

AXIALL CORP/DE/  
Form 10-Q  
August 09, 2016  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the quarterly period ended June 30, 2016**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**For the transition period from      to**

**Commission File Number 1-9753**

**AXIALL CORPORATION**

(Exact name of registrant as specified in its charter)

**Delaware**

(State or other jurisdiction of incorporation or organization)

**1000 Abernathy Road, Suite 1200, Atlanta, Georgia**

(Address of principal executive offices)

**58-1563799**

(I.R.S. Employer Identification No.)

**30328**

(Zip Code)

**(770) 395-4500**

(Registrant's telephone number, including area code)

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

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

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

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

(Do not check if a

smaller reporting company)

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

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

<b>Class</b>	<b>Outstanding as of August 5, 2016</b>
Common Stock, \$0.01 par value	<b>70,734,027</b>

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**AXIALL CORPORATION**

**FORM 10-Q**

**QUARTERLY PERIOD ENDED JUNE 30, 2016**

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Table of Contents**PART I. FINANCIAL INFORMATION.****Item 1. FINANCIAL STATEMENTS.****AXIALL CORPORATION****Condensed Consolidated Balance Sheets****(Unaudited)**

<i>(In millions, except share data)</i>	<b>June 30, 2016</b>	<b>December 31, 2015</b>
<b>Assets:</b>		
Cash and cash equivalents	\$ 128.4	\$ 258.0
Receivables, net of allowance for doubtful accounts of \$10.5 million at June 30, 2016 and \$5.9 million at December 31, 2015	455.0	355.3
Inventories	276.0	280.9
Prepaid expenses and other	100.5	58.9
Current assets of discontinued operations	0.8	36.9
<b>Total current assets</b>	<b>960.7</b>	990.0
Property, plant and equipment, net	1,558.8	1,556.5
Goodwill	856.4	852.1
Customer relationships, net	923.2	950.3
Other intangible assets, net	60.8	63.4
Non-current assets of discontinued operations	-	62.0
Other assets, net	81.7	65.1
<b>Total assets</b>	<b>\$ 4,441.6</b>	\$ 4,539.4
<b>Liabilities and Equity:</b>		
Current portion of long-term debt	\$ 2.5	\$ 2.5
Accounts payable	256.3	244.8
Interest payable	15.2	15.4
Income taxes payable	2.4	2.2
Accrued compensation	60.2	41.0
Other accrued liabilities	135.9	94.7
Current liabilities of discontinued operations	6.8	15.5
<b>Total current liabilities</b>	<b>479.3</b>	416.1
Long-term debt, excluding the current portion of long-term debt	1,364.8	1,364.5

Lease financing obligation	<b>46.8</b>	44.0
Deferred income taxes	<b>661.1</b>	683.0
Pension and other post-retirement benefits	<b>189.7</b>	202.8
Non-current liabilities of discontinued operations	-	35.6
Other non-current liabilities	<b>132.3</b>	140.3
<b>Total liabilities</b>	<b>2,874.0</b>	2,886.3
<b>Commitments and contingencies</b>		
<b>Equity:</b>		
Preferred stock \$0.01 par value; 75,000,000 shares authorized; no shares issued	-	-
Common stock \$0.01 par value; shares authorized: 200,000,000 at June 30, 2016 and December 31, 2015; issued and outstanding: 70,733,747 at June 30, 2016 and 70,581,543 at December 31, 2015	<b>0.7</b>	0.7
Additional paid-in capital	<b>2,290.1</b>	2,287.5
Retained deficit	<b>(697.2)</b>	(591.9)
Accumulated other comprehensive loss, net of tax	<b>(96.5)</b>	(118.0)
<b>Total Axiall stockholders equity</b>	<b>1,497.1</b>	1,578.3
Noncontrolling interest	<b>70.5</b>	74.8
<b>Total equity</b>	<b>1,567.6</b>	1,653.1
<b>Total liabilities and equity</b>	<b>\$ 4,441.6</b>	\$ 4,539.4

See accompanying notes to unaudited condensed consolidated financial statements.

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## AXIALL CORPORATION

## Condensed Consolidated Statements of Operations

(Unaudited)

