit Cost:

The components of net periodic benefit (income) costs for the Company's pension and the other post-retirement benefit plans are as follows:

	Pension Plans			Other Post-Retirement Benefit Plans		
	Year Ended December 31,					
	2016	2015	2014	2016	2015	2014
Net periodic benefit (income) costs:						
Service cost	$0.5	$0.7	$0.8	$—	$—	$—
Interest cost	20.7	28.6	30.1	0.4	0.5	0.5
Expected return on plan assets	(31.0)	(40.3)	(41.3)	—	—	—
Amortization of actuarial loss	8.8	8.4	4.5	0.2	0.1	0.1
Lump sum settlement charge	—	20.7	—	—	—	—
Other pension settlements charge	—	0.3	—	—	—	—
	$(1.0)	$18.4	$(5.9)	$0.6	$0.6	$0.6
Portion allocated to Revlon Holdings	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	—
	$(1.1)	$18.3	$(6.0)	$0.5	$0.5	$0.6

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For 2016, the Company recognized net periodic benefit income of $0.6 million, compared to net periodic benefit cost of $18.8 million in 2015, primarily due to the pension lump sum settlement charge recorded in the fourth quarter of 2015 which was not repeated in 2016, as well as the Company's adoption of the alternative approach to calculating the service and interest components of net periodic benefit cost for pension and other post-retirement benefits (the "full yield curve" approach) which was adopted by the Company at December 31, 2015.

For 2015, the Company recognized net periodic benefit cost of $18.8 million, compared to net periodic benefit income of $5.4 million in 2014, primarily due to the pension lump sum settlement charge recorded in the fourth quarter of 2015 and higher amortization of actuarial losses.

Net periodic benefit costs (income) are reflected in the Company's Consolidated Financial Statements as follows:

	Year Ended December 31,	
	2016	2015
Net periodic benefit (income) costs:		
Cost of sales	$(2.5)	$6.1
Selling, general and administrative expense	1.9	12.7
	$(0.6)	$18.8

Amounts recognized in accumulated other comprehensive loss at December 31, 2016 in respect of the Company's pension plans and other post-retirement plans, which have not yet been recognized as a component of net periodic benefit cost, are as follows:

	Pension Benefits	Post-Retirement Benefits	Total
Net actuarial loss	$266.6	$ 3.6	$270.2
Prior service cost	—	—	—
Accumulated Other Comprehensive Loss, Gross	266.6	3.6	270.2
Income tax benefit	(44.3)	(0.4)	(44.7)
Portion allocated to Revlon Holdings	(0.9)	(0.2)	(1.1)
Accumulated Other Comprehensive Loss, Net	$221.4	$ 3.0	$224.4

The total actuarial losses and prior service costs in respect of the Company's pension plans and other post-retirement plans included in accumulated other comprehensive loss at December 31, 2016 and expected to be recognized in net periodic benefit cost during the fiscal year ended December 31, 2017, is $9.0 million and $0.3 million, respectively.

Pension Plan Assumptions:

The following weighted average assumptions were used to determine the Company's projected benefit obligation of the Company's U.S. and International pension plans at the end of the respective years:

	U.S. Plans		International Plans	
	2016	2015	2016	2015
Discount rate	3.92%	4.15%	2.66%	3.68%
Rate of future compensation increases	3.50%	3.50%	2.20%	2.22%

The following weighted average assumptions were used to determine the Company's net periodic benefit (income) cost of the Company's U.S. and International pension plans during the respective years:

	U.S. Plans			International Plans		
	2016	2015	2014	2016	2015	2014
Discount rate	4.15%	3.89%	4.68%	3.68%	3.74%	4.48%
Expected long-term return on plan assets	7.00%	7.50%	7.75%	6.00%	6.00%	6.00%
Rate of future compensation increases	3.50%	3.00%	3.00%	2.22%	2.33%	3.40%

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Effective December 31, 2015, the Company adopted the “full yield curve” method as an alternative approach to calculating the service and interest components of net periodic benefit cost for the Company's pension and other post-retirement benefits. Under the "full yield curve" method, the discount rate assumption was built through the application of specific spot rates along the yield curve used in the determination of the benefit obligation to the relevant projected cash flows for each of the Company's pension and other post-retirement plans. Prior to December 31, 2015, the Company estimated the service and interest cost components utilizing a single weighted average discount rate derived from the yield curve used to measure the projected benefit obligation at the beginning of the period. The change does not affect the measurement of the Company's total projected benefit obligations, as the change in service and interest costs is exactly offset in the actuarial loss (gain) recognized for each year. The Company made this change to provide a more precise measurement of service and interest costs by improving the correlation between projected benefit cash flows to the corresponding spot yield curve rates. The change to the "full yield curve" method was accounted for as a change in accounting estimate that is inseparable from a change in accounting principle, and accordingly, was accounted for prospectively.

In selecting its expected long-term rate of return on its pension plan assets, the Company considers a number of factors, including, without limitation, recent and historical performance of pension plan assets, the pension plan portfolios' asset allocations over a variety of time periods compared with third-party studies, the performance of the capital markets in recent years and other factors, as well as advice from various third parties, such as the pension plans' advisors, investment managers and actuaries. While the Company considered both the recent performance and the historical performance of pension plan assets, the Company’s assumptions are based primarily on its estimates of long-term, prospective rates of return. Using the aforementioned methodologies, the Company selected a 7.00% and 6.00% weighted average long-term rate of return on plan assets assumption during 2016 for the U.S. and International pension plans, respectively. Differences between actual and expected asset returns are recognized in the net periodic benefit cost over the remaining service period of the active participating employees.

The rate of future compensation increases is an assumption used by the actuarial consultants for pension accounting and is determined based on the Company’s current expectation for such increases.

Investment Policy:

The Investment Committee for the Company's U.S. pension plans (the “Investment Committee”) has adopted (and revises from time to time) an investment policy for the Company's U.S. pension plans with the objective of realizing a long-term rate of return on pension plan assets that meets or exceeds, over time, the expected long-term rate of return on plan assets assumption, weighed against a reasonable risk level. In connection with this objective, the Investment Committee retains a professional investment advisor who recommends investment managers that invest plan assets in the following asset classes: common and preferred stock, mutual funds, fixed income securities, common and collective funds, hedge funds, group annuity contracts and cash and other investments. The Company’s international plans follow a similar methodology in conjunction with local actuarial consultants and asset managers.

The investment policy adopted by the Investment Committee provides for investments in a broad range of publicly-traded securities, among other things. The investments are in domestic and international stocks, ranging from small to large capitalization stocks, debt securities ranging from domestic and international treasury issues, corporate debt securities, mortgages and asset-backed issues. Other investments may include cash and cash equivalents and hedge funds. The investment policy also allows for investments in private equity funds that are not covered in investments described above, provided that the Investment Committee approves any such investments prior to their selection. Also, global balanced strategies are utilized to provide for investments in a broad range of publicly-traded stocks and bonds in both domestic and international markets, as described above. In addition, the global balanced strategies can include commodities, provided that the Investment Committee approves any such investments prior to their selection.

The Investment Committee’s investment policy does not allow the use of derivatives for speculative purposes, but such policy does allow its investment managers to use derivatives for the purpose of reducing risk exposures or to replicate exposures of a particular asset class.

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The Company’s U.S. and international pension plans have target asset allocation ranges which are intended to be flexible guidelines for allocating the plans’ assets among various classes of assets. These target ranges are reviewed periodically and considered for readjustment when an asset class weighting is outside of its target range (recognizing that these are flexible target ranges that may vary from time to time) with the objective of meeting or exceeding the expected long-term rate of return on plan assets assumption, weighed against a reasonable risk level. The target ranges per asset class are as follows:

	Target Ranges	
	U.S. Plans	International Plans
Asset Class:		
Common and preferred stock	0% - 10%	—
Mutual funds	20% - 30%	—
Fixed income securities	10% - 30%	—
Common and collective funds	25% - 55%	100%
Hedge funds	0% - 15%	—
Group annuity contract	0% - 5%	—
Cash and other investments	0% - 10%	—

Fair Value of Pension Plan Assets:
The following table presents information on the fair value of the Company's U.S. and international pension plan assets at December 31, 2016 and 2015:

	U.S. Plans		International Plans	
	2016	2015	2016	2015
Fair value of plan assets	$400.5	$407.2	$63.5	$66.7

The Company determines the fair values of the Company’s U.S. and international pension plan assets as follows:

- Common and preferred stock: The fair values of investments included in the common and preferred stock asset class generally reflect the closing price reported on the major market where the individual securities are traded. The Company classifies common and preferred stock investments within Level 1 of the fair value hierarchy.

- Mutual funds: The fair values of investments included in the mutual funds asset class are determined using net asset value (“NAV”) provided by the applicable fund administrators. The NAV is based on the closing price reported on the major market where the individual securities within the mutual fund are traded. The Company classifies mutual fund investments within Level 1 of the fair value hierarchy.

- Fixed income securities: The fair values of investments included in the fixed income securities asset class are based on a compilation of primarily observable market information and/or broker quotes. The Company classifies fixed income securities investments primarily within Level 2 of the fair value hierarchy.