<i>(In millions, except per share data)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net sales	\$ 776.1	\$ 869.2	\$ 1,475.3	\$ 1,653.8
Operating costs and expenses:				
Cost of sales	705.5	745.7	1,324.5	1,426.4
Selling, general and administrative expenses	69.8	75.8	139.9	151.8
Restructuring and divestiture costs	4.5	0.4	41.2	1.1
Integration-related costs and other, net	2.1	4.2	5.5	9.3
Legal and settlement claims, net	23.4	-	23.4	-
Fees associated with unsolicited offer and strategic alternatives	8.4	-	13.6	-
Total operating costs and expenses	813.7	826.1	1,548.1	1,588.6
Operating income (loss)	(37.6)	43.1	(72.8)	65.2
Interest expense, net	(18.0)	(18.3)	(35.0)	(35.9)
Debt refinancing costs	-	-	-	(3.2)
Foreign currency exchange loss	(0.1)	(0.1)	(1.0)	(0.8)
Income (loss) from continuing operations before income taxes	(55.7)	24.7	(108.8)	25.3
Provision for (benefit from) income taxes	(28.4)	1.9	(51.2)	4.9
Net income (loss) from continuing operations	(27.3)	22.8	(57.6)	20.4
Discontinued operations:				
Loss from discontinued operations	(1.7)	(1.7)	(33.1)	(8.9)
Less: Benefit from income taxes of discontinued operations	(1.7)	(0.8)	(10.1)	(1.6)
Net loss from discontinued operations	-	(0.9)	(23.0)	(7.3)
Consolidated net income (loss)	(27.3)	21.9	(80.6)	13.1
Less: net income attributable to noncontrolling interest	0.5	1.3	0.8	3.1

Net income (loss) attributable to Axiall	\$	(27.8)	\$	20.6	\$	(81.4)	\$	10.0
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**Basic earnings (loss) per share attributable to Axiall:**

Basic earnings (loss) per share from continuing operations	\$	(0.39)	\$	0.30	\$	(0.83)	\$	0.25
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Basic loss per share from discontinued operations		-		(0.01)		(0.32)		(0.11)
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**Basic earnings (loss) per share attributable to Axiall**

\$	(0.39)	\$	0.29	\$	(1.15)	\$	0.14
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**Diluted earnings (loss) per share attributable to Axiall:**

Diluted earnings (loss) per share from continuing operations	\$	(0.39)	\$	0.30	\$	(0.83)	\$	0.25
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Diluted loss per share from discontinued operations		-		(0.01)		(0.32)		(0.11)
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**Diluted earnings (loss) per share attributable to Axiall**

\$	(0.39)	\$	0.29	\$	(1.15)	\$	0.14
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**Weighted average common shares outstanding:**

Basic		70.6		70.4		70.6		70.3
Diluted		70.6		70.9		70.6		70.9

Dividends per common share	\$	0.16	\$	0.16	\$	0.32	\$	0.32
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See accompanying notes to unaudited condensed consolidated financial statements.



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## AXIALL CORPORATION

## Condensed Consolidated Statements of Comprehensive Income (Loss)

(Unaudited)

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
<b>Consolidated net income (loss)</b>	\$ (27.3)	\$ 21.9	\$ (80.6)	\$ 13.1
Less: net income attributable to noncontrolling interest	0.5	1.3	0.8	3.1
Net income (loss) attributable to Axiall	(27.8)	20.6	(81.4)	10.0
<b>Other comprehensive income (loss):</b>				
Foreign currency translation adjustments	0.1	11.5	28.8	(23.5)
Derivative cash flow hedges	1.6	2.0	1.5	11.1
Pension and OPEB plan liability adjustments	(2.3)	(1.6)	(4.5)	(2.8)
Other comprehensive income (loss), before income taxes	(0.6)	11.9	25.8	(15.2)
Provision for (benefit from) income taxes related to other comprehensive income (loss) items	(0.3)	1.8	2.3	1.2
Other comprehensive income (loss), net of tax	(0.3)	10.1	23.5	(16.4)
Other comprehensive income attributable to noncontrolling interest, net of tax	0.1	1.7	2.0	3.0
Other comprehensive income (loss) attributable to Axiall, net of tax	(0.4)	8.4	21.5	(19.4)
<b>Comprehensive income (loss), net of income taxes</b>	(27.6)	32.0	(57.1)	(3.3)
Less: comprehensive income attributable to noncontrolling interest	0.6	3.0	2.8	6.1

Comprehensive income (loss) attributable to Axiall	\$	(28.2)	\$	29.0	\$	(59.9)	\$	(9.4)
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See accompanying notes to unaudited condensed consolidated financial statements.

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**Table of Contents****AXIALL CORPORATION****Condensed Consolidated Statements of Cash Flows****(Unaudited)**