- Common and collective funds: The fair values of investments included in the common and collective funds asset class are determined using NAV provided by the applicable fund administrators. The NAV is based on the value of the underlying assets owned by the common and collective fund, minus its liabilities, and then divided by the number of shares outstanding. The Company classifies common and collective fund investments within Level 2 of the fair value hierarchy.

- Hedge funds: The hedge fund asset class includes investments in hedge funds that, in turn, primarily invest in a grouping of equities, fixed income instruments, currencies, derivatives and/or commodities. The fair values of investments included in the hedge funds class are determined using NAV provided by the applicable fund administrators. The NAV is based on securities listed or quoted on a national securities exchange or market, or traded in the over-the-counter market, and is valued at the closing quotation posted by that exchange or trading system.

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Securities not listed or quoted on a national securities exchange or market are valued primarily through observable market information or broker quotes. The hedge fund investments generally can be sold on a quarterly or monthly basis and may employ leverage. The Company classifies hedge fund investments within Level 2 of the fair value hierarchy.

- Group annuity contract: The group annuity contract asset class primarily invests in equities, corporate bonds and government bonds. The fair values of securities listed or quoted on a national securities exchange or market, or traded in the over-the-counter market, are valued at the closing quotation posted by that exchange or trading system. Securities not listed or quoted on a national securities exchange or market are valued primarily through observable market information or broker quotes. The Company classifies group annuity contract investments within Level 2 of the fair value hierarchy.

- Cash and cash equivalents: Cash and cash equivalents are measured at cost, which approximates fair value. The Company classifies cash and cash equivalents within Level 1 of the fair value hierarchy.

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The fair values of the Company's U.S. and International pension plan assets at December 31, 2016 by asset category were as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common and Preferred Stock:				
U.S. small/mid cap equity	$15.5	$15.5	$ —	$ —
Mutual Funds[(a)]:				
Corporate bonds	14.3	14.3	—	—
Government bonds	11.9	11.9	—	—
U.S. large cap equity	0.1	0.1	—	—
International equities	3.9	3.9	—	—
Emerging markets international equity	6.3	6.3	—	—
Other	3.0	3.0	—	—
Fixed Income Securities:				
Corporate bonds	41.0	—	41.0	—
Government bonds	13.9	—	13.9	—
Common and Collective Funds[(a)]:				
Corporate bonds	56.0	54.3	1.7	—
Government bonds	68.4	57.0	11.4	—
U.S. large cap equity	68.8	67.5	1.3	—
U.S. small/mid cap equity	20.0	20.0	—	—
International equities	67.0	34.9	32.1	—
Emerging markets international equity	15.3	9.4	5.9	—
Cash and cash equivalents	(7.9)	(7.9)	—	—
Other	5.5	2.4	3.1	—
Hedge Funds[(a)]:				
Corporate bonds	4.5	—	4.5	—
Government bonds	6.5	—	6.5	—
U.S. large cap equity	2.1	—	2.1	—
Cash and cash equivalents	2.4	—	2.4	—
Other	31.9	—	31.9	—
Group Annuity Contract	3.0	—	3.0	—
Cash and cash equivalents	10.6	10.6	—	—
Fair value of plan assets at December 31, 2016	$464.0	$303.2	$ 160.8	$ —

(a) The investments in mutual funds, common and collective funds and hedge funds are disclosed above within the respective underlying investments' class (i.e., various equities, corporate bonds, government bonds and other investment classes), while the fair value hierarchy levels of the investments are based on the Company's direct ownership unit of account.

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The fair values of the Company's U.S. and International pension plan assets at December 31, 2015 by asset category were as follows:

	Total	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common and Preferred Stock:				
U.S. small/mid cap equity	$14.6	$ 14.6	$ —	$ —
Mutual Funds[(a)]:				
Corporate bonds	14.9	14.9	—	—
Government bonds	12.9	12.9	—	—
U.S. large cap equity	0.7	0.7	—	—
International equities	3.0	3.0	—	—
Emerging markets international equity	5.1	5.1	—	—
Other	2.0	2.0	—	—
Fixed Income Securities:				
Corporate bonds	41.7	—	41.7	—
Government bonds	6.9	—	6.9	—
Common and Collective Funds[(a)(b)]:				
Corporate bonds	61.5	59.9	1.6	—
Government bonds	56.8	43.4	13.4	—
U.S. large cap equity	71.9	70.4	1.5	—
U.S. small/mid cap equity	15.5	15.5	—	—
International equities	77.8	36.8	41.0	—
Emerging markets international equity	14.5	8.0	6.5	—
Cash and cash equivalents	(0.8)	(0.8)	—	—
Other	5.5	2.5	3.0	—
Hedge Funds[(a)]:				
Corporate bonds	3.8	—	3.8	—
Government bonds	8.6	—	8.6	—
U.S. large cap equity	3.8	—	3.8	—
Cash and cash equivalents	4.6	—	4.6	—
Other	32.1	—	32.1	—
Group Annuity Contract	2.8	—	2.8	—
Cash and cash equivalents	13.7	13.7	—	—
Fair value of plan assets at December 31, 2015	$473.9	$ 302.6	$ 171.3	—

(a) The investments in mutual funds, common and collective funds and hedge funds are disclosed above within the respective underlying investments' class (i.e., various equities, corporate bonds, government bonds and other investment classes), while the fair value hierarchy levels of the investments are based on the Company's direct ownership unit of account.

(b) Commencing in 2016, the Company determined that certain of its investments in common and collective funds met certain criteria to be considered Level 1 investments within the fair value hierarchy. As such, the 2015 fair value hierarchy schedule was updated to conform to the current presentation.

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There were no transfers into Level 3 assets in the Company's U.S. and International pension plan's fair value hierarchy during 2016 or 2015.

Contributions:

The Company's intent is to fund at least the minimum contributions required to meet applicable federal employee benefit laws and local laws, or to directly pay benefit payments where appropriate. During 2016, $7.3 million and $1.0 million were contributed to the Company's pension plans and other post-retirement benefit plans, respectively. During 2017, the Company expects to contribute approximately $8 million in the aggregate to its pension and other post-retirement benefit plans.

Estimated Future Benefit Payments:

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid out of the Company's pension and other post-retirement benefit plans:

	Total Pension Benefits	Total Other Benefits
2017	$ 42.0	$ 1.1
2018	41.9	1.1
2019	41.9	1.1
2020	42.5	1.1
2021	42.7	1.1
Years 2022 to 2026	204.8	5.1

15. STOCK COMPENSATION PLAN

Revlon maintains the Fourth Amended and Restated Revlon, Inc. Stock Plan (the "Stock Plan"), which provides for awards of stock options, stock appreciation rights, restricted or unrestricted stock and restricted stock units to eligible employees and directors of Revlon and its affiliates, including Products Corporation. An aggregate of 6,565,000 shares are reserved for issuance as Awards under the Stock Plan, subject to the adjustment provisions of the Stock Plan. As of December 31, 2016, there were approximately 4.0 million shares remaining available under the Stock Plan for grant as stock options, stock appreciation rights, restricted or unrestricted stock and/or restricted stock units. In July 2014, the Stock Plan was amended to renew the Stock Plan for a 7-year renewal term expiring on April 14, 2021.

Stock options:

Non-qualified stock options granted under the Stock Plan are granted at prices that equal or exceed the fair market value of Class A Common Stock on the grant date and have a term of 7 years. Option grants generally vest over service periods that range from 1 year to 4 years.

At December 31, 2016, 2015 and 2014, there were no options exercisable under the Stock Plan.

There was no stock option activity for 2016 and 2015. A summary of stock option activity for 2014 is presented below:

	Stock Options (000's)	Weighted Average Exercise Price Per Share
Outstanding at January 1, 2014	0.8	$ 27.50
Forfeited and expired	(0.8)	27.50
Outstanding at December 31, 2014	—	—

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Restricted stock awards and restricted stock units:
The Stock Plan allows for awards of restricted stock and restricted stock units to employees and directors of Revlon and its affiliates, including Products Corporation. The restricted stock awards granted under the Stock Plan vest over service periods that generally range from 3 years to 5 years. The Company granted 32,082 and 93,458 shares of restricted stock to certain executives in February 2016 and November 2016, respectively, which vest over a 4-year and 3-year period, respectively, with the first tranche vesting in March 2016 and October 2017, respectively. The Company granted 75,551 and 145,084 shares of restricted stock to certain executives in February 2015 and December 2015, respectively, which vest over a 5-year and 4-year period, respectively, with the first tranche of such grants having vested in March 2016. In 2014, the Company granted 693,378 shares of restricted stock to certain executives that vest over a 5-year period, which vesting commenced in March 2015.
Pursuant to the Company's employment agreement with Mr. Fabian Garcia, the Company's President and Chief Executive Officer, on April 15, 2017 (the "Garcia Grant Date"), Revlon will grant to Mr. Garcia 270,489 restricted shares of Revlon Class A Common Stock (the "Garcia Restricted Stock Grant"), being the number of shares equal to $10 million divided by the $36.97 NYSE closing price of Revlon Class A Common Stock on the April 15, 2016 commencement date of his employment (the "Garcia Effective Date"). One-fifth of the Garcia Restricted Stock Grant vests on the Garcia Grant Date, with the remaining four-fifths vesting ratably on each of the first 4 anniversaries of the Garcia Grant Date, so long as Mr. Garcia remains employed with the Company on each applicable vesting date, subject to certain earlier vesting provisions. In lieu of making the Garcia Restricted Stock Grant, Revlon's Board of Directors may, at its election based on the occurrence of certain events impacting the price of Revlon's Class A Common Stock, choose to pay Mr. Garcia $3 million on each of the first 5 anniversaries of the Garcia Effective Date (the "Deferred Cash Award"), so long as Mr. Garcia remains employed with the Company on each applicable payment date, subject to certain earlier payment or vesting provisions.

Pursuant to the Company's employment agreement with Mr. Juan Figuereo, the Company's Chief Financial Officer, on April 12, 2017 (the "Figuereo Grant Date"), Revlon will grant to Mr. Juan Figuereo 102,880 restricted shares of Revlon Class A Common Stock (the "Figuereo Restricted Stock Grant"), being the number of shares equal to $3,750,000 divided by the $36.45 NYSE closing price of Revlon Class A Common Stock on the April 12, 2016 commencement date of his employment (the "Figuereo Effective Date"). One-fifth of the Figuereo Restricted Stock Grant vests on the Figuereo Grant Date, with the remaining four-fifths vesting ratably on each of the first 4 anniversaries of the Figuereo Grant Date so long as Mr. Figuereo remains employed with the Company on each applicable vesting date, subject to certain earlier vesting provisions. In lieu of making the Figuereo Restricted Stock Grant, Revlon's Board of Directors may, at its election based on the occurrence of certain events impacting the price of Revlon's Class A Common Stock, choose to pay Mr. Figuereo $1,125,000 on each of the first 5 anniversaries of the Garcia Effective Date, so long as Mr. Figuereo remains employed with the Company on each applicable payment date, subject to certain earlier payment or vesting provisions.
A summary of the restricted stock and restricted stock unit activity for each of 2016, 2015 and 2014 is presented in the following table:

	Restricted Stock (000's)	Weighted Average Grant Date Fair Value Per Share
Outstanding at January 1, 2014	120.0	$ 24.80
Granted	693.4	31.01
Vested[(a)]	(40.0)	24.80
Outstanding at December 31, 2014	773.4	30.37

Granted	220.6	29.46
Vested[(a)]	(171.7)	29.09
Forfeited	(57.5)	30.44
Outstanding at December 31, 2015	764.8	30.39
Granted	125.5	31.86
Vested[(a)]	(221.7)	29.51
Forfeited	(257.6)	31.05
Outstanding at December 31, 2016[(b)]	411.0	30.78

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(a) Of the amounts vested during 2016, 2015 and 2014, 92,092, 82,740 and 22,328 shares, respectively, were withheld by the Company to satisfy certain grantees' minimum withholding tax requirements, which withheld shares became Revlon treasury stock and are not sold on the open market. (See discussion under "Treasury Stock" in Note 18, "Stockholders' Deficiency").

(b) Excludes the Garcia Restricted Stock Grant and the Figuereo Restricted Stock Grant provided for under their respective employment agreements, as such grants would only be made in April 2017 if the circumstances triggering the alternative cash payments have not occurred.

The Company recognizes non-cash compensation expense related to restricted stock awards and restricted stock units under the Stock Plan using the straight-line method over the remaining service period. The Company recorded compensation expense related to restricted stock awards under the Stock Plan of $6.4 million, 5.1 million and $5.5 million during 2016, 2015 and 2014, respectively. The total fair value of restricted stock and restricted stock units that vested during 2016 and 2015 was $6.5 million and $5.0 million, respectively. The deferred stock-based compensation related to restricted stock awards was $21.8 million at December 31, 2016 and will be amortized ratably to compensation expense over a weighted average remaining vesting period of 3.0 years.

16. INCOME TAXES

The Company's income before income taxes and the applicable provision for income taxes are as follows:

	Year Ended December 31,		
	2016	2015	2014
Income (loss) from continuing operations before income taxes:			
United States	$4.2	$114.4	$137.1
Foreign	4.3	(3.7)	(19.7)
	$8.5	$110.7	$117.4
Provision for income taxes:			
United States federal	$7.6	$37.7	$54.6
State and local	2.3	16.9	18.1
Foreign	15.6	(3.2)	5.1
	$25.5	$51.4	$77.8
Current:			
United States federal	$9.0	$(2.7)	$2.6
State and local	2.5	4.1	3.7
Foreign	20.2	21.7	7.2
	31.7	23.1	13.5
Deferred:			
United States federal	(1.4)	40.4	52.0
State and local	(0.2)	12.8	14.4
Foreign	(4.6)	(24.9)	(2.1)
	(6.2)	28.3	64.3
Total provision for income taxes	$25.5	$51.4	$77.8

The Company classifies interest and penalties as a component of the provision for income taxes. The Company recognized in the Consolidated Statements of Operations and Comprehensive (Loss) Income an expense of $0.3 million in 2016 and a benefit of $1.0 million and $0.9 million during 2015 and 2014, respectively, in accrued interest and penalties.

The Company has not provided for U.S. federal income taxes and foreign withholding taxes on $321.9 million of foreign subsidiaries' cumulative undistributed earnings as of December 31, 2016 because such earnings are intended to be indefinitely reinvested overseas. If these foreign earnings are repatriated to the U.S., or if the Company determines that such earnings will be remitted in a future period, additional tax provisions may be required. Due to the complexities in the tax laws and the assumptions

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that would have to be made, it is not practicable to estimate the amounts of income tax provisions that may be required on account of these foreign undistributed earnings.

The actual tax on income before income taxes is reconciled to the applicable statutory federal income tax rate in the following table:

	Year Ended December 31,		
	2016	2015	2014
Computed income tax expense	$3.0	$38.8	$41.1
State and local taxes, net of U.S. federal income tax benefit	1.8	11.1	19.9
Foreign and U.S. tax effects attributable to operations outside the U.S.	3.1	13.6	5.8
Net establishment (release) of valuation allowance	2.0	(15.5)	6.4
Foreign dividends and earnings taxable in the U.S.	1.7	3.2	5.4
Impairment for which there is no tax benefit	8.9	—	—
Acquisition costs for which there is no tax benefit	0.7	—	—
Other	4.3	0.2	(0.8)
Total provision for income taxes	$25.5	$51.4	$77.8

Deferred taxes are the result of temporary differences between the bases of assets and liabilities for financial reporting and income tax purposes. Deferred tax assets and liabilities at December 31, 2016 and 2015 were comprised of the following:

	December 31,	
	2016	2015
Deferred tax assets:		
Inventories	$30.9	$7.3
Net operating loss carryforwards - U.S.	140.4	47.2
Net operating loss carryforwards - foreign	50.5	51.4
Employee benefits	91.7	96.7
Sales related reserves	23.9	25.8
Foreign currency translation adjustment	9.9	11.0
Other	89.4	52.7
Total gross deferred tax assets	436.7	292.1
Less valuation allowance	(81.4)	(47.1)
Total deferred tax assets, net of valuation allowance	355.3	245.0
Deferred tax liabilities:		
Plant, equipment and other assets	(26.0)	(29.9)
Intangibles	(132.4)	(82.4)
Other	(57.6)	(63.2)
Total gross deferred tax liabilities	(216.0)	(175.5)
Net deferred tax assets	$139.3	$69.5

In assessing the recoverability of its deferred tax assets, management regularly considers whether for some portion or all of the deferred tax assets it is more likely than not that a benefit will not be realized for these assets. The ultimate realization of deferred tax assets is generally dependent upon the generation of future taxable income during the periods in which those temporary differences may become deductible. In assessing the need for a valuation allowance, management evaluates the available pertinent positive and negative evidence, such as the Company's history of earnings, the scheduled reversal of deferred tax assets and liabilities, projected earnings, and income and available tax planning strategies.

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A valuation allowance has been provided for those deferred tax assets for which, in the opinion of the Company's management, it is more likely than not that a benefit will not be realized. At December 31, 2016, the deferred tax valuation allowance primarily represented amounts for foreign jurisdictions where, as of the end of 2016, the Company had a three-year cumulative loss, and for certain U.S. jurisdictions where the Company had tax loss carryforwards and other tax attributes which may expire prior to being utilized. The deferred tax valuation allowance increased by $34.3 million and decreased by $10.0 million during 2016 and 2015, respectively. The increase in the deferred tax valuation allowance during 2016 was primarily associated with deferred taxes added as a result of the Elizabeth Arden Acquisition, the majority of which were established through purchase accounting. The decrease in the deferred tax valuation allowance during 2015 was primarily due to an $18.4 million reduction of the Company's valuation allowance against certain deferred tax assets in the U.K., partially offset by additional valuation allowances on current period net operating losses incurred in certain jurisdictions. The UK valuation allowance reduction in 2015 was a result of the Company determining that it was more likely than not that a benefit would be received for U.K. deferred tax assets. This conclusion was reached after consideration of the available positive and negative evidence, with the most significant positive evidence being the recent history of earnings, improved earnings trends, expected taxable income in future periods, and no history of losses expiring unused. There was no significant negative evidence.

As of December 31, 2016, the Company has tax loss carryforwards of approximately $512.7 million, of which $215.6 million are foreign and $297.1 million are domestic (federal). The losses expire in future years as follows: 2017- $0.2 million; 2018- $4.8 million; 2019- $16.6 million; 2020 and beyond- $323.4 million; and unlimited- $167.7 million. The Company could receive the benefit of such tax loss carryforwards only to the extent it has taxable income during the carryforward periods in the applicable tax jurisdictions. As of December 31, 2016, there were no consolidated federal net operating losses available from the MacAndrews & Forbes Group (as hereinafter defined) from periods prior to the March 25, 2004 deconsolidation (as described below). The Company has acquired entities which had carryforward balances for tax losses, tax credits and other tax attributes at the time of the acquisition. U.S. Federal and certain state and foreign jurisdictions impose limitations on the amount of these tax losses, tax credits and other carryforward balances that may be utilized after an acquisition. The Company has evaluated the impact of these limitations, and has established a valuation allowance to reduce the deferred tax assets to the amount that the Company expects will be realized.

The Company remains subject to examination of its income tax returns in various jurisdictions, including, without limitation: Australia, Canada, South Africa, Spain and the U.S. (federal) for tax years ended December 31, 2012 and forward; and the U.K. for tax years ended December 31, 2013 and forward.

Elizabeth Arden remains subject to examination of its income tax returns in various jurisdictions, including, without limitation: the U.S. (federal) for the tax years ended June 30, 2010 and forward; and Switzerland for tax years ended June 30, 2014 and forward.

At December 31, 2016 and 2015, the Company had unrecognized tax benefits of $93.3 million and $65.0 million, respectively, including $10.6 million and $10.3 million, respectively, of accrued interest and penalties. Of the $93.3 million unrecognized tax benefits, $57.0 million would affect the Company's effective tax rate, if recognized, and the remaining $36.3 million would affect the Company's deferred tax accounts. A reconciliation of the beginning and ending amount of the unrecognized tax benefits is provided in the following table:

Balance at January 1, 2015	$62.0
Increase based on tax positions taken in a prior year	5.6
Decrease based on tax positions taken in a prior year	(5.8)
Increase based on tax positions taken in the current year	8.5
Decrease resulting from the lapse of statutes of limitations	(5.3)
Balance at December 31, 2015	65.0

Increase based on tax positions taken in a prior year	25.9
Decrease based on tax positions taken in a prior year	(1.3)
Increase based on tax positions taken in the current year	9.3
Decrease resulting from the lapse of statutes of limitations	(5.6)
Balance at December 31, 2016	$93.3

In addition, the Company believes that it is reasonably possible that its unrecognized tax benefits during 2017 will decrease by approximately $9.6 million due to the resolution of audits and the expiration of statutes of limitation.

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As a result of the closing of the 2004 Revlon Exchange Transactions (as hereinafter defined in Note 22, "Related Party Transactions - Tax Sharing Agreements"), as of March 25, 2004, Revlon, Products Corporation and their U.S. subsidiaries were no longer included in the affiliated group of which MacAndrews & Forbes was the common parent (the "MacAndrews & Forbes Group") for federal income tax purposes. Revlon Holdings (as hereinafter defined in Note 22, "Related Party Transactions - Transfer Agreements"), Revlon, Products Corporation and certain of its subsidiaries, and MacAndrews & Forbes Incorporated entered into a tax sharing agreement (as subsequently amended and restated, the "MacAndrews & Forbes Tax Sharing Agreement"), for taxable periods beginning on or after January 1, 1992 through and including March 25, 2004, during which Revlon and Products Corporation or a subsidiary of Products Corporation was a member of the MacAndrews & Forbes Group. In these taxable periods, Revlon's and Products Corporation's federal taxable income and loss were included in such group's consolidated tax return filed by MacAndrews & Forbes Incorporated. During such period, Revlon and Products Corporation were also included in certain state and local tax returns of MacAndrews & Forbes Incorporated or its subsidiaries. Revlon and Products Corporation remain liable under the MacAndrews & Forbes Tax Sharing Agreement for all such taxable periods through and including March 25, 2004 for amounts determined to be due as a result of a redetermination arising from an audit or otherwise, equal to the taxes that Revlon or Products Corporation would otherwise have had to pay if it were to have filed separate federal, state or local income tax returns for such periods.

Following the closing of the 2004 Revlon Exchange Transactions, Revlon became the parent of a new consolidated group for federal income tax purposes and Products Corporation's federal taxable income and loss are included in such group's consolidated tax returns. Accordingly, Revlon and Products Corporation entered into a tax sharing agreement (the "Revlon Tax Sharing Agreement") pursuant to which Products Corporation is required to pay to Revlon amounts equal to the taxes that Products Corporation would otherwise have had to pay if Products Corporation were to file separate federal, state or local income tax returns, limited to the amount, and payable only at such times, as Revlon will be required to make payments to the applicable taxing authorities.

There were no federal tax payments or payments in lieu of taxes from Revlon to Revlon Holdings pursuant to the MacAndrews & Forbes Tax Sharing Agreement in 2016 or 2015 with respect to periods covered by the MacAndrews & Forbes Tax Sharing Agreement, and the Company expects that there will not be any such payments in 2017. During 2016, there were no federal tax payments from Products Corporation to Revlon pursuant to the Revlon Tax Sharing Agreement with respect to 2016 or 2015. During 2015, there were no federal tax payments from Products Corporation to Revlon pursuant to the Revlon Tax Sharing Agreement with respect to 2015. The Company expects that there will be no federal tax payments from Products Corporation to Revlon pursuant to the Revlon Tax Sharing Agreement during 2017 with respect to 2016.

Pursuant to the asset transfer agreement referred to in Note 22, "Related Party Transactions - Transfer Agreements," Products Corporation assumed all tax liabilities of Revlon Holdings other than (i) certain income tax liabilities arising prior to January 1, 1992 to the extent such liabilities exceeded the reserves on Revlon Holdings' books as of January 1, 1992 or were not of the nature reserved for and (ii) other tax liabilities to the extent such liabilities are related to the business and assets retained by Revlon Holdings.

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17. ACCUMULATED OTHER COMPREHENSIVE LOSS

The components of accumulated other comprehensive loss as of December 31, 2016 are as follows:

	Foreign Currency Translation	Actuarial (Loss) Gain on Post-retirement Benefits	Deferred Gain (Loss) - Hedging	Other	Accumulated Other Comprehensive Loss
Balance at January 1, 2014	$ 19.2	$ (170.5)	$ 1.5	$—	$ (149.8)
Currency translation adjustment, net of tax of $2.1 million	(24.6)	—	—	—	(24.6)
Amortization of pension related costs, net of tax of $(0.1) million(a)	—	4.5	—	—	4.5
Pension re-measurement, net of tax of $42.0 million	—	(69.6)	—	—	(69.6)
Revaluation of derivative financial instrument, net of tax of $2.3 million(b)	—	—	(3.7)	—	(3.7)
Other	—	0.3	—	(0.3)	—
Balance at December 31, 2014	(5.4)	(235.6)	(2.2)	(0.3)	(243.2)
Currency translation adjustment, net of tax of $5.1 million	(18.1)	—	—	—	(18.1)
Amortization of pension related costs, net of tax of $(1.3) million(a)	—	7.2	—	—	7.2
Pension re-measurement, net of tax of $3.3 million	—	(6.9)	—	—	(6.9)
Settlement of certain pension liabilities, net of tax of $(3.7) million(b)	—	17.3	—	—	17.3
Revaluation of derivative financial instrument, net of amounts reclassified into earnings and tax of $1.0 million(c)	—	—	(1.6)	—	(1.6)
Balance at December 31, 2015	$ (23.5)	$ (217.7)	$ (3.8)	$(0.3)	$ (245.3)
Currency translation adjustment, net of tax of $(1.1) million	(0.5)	—	—	—	(0.5)
Amortization of pension related costs, net of tax of $(1.3) million(a)	—	7.6	—	—	7.6
Pension re-measurement, net of tax of $4.1 million	—	(14.3)	—	—	(14.3)
Revaluation of derivative financial instrument, net of amounts reclassified into earnings and tax of $(0.5) million(b)	—	—	0.8	—	0.8
Other comprehensive (loss) income	(0.5)	(6.7)	0.8	—	(6.4)
Balance at December 31, 2016	$ (24.0)	$ (224.4)	$ (3.0)	$(0.3)	$ (251.7)

(a) Amounts represent the change in accumulated other comprehensive loss as a result of the amortization of actuarial losses (gains) arising during each year related to the Company’s pension and other post-retirement plans. See Note 14, “Pension and Post-retirement Benefits,” for further discussion of the Company’s pension and other post-retirement plans.

(b) Represents the after-tax effective portion of the changes in fair value of the Company’s 2013 Interest Rate Swap, net of amounts reclassified into earnings during 2016 and 2015. See Note 13, "Financial Instruments," for further discussion of the 2013 Interest Rate Swap.

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As shown above, other comprehensive income includes changes in the fair value of the 2013 Interest Rate Swap. A rollforward of the amounts reclassified out of accumulated other comprehensive loss into earnings as of December 31, 2016 are as follows:

	2013 Interest Rate Swap
Beginning accumulated losses at December 31, 2015	$ (3.8)
Reclassifications into earnings (net of $1.6 million tax expense)[a]	2.7
Change in fair value (net of $1.1 million tax benefit)	(1.9)
Ending accumulated losses at December 31, 2016	$ (3.0)

(a) Reclassified to interest expense.

A rollforward of the amounts reclassified out of accumulated other comprehensive loss into earnings as of December 31, 2015 are as follows:

	2013 Interest Rate Swap
Beginning accumulated losses at December 31, 2014	$ (2.2)
Reclassifications into earnings (net of $1.0 million tax expense)[a]	1.6
Change in fair value (net of $2.0 million tax benefit)	(3.2)
Ending accumulated losses at December 31, 2015	$ (3.8)

(a) Reclassified to interest expense.

There were no amounts reclassified into earnings during 2014.

18. STOCKHOLDERS' DEFICIENCY

Information about the Company's common and treasury stock issued and/or outstanding is presented in the following table:

	Class A Common Stock	Treasury Stock
Balance, January 1, 2014	53,231,651	754,853
Restricted stock grants	693,378	—
Withholding of restricted stock to satisfy taxes	—	22,328
Balance, December 31, 2014	53,925,029	777,181
Restricted stock grants	220,635	—
Restricted stock forfeitures	(57,490)	—
Withholding of restricted stock to satisfy taxes	—	82,740
Balance, December 31, 2015	54,088,174	859,921
Restricted stock grants	125,540	—
Restricted stock forfeitures	(257,641)	—
Withholding of restricted stock to satisfy taxes	—	92,092
Treasury stock repurchased	—	72,895
Balance, December 31, 2016	53,956,073	1,024,908

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Common Stock

As of December 31, 2016, Revlon's authorized common stock consisted of 900 million shares of Class A Common Stock, with a par value of $0.01 per share (the "Class A Common Stock"), and 200 million shares of Class B common stock, par value $0.01 per share ("Class B Common Stock" and together with the Class A Common Stock, the "Common Stock").

As of December 31, 2016, MacAndrews & Forbes beneficially owned approximately 77% of Revlon's Class A Common Stock, which at such date was Revlon's only class of capital stock outstanding.

Treasury Stock

Pursuant to the share withholding provisions of the Stock Plan, during 2016 the Company withheld a total of 92,092 shares of Revlon Class A Common Stock to satisfy its minimum statutory tax withholding requirements related to the vesting of shares of restricted stock. These shares were recorded as treasury stock using the cost method, at a weighted average of $34.83 per share, based on the NYSE closing price per share on each applicable vesting date, for a total of $3.2 million. During 2015, the Company withheld a total of 82,740 shares of Revlon Class A Common Stock to satisfy its minimum statutory tax withholding requirements related to the vesting of shares of restricted stock, in the aggregate amount of $2.8 million.

In April 2016, in connection with his separation from the Company, Revlon repurchased 72,895 shares of Revlon Class A Common Stock (representing vested shares of restricted stock, which were included within treasury stock upon repurchase) from Lorenzo Delpani, the Company's former President and Chief Executive Officer, at a price of $36.83 per share based upon the NYSE closing price of Revlon Class A Common Stock on April 20, 2016, for a total purchase price of $2.7 million.

19. SEGMENT DATA AND RELATED INFORMATION

Operating segments include components of an enterprise about which separate financial information is available that is evaluated regularly by the chief operating decision maker (the Company's “Chief Executive Officer”) in deciding how to allocate resources and in assessing the Company's performance. As a result of the similarities in the procurement, manufacturing and distribution processes for the Company’s products, much of the information provided in the Consolidated Financial Statements, and provided in the segment table below, is similar to, or the same as, that reviewed on a regular basis by the Company's Chief Executive Officer. As of December 31, 2016, and since the Elizabeth Arden Acquisition Date, the Elizabeth Arden organization has continued to operate and be evaluated on a stand-alone basis.

At December 31, 2016, the Company’s operations are organized into the following reportable segments:

- Consumer - The Company’s Consumer segment is comprised of products that are marketed, distributed and sold in large volume retailers, chain drug and food stores, chemist shops, hypermarkets, general merchandise stores, the Internet/e-commerce, television shopping, department stores, one-stop shopping beauty retailers, specialty cosmetic stores and perfumeries in the U.S. and internationally under brands such as Revlon, Almay, SinfulColors and Pure Ice in cosmetics; Revlon ColorSilk in women’s hair color; Revlon in beauty tools; and Mitchum in anti-perspirant deodorants. The Consumer segment also includes a skin care line under the Natural Honey brand and hair color line under the Llongueras brand (licensed from a third party), that are sold in large volume retailers and other retailers, primarily in Spain. In October 2015 and in May 2016, the Company completed the Cutex U.S. Acquisition and the Cutex International Acquisition and the results of operations relating to the sales of Cutex nail care products are included within the Consumer segment.
- Professional - The Company’s Professional segment markets, distributes and sells professional products primarily to hair and nail salons and professional salon distributors in the U.S. and internationally under brands such as Revlon Professional in hair color, hair care and hair treatments; CND in nail polishes and nail enhancements, including CND Shellac and CND Vinylux nail polishes; and American Crew in men’s grooming products. The

Professional segment also includes a multi-cultural hair care line consisting of Creme of Nature hair care products, which are sold in both professional salons and in large volume retailers and other retailers, primarily in the U.S.

- Elizabeth Arden - The Elizabeth Arden segment markets, distributes and sells fragrances, skin care and color cosmetics to prestige retailers, specialty stores, the mass retail channel, distributors, perfumeries, department stores, boutiques, travel retailers and other retailers in the U.S. and internationally, as well as direct sales to consumers via its Elizabeth Arden Red Door branded retail stores, Elizabeth Arden.com e-commerce business and Elizabeth Arden Red Door spa beauty salons and spas under brands such as Skin Illuminating, SUPERSTART, Prevage, Eight Hour Cream, Elizabeth Arden Ceramide and Visible Difference in the Elizabeth Arden skin care brands; Elizabeth Arden Red Door, Elizabeth Arden 5th Avenue, Elizabeth Arden Green Tea and UNTOLD in Elizabeth Arden fragrances; Juicy Couture, John Varvatos and Wildfox Couture in designer fragrances; and Curve, Elizabeth Taylor, Britney

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Spears, Christina Aguilera, Halston, Ed Hardy, Geoffrey Beene, Alfred Sung, Giorgio Beverly Hills, Lucky Brand, PS Fine Cologne for Men, White Shoulders and Jennifer Aniston in heritage fragrances.

- Other - The Other segment includes the operating results of the CBB business and related purchase accounting for the CBB Acquisition. CBB develops, markets and distributes fragrances and other beauty products under various celebrity, lifestyle and fashion brands licensed from third parties, principally through department stores and selective distribution in international territories. The results included within the Other segment are not material to the Company's consolidated results of operations.

The Company's management evaluates segment profit, which is defined as income from continuing operations before interest, taxes, depreciation, amortization, stock-based compensation expense, gains/losses on foreign currency fluctuations, gains/losses on the early extinguishment of debt and miscellaneous expenses, for each of the Company's reportable segments. Segment profit also excludes unallocated corporate expenses and the impact of certain items that are not directly attributable to the reportable segments' underlying operating performance, which includes the impacts of: (i) restructuring and related charges; (ii) acquisition and integration costs; (iii) deferred compensation related to the accounting for the CBB Acquisition; (iv) costs of sales resulting from a fair value adjustment to inventory acquired in acquisitions; (v) charges related to the Elizabeth Arden 2016 Business Transformation Program; (vi) costs of sales resulting from a fair value adjustment to inventory acquired in the Elizabeth Arden Acquisition; (vii) impairment charges; and (viii) pension lump sum settlement charges. Such items are shown below in the table reconciling segment profit to consolidated income from continuing operations before income taxes. Unallocated corporate expenses primarily include general and administrative expenses related to the corporate organization. These expenses are recorded in unallocated corporate expenses, as these items are centrally directed and controlled and are not included in internal measures of segment operating performance. The Company does not have any material inter-segment sales. The accounting policies for each of the reportable segments are the same as those described in Note 1, "Description of Business and Summary of Significant Accounting Policies." The Company's assets and liabilities are managed centrally and are reported internally in the same manner as the Consolidated Financial Statements; thus, no additional information regarding assets and liabilities of the Company's reportable segments is produced for the Company's Chief Executive Officer or included in these Consolidated Financial Statements.

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The following table is a comparative summary of the Company's net sales and segment profit by reportable segment for each of 2016, 2015, and 2014. In the table below, certain prior period amounts have been reclassified to conform to the presentation for 2016.

	Twelve Months Ended December 31,		
	2016	2015	2014
Segment Net Sales:			
Consumer	$1,389.8	$1,414.8	$1,438.3
Professional	476.5	471.1	502.7
Elizabeth Arden	441.4	—	—
Other	26.3	28.4	—
Total	$2,334.0	$1,914.3	$1,941.0
Segment Profit:			
Consumer	$349.2	$360.2	$339.4
Professional	99.4	103.9	104.8
Elizabeth Arden	68.2	—	—
Other	(2.7)	1.4	—
Total	$514.1	$465.5	$444.2
Reconciliation:			
Segment Profit	$514.1	$465.5	$444.2
Less:			
Unallocated corporate expenses[(a)]	98.8	88.0	69.0
Depreciation and amortization	123.2	103.2	102.6
Non-cash stock compensation expense	6.4	5.1	5.5
Non-Operating items:			
Restructuring and related charges	36.8	11.6	22.6
Acquisition and integration costs	43.2	8.0	6.4
Elizabeth Arden 2016 Business Transformation Program	2.6	—	—
Elizabeth Arden inventory purchase accounting adjustment, cost of sales	20.7	—	—
Inventory purchase accounting adjustment, cost of sales	0.2	0.9	2.6
Pension Lump sum settlement	—	20.7	—
Impairment charge	23.4	9.7	—
Deferred Compensation related to CBB Acquisition	3.5	2.5	—
Operating Income	155.3	215.8	235.5
Less:			
Interest Expense	105.2	83.3	84.4
Amortization of debt issuance costs	6.8	5.7	5.5
Loss on early extinguishment of debt	16.9	—	2.0
Foreign currency losses, net	18.5	15.7	25.0
Miscellaneous, net	(0.6)	0.4	1.2
Income from continuing operations before income taxes	$8.5	$110.7	$117.4

(a) During the second quarter of 2015, the Company removed pension-related costs for its U.S. qualified defined benefit pension plans from the measurement of its operating segment results. As a result, $8.2 million of pension-related costs were reclassified from the measurement of Consumer segment profit and included as a component of unallocated corporate expenses for 2014.

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As of December 31, 2016, after giving effect to the Elizabeth Arden Acquisition, the Company had operations established in 26 countries outside of the U.S. and its products are sold throughout the world. Generally, net sales by geographic area are presented by attributing revenues from external customers on the basis of where the products are sold. Walmart and its affiliates worldwide accounted for approximately 17%, 18% and 16% of the Company's worldwide net sales in 2016, 2015 and 2014, respectively, and such sales are primarily included within the net sales of the Consumer segment.

	Year Ended December 31,					
	2016		2015		2014	
Geographic area:						
Net sales:						
United States	$1,271.2	54%	$1,043.7	55%	$1,021.9	53%
International	1,062.8	46%	870.6	45%	919.1	47%
	$2,334.0		$1,914.3		$1,941.0	

	December 31, 2016		December 31, 2015	
Long-lived assets, net:				
United States	$1,494.3	85%	$854.7	79%
International	255.4	15%	232.4	21%
	$1,749.7		$1,087.1	

	Year Ended December 31,					
	2016		2015		2014	
Classes of similar products:						
Net sales:						
Color cosmetics	$998.3	43%	$1,022.4	53%	$1,030.1	53%
Hair care	544.3	23%	522.1	27%	541.7	28%
Fragrance	408.4	17%	80.8	4%	54.1	3%
Beauty care	294.4	13%	277.5	15%	299.7	15%
Skin care	88.6	4%	11.5	1%	15.4	1%
	$2,334.0		$1,914.3		$1,941.0	

20. BASIC AND DILUTED EARNINGS PER COMMON SHARE

Shares used in basic earnings per share are computed using the weighted average number of common shares outstanding during each period. Shares used in diluted earnings per share include the dilutive effect of unvested restricted stock under the Company's Stock Plan using the treasury stock method. At December 31, 2016, 2015 and 2014 there were no outstanding stock options under the Company's Stock Plan.

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The components of basic and diluted earnings per common share for each 2016, 2015 and 2014 were as follows:

	Years Ended December 31,		
	2016	2015	2014
Numerator:			
(Loss) income from continuing operations, net of taxes	$(17.0)	$ 59.3	$ 39.6
(Loss) income from discontinued operations, net of taxes	(4.9)	(3.2)	1.3
Net (loss) income	$(21.9)	$ 56.1	$ 40.9
Denominator:			
Weighted average common shares outstanding – Basic	52,504,196	52,431,193	52,359,897
Effect of dilutive restricted stock	—	160,352	64,042
Weighted average common shares outstanding – Diluted	52,504,196	52,591,545	52,423,939
Basic (loss) earnings per common share:			
Continuing operations	$(0.33)	$ 1.13	$ 0.76
Discontinued operations	(0.09)	(0.06)	0.02
Net (loss) income	$(0.42)	$ 1.07	$ 0.78
Diluted (loss) earnings per common share:			
Continuing operations	$(0.33)	$ 1.13	$ 0.76
Discontinued operations	(0.09)	(0.06)	0.02
Net (loss) income	$(0.42)	$ 1.07	$ 0.78
Unvested restricted stock awards under the Stock Plan [a]	109,481	—	—

[a] These are outstanding common stock equivalents that were not included in the computation of diluted EPS because their inclusion would have had an anti-dilutive effect.

21. COMMITMENTS AND CONTINGENCIES

Products Corporation currently leases facilities for executive offices, warehousing, research and development and sales operations and leases various types of equipment under operating and capital lease agreements. Rental expense was $18.5 million, $18.6 million and $26.6 million for 2016, 2015 and 2014 and, respectively. Minimum rental commitments under all non-cancelable leases, including those pertaining to idled facilities, are presented in the following table:

Minimum Rental Commitments	Total	2017	2018	2019	2020	2021	Thereafter
Capital leases	$ 3.5	$ 1.9	$ 1.0	$ 0.5	$ 0.1	$ —	$ —
Operating leases	216.0	38.9	34.7	30.0	21.8	20.0	70.6

The Company is involved in various routine legal proceedings incidental to the ordinary course of its business. The Company believes that the outcome of all pending legal proceedings in the aggregate is not reasonably likely to have a material adverse effect on the Company's business, prospects, results of operations, financial condition and/or cash flows.

As previously disclosed, following the announcement of the execution of the Elizabeth Arden Merger Agreement, several putative shareholder class action lawsuits and a derivative lawsuit were filed challenging the Merger. In addition to the complaints filed on behalf of plaintiffs Parker, Christiansen, Ross and Stein, on July 25, 2016, a lawsuit (Hutson v. Elizabeth Arden, Inc., et al., Case No. CACE-16-013566) (referred to as the "Hutson complaint") was filed in the Seventeenth Judicial Circuit in and for Broward County, Florida (the "Court") against Elizabeth Arden, the members of the board of directors of Elizabeth Arden, Revlon, Products Corporation and Acquisition Sub. In general, the Hutson complaint alleges that: (i) the members of Elizabeth Arden's board of directors breached their fiduciary duties to Elizabeth Arden's shareholders with respect to the Merger, by, among other things, approving the Merger pursuant to an unfair process and at an inadequate and unfair price; and (ii) Revlon, Products

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Corporation and Acquisition Sub aided and abetted the breaches of fiduciary duty by the members of Elizabeth Arden's board. The plaintiff seeks relief similar to that sought in the Parker case.

By Order dated August 4, 2016, all five cases were consolidated by the Court into a Consolidated Amended Class Action. Thereafter, on August 11, 2016 a Consolidated Amended Class Action Complaint was filed, seeking to enjoin defendants from consummating the Merger and/or from soliciting shareholder votes. To the extent that the Merger was consummated, the Consolidated Amended Class Action Complaint seeks to rescind the Merger or recover rescissory or other compensatory damages, along with costs and fees. The grounds for relief set forth in the Consolidated Amended Class Action Complaint in large part track those grounds as asserted in the five individual complaints, as previously disclosed. Class counsel advised that post consummation of the Merger they were going to file a Second Consolidated Amended Class Action Complaint. The Second Consolidated Amended Class Action Complaint (which superseded the Consolidated Amended Class Action Complaint) was ultimately filed on or about January 26, 2017. Like the Consolidated Amended Class Action complaint, the grounds for relief set forth in the Second Consolidated Amended Class Action Complaint in large part track those grounds as asserted in the five individual complaints.

The Company believes the allegations contained in the Second Consolidated Amended Class Action Complaint are without merit and intends to vigorously defend against them. Additional lawsuits arising out of or relating to the Elizabeth Arden Merger Agreement or the Merger may be filed in the future.

The Company believes that the outcome of all pending legal proceedings in the aggregate is not reasonably likely to have a material adverse effect on the Company's business, prospects, results of operations, financial condition and/or cash flows. However, in light of the uncertainties involved in legal proceedings generally, the ultimate outcome of a particular matter could be material to the Company's operating results for a particular period depending on, among other things, the size of the loss or the nature of the liability imposed and the level of the Company's income for that particular period.

22. RELATED PARTY TRANSACTIONS

As of December 31, 2016, MacAndrews & Forbes beneficially owned approximately 77% of Revlon's Class A Common Stock representing approximately 77% of Revlon's outstanding shares of voting capital stock. As a result, MacAndrews & Forbes is able to elect Revlon's entire Board of Directors and control the vote on all matters submitted to a vote of Revlon's stockholders. MacAndrews & Forbes is wholly-owned by Ronald O. Perelman, Chairman of Revlon's Board of Directors.

Transfer Agreements

In June 1992, Revlon and Products Corporation entered into an asset transfer agreement with Revlon Holdings LLC, a Delaware limited liability company and formerly a Delaware corporation known as Revlon Holdings Inc. ("Revlon Holdings"), and which is an affiliate and an indirect wholly-owned subsidiary of MacAndrews & Forbes, and certain of Revlon Holdings' wholly-owned subsidiaries. Revlon and Products Corporation also entered into a real property asset transfer agreement with Revlon Holdings. Pursuant to such agreements, in June 1992, Revlon Holdings transferred certain assets to Products Corporation and Products Corporation assumed all of the liabilities of Revlon Holdings, other than certain specifically excluded assets and liabilities (the liabilities excluded are referred to as the "Excluded Liabilities"). Certain consumer products lines sold in demonstrator-assisted retailers considered not integral to the Company's business and that historically had not been profitable and certain other assets and liabilities were retained by Revlon Holdings. Revlon Holdings agreed to indemnify Revlon and Products Corporation against losses arising from the Excluded Liabilities, and Revlon and Products Corporation agreed to indemnify Revlon Holdings against losses arising from the liabilities assumed by Products Corporation. The amounts reimbursed by Revlon Holdings to Products Corporation for the Excluded Liabilities was $0.5 million, $0.3 million and $0.2 million for 2016, 2015 and 2014, respectively. A receivable balance of nil and $0.2 million from MacAndrews & Forbes was included within prepaid expenses and other in the Company's Consolidated Balance Sheets for transactions subject to

the Transfer Agreements, at December 31, 2016 and 2015, respectively.
Reimbursement Agreements
Revlon, Products Corporation and MacAndrews & Forbes Inc. (a wholly-owned subsidiary of MacAndrews & Forbes) have entered into reimbursement agreements (the "Reimbursement Agreements") pursuant to which: (i) MacAndrews & Forbes is obligated to provide (directly or through its affiliates) certain professional and administrative services, including, without limitation, employees, to the Company, and to purchase services from third party providers, such as insurance, legal, accounting and air transportation services, on behalf of the Company, to the extent requested by Products Corporation; and (ii) Products Corporation is obligated to provide certain professional and administrative services, including, without limitation, employees, to MacAndrews

& Forbes and to purchase services from third party providers, such as insurance, legal and accounting services, on behalf of MacAndrews & Forbes, to the extent requested by MacAndrews & Forbes, provided that in each case the performance of such services does not cause an unreasonable burden to MacAndrews & Forbes or Products Corporation, as the case may be.

The Company reimburses MacAndrews & Forbes for the allocable costs of the services that MacAndrews & Forbes purchases for or provides to the Company and for the reasonable out-of-pocket expenses that MacAndrews & Forbes incurs in connection with the provision of such services. MacAndrews & Forbes reimburses Products Corporation for the allocable costs of the services that Products Corporation purchases for or provides to MacAndrews & Forbes and for the reasonable out-of-pocket expenses incurred by Products Corporation in connection with the purchase or provision of such services. Each of the Company, on the one hand, and MacAndrews & Forbes, on the other, has agreed to indemnify the other party for losses arising out of the services provided by it under the Reimbursement Agreements, other than losses resulting from its willful misconduct or gross negligence.

The Reimbursement Agreements may be terminated by either party on 90 days' notice. The Company does not intend to request services under the Reimbursement Agreements unless their costs would be at least as favorable to the Company as could be obtained from unaffiliated third parties.

The Company participates in MacAndrews & Forbes' directors and officers liability insurance program (the “D&O Insurance Program”), as well as its other insurance coverages, such as property damage, business interruption, liability and other coverages, which cover the Company, as well as MacAndrews & Forbes and its subsidiaries. The limits of coverage for certain of the policies are available on an aggregate basis for losses to any or all of the participating companies and their respective directors and officers. The Company reimburses MacAndrews & Forbes from time to time for their allocable portion of the premiums for such coverage or the Company pays the insurers directly, which premiums the Company believes are more favorable than the premiums that the Company would pay were it to secure stand-alone coverage. Any amounts paid by the Company directly to MacAndrews & Forbes in respect of premiums are included in the amounts paid under the Reimbursement Agreements.

The net activity related to services purchased under the Reimbursement Agreements during each 2016, 2015 and 2014 was $1.5 million, $2.1 million and $3.8 million, respectively, which primarily included partial payments made by the Company to MacAndrews & Forbes during the first quarter of 2016, 2015 and 2014 for premiums related to the Company's allocable portion of the 5-year renewal of the D&O Insurance Program for the period from January 31, 2012 through January 31, 2017 (which insurance coverage was renewed in January 2017 through January 2020). As of December 31, 2016 and December 31, 2015, a payable balance of $0.2 million and a receivable balance of $0.1 million, respectively, from MacAndrews & Forbes was included in the Company's Consolidated Balance Sheet for transactions subject to the Reimbursement Agreements.

Tax Sharing Agreements

As a result of a debt-for-equity exchange transaction completed in March 2004 (the “2004 Revlon Exchange Transactions”), as of March 25, 2004, Revlon, Products Corporation and their U.S. subsidiaries were no longer included in the MacAndrews & Forbes Group for U.S. federal income tax purposes. See Note 16, “Income Taxes,” for further discussion on these agreements and related transactions in 2016, 2015 and 2014.

Registration Rights Agreement

Prior to the consummation of Revlon's initial public equity offering in February 1996, Revlon and Revlon Worldwide Corporation (which subsequently merged into REV Holdings LLC, a Delaware limited liability company and a wholly-owned subsidiary of MacAndrews & Forbes (“REV Holdings”)), the then direct parent of Revlon entered into a registration rights agreement (the "Registration Rights Agreement"). In February 2003, MacAndrews & Forbes executed a joinder agreement to the Registration Rights Agreement, pursuant to which REV Holdings, MacAndrews & Forbes and certain transferees of Revlon's Common Stock held by REV Holdings (the "Holders") had the right to require Revlon to register under the Securities Act all or part of the Class A Common Stock owned by such Holders, including, without limitation, the shares of Class A Common Stock purchased by MacAndrews & Forbes in connection with Revlon's 2003 $50.0 million equity rights offering and the shares of Class A Common Stock which were issued to REV Holdings upon its conversion of all 3,125,000 shares of its Class B Common Stock in October 2013 (a "Demand Registration"). In connection with closing the 2004 Revlon Exchange Transactions and pursuant to the 2004 Investment Agreement, MacAndrews & Forbes executed a joinder agreement that provided that MacAndrews & Forbes would also be a Holder under the Registration Rights Agreement and that all shares acquired by MacAndrews & Forbes pursuant to the 2004 Investment Agreement are deemed to be registrable securities under the Registration Rights Agreement. This included all of the shares of Class A Common Stock acquired by MacAndrews & Forbes in connection with Revlon’s March 2006 $110 million rights offering of shares of its Class A Common Stock and related private placement to MacAndrews & Forbes, and Revlon’s January 2007 $100 million rights offering of shares of its Class A Common Stock and related private placement to MacAndrews & Forbes. Pursuant to the Registration Rights Agreement, in 2009 Revlon registered under the Securities Act all 9,336,905 shares of Class A Common Stock issued to MacAndrews & Forbes in the 2009 Exchange Offer, in which, among other things, Revlon issued to MacAndrews & Forbes shares of Class A Common Stock at a ratio of one share of Class A Common Stock for each $5.21

of outstanding principal amount of the then-outstanding Senior Subordinated Term Loan that MacAndrews & Forbes contributed to Revlon.

Revlon may postpone giving effect to a Demand Registration for a period of up to 30 days if Revlon believes such registration might have a material adverse effect on any plan or proposal by Revlon with respect to any financing, acquisition, recapitalization, reorganization or other material transaction, or if Revlon is in possession of material non-public information that, if publicly disclosed, could result in a material disruption of a major corporate development or transaction then pending or in progress or could result in other material adverse consequences to Revlon. In addition, the Holders have the right to participate in registrations by Revlon of its Class A Common Stock (a "Piggyback Registration"). The Holders will pay all out-of-pocket expenses incurred in connection with any Demand Registration. Revlon will pay any expenses incurred in connection with a Piggyback Registration, except for underwriting discounts, commissions and expenses attributable to the shares of Class A Common Stock sold by such Holders.

Other

Pursuant to the terms of Mr. Delpani’s Transition and Separation Agreement and Release with Revlon and Products Corporation, dated March 1, 2016 (as amended on April 21, 2016), in April 2016, the Company (i) repurchased from Mr. Delpani 72,895 shares of Revlon Class A Common Stock (representing vested, formerly restricted shares that Revlon granted to Mr. Delpani) for an aggregate purchase price of $2.7 million, based on the $36.83 NYSE per share closing price of Revlon Class A Common Stock on April 20, 2016; and (ii) paid Mr. Delpani $1.6 million as consideration for canceling his 65,703 restricted shares of Revlon Class A Common Stock that were otherwise scheduled to vest on March 15, 2017. Mr. Delpani ceased employment with the Company on March 31, 2016 and ceased to serve as Director in June 2016.

Certain of Products Corporation’s debt obligations, including the 2016 Credit Agreements and Products Corporation's Senior Notes, have been, and may in the future be, supported by, among other things, guarantees from all of Products Corporation's domestic subsidiaries (subject to certain limited exceptions) and, for the 2016 Credit Agreements, guarantees from Revlon. The obligations under such guarantees are secured by, among other things, all of the capital stock of Products Corporation and, its domestic subsidiaries (subject to certain limited exceptions) and 66% of the capital stock of Products Corporation's and its domestic subsidiaries' first-tier foreign subsidiaries. See Note 11, “Long Term Debt,” for a discussion of the terms of the 2016 Credit Agreements and Senior Notes.

During 2016 and 2015, the Company engaged several companies in which MacAndrews & Forbes had a controlling interest to provide the Company with various ordinary course business services. These services included processing approximately $40.9 million and $32.9 million of coupon redemptions for the Company's retail customers for 2016 and 2015, respectively, for which the Company paid fees of approximately $0.4 million in both 2016 and 2015, and other similar advertising, coupon redemption and raw material supply services, for which the Company paid fees aggregating to less than $0.1 million in both 2016 and 2015. The Company believes that its engagement of each of these affiliates was on arm's length terms, taking into account each firm's expertise in its respective field, and that the fees paid were at least as favorable as those available from unaffiliated parties.

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23. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED)

The following is a summary of the Company's unaudited quarterly results of operations for each of 2016 and 2015:

	Year Ended December 31, 2016			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net sales	$439.6	$488.9	$604.8	$800.7
Gross profit	285.7	317.4	361.4	452.4
Income (loss) from continuing operations, net of taxes[a][b]	10.6	10.8	(4.5)	(33.9)
Income (loss) from discontinued operations, net of taxes[e]	0.4	(2.5)	(0.2)	(2.6)
Net income (loss)[a][b]	11.0	8.3	(4.7)	(36.5)
*Basic income (loss) per common share[a][b][e]:				
Continuing operations	$0.20	$0.21	$(0.09)	$(0.65)
Discontinued operations	0.01	(0.05)	—	(0.05)
Net income (loss)	$0.21	$0.16	$(0.09)	$(0.70)
*Diluted income (loss) per common share[a][b][e]:				
Continuing operations	$0.20	$0.21	$(0.09)	$(0.65)
Discontinued operations	0.01	(0.05)	—	(0.05)
Net income (loss)	$0.21	$0.16	$(0.09)	$(0.70)

	Year Ended December 31, 2015			
	1st Quarter	2nd Quarter	3rd Quarter	4th Quarter
Net sales	$438.5	$482.4	$471.5	$521.9
Gross profit	296.2	321.1	303.7	325.5
(Loss) Income from continuing operations, net of taxes[c][d]	(0.8)	26.0	7.9	26.2
(Loss) from discontinued operations, net of taxes[e]	(0.1)	—	(1.7)	(1.4)
Net (loss) income [c][d]	(0.9)	26.0	6.2	24.8
*Basic (loss) income per common share[c][d][e]:				
Continuing operations	$(0.02)	$0.50	$0.15	$0.50
Discontinued operations	—	—	(0.03)	(0.03)
Net (loss) income	$(0.02)	$0.50	$0.12	$0.47
*Diluted (loss) income per common share[c][d][e]:				
Continuing operations	$(0.02)	$0.49	$0.15	$0.50
Discontinued operations	—	—	(0.03)	(0.03)
Net (loss) income	$(0.02)	$0.49	$0.12	$0.47

(*) The sum of the quarterly earnings per share amounts may not equal the full year amount reported since per share amounts are computed independently for each quarter and for the full year based upon the respective weighted average common shares outstanding and other dilutive potential common shares for each respective period.

(a) Income from continuing operations, net income and basic and diluted income per share for the fourth quarter of 2016 were unfavorably impacted by: (i) $31.7 million of restructuring charges related to the EA Integration Restructuring Charges (See Note 3, "Restructuring Charges"); and (ii) $16.7 million and $6.7 million of non-cash impairment charges on goodwill and intangible assets, respectively, within the Other reporting unit (see Note 8, "Goodwill and Intangible Assets, Net").

REVLON, INC. AND SUBSIDIARIES
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(except where otherwise noted, all tabular amounts in millions, except share and per share amounts)

(b) Income from continuing operations, net income and basic and diluted income per share for the third quarter of 2016 were unfavorably impacted by $33.5 million of acquisition and integration costs related to the Elizabeth Arden Acquisition and a $16.9 million loss on early extinguishment of debt related to debt refinancing actions. See Note 2, "Business Combinations" and Note 11, "Long Term Debt," for further discussion on the Elizabeth Arden Acquisition and related debt refinancing actions, respectively.

(c) Income from continuing operations, net income and basic and diluted income per share for the first quarter of 2015 were unfavorably impacted by foreign currency losses, net, of $15.9 million, primarily due to the unfavorable impacts of the revaluation of certain U.S. Dollar denominated intercompany payables, as well as a $1.9 million foreign currency loss recognized in the first quarter of 2015 as a result of the re-measurement of Revlon Venezuela's balance sheet during the first quarter of 2015.

(d) Income from continuing operations, net income and basic and diluted income per share for the fourth quarter of 2015 were impacted by: (i) a $20.7 million pension lump sum settlement charge related to the accounting for a one-time cash lump sum payment, which requires that a portion of pension losses within accumulated other comprehensive loss be realized in the period that related pension liabilities are settled (see Note 14, "Pension and Post-retirement Benefits"); (ii) an increase in net income driven by the net reduction of the Company's deferred tax valuation allowance on its net deferred tax assets for certain foreign jurisdictions, which has been reflected in the provision for income taxes for 2015 (See Note 16, "Income Taxes"); (iii) a $9.7 million non-cash goodwill impairment charge related to the Global Color Brands reporting unit (see Note 8, "Goodwill and Intangible Assets"); and (iv) $9.5 million in restructuring charges related to the 2015 Efficiency Program (see Note 3, "Restructuring Charges").

(e) (Loss) income from discontinued operations includes the results of the Company's former China operations within the Consumer segment (See Note 4, "Discontinued Operations").

Item 16. Form 10-K Summary

None.

SCHEDULE II

REVLON, INC. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
Years Ended December 31, 2016, 2015 and 2014
(dollars in millions)

	Balance at Beginning of Year	Charged to Cost and Expenses	Other Deductions	Balance at End of Year
Allowance for Doubtful Accounts:				
2016	$ 10.5	$ 2.2	$ (1.6)	$ 11.1
2015	9.3	2.8	(1.6)	10.5
2014	4.2	8.4	(3.3)	9.3
Allowance for Volume and Early Payment Discounts:				
2016	$ 22.6	$ 80.1	$ (79.7)	$ 23.0
2015	23.4	51.6	(52.4)	22.6
2014	12.1	84.7	(73.4)	23.4
Allowance for Sales Returns:				
2016	$ 39.3	$ 64.5	$ (56.6)	$ 47.2
2015	45.4	48.5	(54.6)	39.3
2014	53.1	64.3	(72.0)	45.4

S I G N A T U R E S

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: March 3, 2017
Revlon, Inc.
(Registrant)

By: /s/ Fabian T. Garcia	By: /s/ Juan R. Figuereo	By: /s/ Siobhan Anderson
Fabian T. Garcia	Juan R. Figuereo	Siobhan Anderson
President, Chief Executive Officer and Director	Chief Financial Officer	Senior Vice President, Chief Accounting Officer, Corporate Controller, Treasurer and Investor Relations

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the Registrant on March 3, 2017 and in the capacities indicated.

Signature	Title
* (Ronald O. Perelman)	Chairman of the Board and Director
* (E. Scott Beattie)	Vice Chairman of the Board and Director
* (Alan S. Bernikow)	Director
* (Viet D. Dinh)	Director
* (Meyer Feldberg)	Director
* (Robert K. Kretzman)	Director
* (Ceci Kurzman)	Director
* (Paul Meister)	Director
* (Tamara Mellon)	Director
* (Debra G. Perelman)	Director
* (Paul Savas)	Director
* (Barry F. Schwartz)	Director
*	Director

(Cristiana Falcone Sorrell)

* Mitra Hormozi, by signing her name hereto, does hereby sign this report on behalf of the directors of the registrant above whose typed names asterisks appear, pursuant to powers of attorney duly executed by such directors and filed with the Securities and Exchange Commission.

By: /s/ Mitra Hormozi
Mitra Hormozi
Attorney-in-fact

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