<i>(In millions)</i>	<b>Six Months Ended June 30,</b>	
	<b>2016</b>	<b>2015</b>
<b>Cash flows from operating activities:</b>		
Consolidated net income (loss)	\$ (80.6)	\$ 13.1
Less: net loss from discontinued operations	(23.0)	(7.3)
Net income (loss) from continuing operations	(57.6)	20.4
Adjustments to reconcile net income (loss) from continuing operations to net cash provided by (used in) operating activities:		
Depreciation	87.1	84.2
Amortization	36.4	36.7
Deferred income taxes	(25.3)	(30.0)
Loss (gain) on sales of businesses	19.9	(0.1)
Other non-cash items	(3.8)	6.5
Change in operating assets and liabilities, net of dispositions	(68.1)	(72.6)
<b>Cash provided by (used in) operating activities - continuing operations</b>	<b>(11.4)</b>	<b>45.1</b>
Cash provided by (used in) operating activities - discontinued operations	5.2	(8.9)
<b>Net cash provided by (used in) operating activities</b>	<b>(6.2)</b>	<b>36.2</b>
<b>Cash flows from investing activities:</b>		
Capital expenditures	(119.6)	(73.9)
Proceeds from sales of business assets and other	11.5	6.3
<b>Cash used in investing activities - continuing operations</b>	<b>(108.1)</b>	<b>(67.6)</b>
Cash provided by (used in) investing activities - discontinued operations	26.8	(0.9)
<b>Net cash used in investing activities</b>	<b>(81.3)</b>	<b>(68.5)</b>
<b>Cash flows from financing activities:</b>		
Issuance of long-term debt	-	248.8
Long-term debt payments	(1.7)	(196.1)
Fees paid related to financing activities	-	(3.5)
Deferred acquisition payments	(15.0)	(10.0)
Dividends paid	(22.8)	(23.1)
Distribution to noncontrolling interest	(7.1)	(8.4)
Share-based compensation plan activity	(0.9)	(6.2)

<b>Net cash provided by (used in) financing activities</b>	<b>(47.5)</b>	<b>1.5</b>
Effect of exchange rate changes on cash and cash equivalents	<b>5.4</b>	(4.6)
<b>Net change in cash and cash equivalents</b>	<b>(129.6)</b>	<b>(35.4)</b>
Cash and cash equivalents at beginning of period	<b>258.0</b>	166.8
<b>Cash and cash equivalents at end of period</b>	<b>\$ 128.4</b>	<b>\$ 131.4</b>

See accompanying notes to unaudited condensed consolidated financial statements.

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**AXIALL CORPORATION**

**Notes to the Unaudited Condensed Consolidated Financial Statements**

**1. NEW DEVELOPMENTS AND BASIS OF PRESENTATION**

*Pending Merger*

On June 10, 2016, the Company entered into an Agreement and Plan of Merger (the *Merger Agreement*) with Westlake Chemical Corporation ( *Westlake* ) and Lagoon Merger Sub, Inc., a newly formed wholly owned subsidiary of Westlake ( *Merger Sub* ). The Merger Agreement provides, among other things and subject to the terms and conditions set forth therein, for the merger of Merger Sub with and into the Company (the *Merger* ), with the Company surviving the Merger as a wholly owned subsidiary of Westlake in a transaction in which each share of the Company's common stock ( *Company Common Stock* ), issued and outstanding immediately prior to the time the Merger becomes effective, other than certain excluded shares as further described in the Merger Agreement, will be converted automatically into the right to receive \$33.00 in cash, without interest (the *Merger Consideration* ). The Merger is expected to be completed by the fourth quarter of 2016.

Each of the Company's and Westlake's obligation to consummate the Merger is subject to a number of conditions specified in the Merger Agreement, including, among others, (i) the adoption of the Merger Agreement by the affirmative vote of the holders of a majority of all outstanding shares of the Company Common Stock, (ii) the receipt of required regulatory approvals, including expiration of the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and receipt of required approval under the Canadian Competition Act, (iii) the absence of an order, judgment, injunction or law prohibiting the consummation of the Merger, (iv) the accuracy of the other party's representations and warranties contained in the Merger Agreement (subject to certain materiality standards set forth in the Merger Agreement), and (v) the other party's compliance with or performance of its covenants and agreements contained in the Merger Agreement in all material respects. The consummation of the Merger is not subject to a financing condition.

The Merger Agreement contains certain termination rights for each party. In addition, the Merger Agreement, in certain circumstances, provides for the payment of a termination fee by the Company to Westlake in the amount of \$77.7 million.

In connection with the unsolicited offer and subsequent Merger Agreement, we incurred \$8.4 million and \$13.6 million of expenses during the three and six months ended June 30, 2016, respectively, including legal, financial advisor and accounting fees that are reflected in fees associated with unsolicited offer and strategic alternatives in our unaudited condensed consolidated statements of operations.

On August 1, 2016, we filed a definitive proxy statement with the SEC in order to notify the Company's shareholders of a special meeting to be held on August 30, 2016 to vote on the Merger and to seek proxies from the Company's shareholders in connection with such vote. Axiall and Westlake have received all regulatory approvals required for the Merger, including approvals required by U.S. and Canadian competition laws.

The Company has terminated its previously announced sale process for its Building Products business.

*Basis of Presentation*

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America ( GAAP ) for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not

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include all of the information and footnotes required by GAAP for complete financial statements. The accompanying unaudited condensed consolidated financial statements reflect all adjustments that, in the opinion of management, are necessary to present fairly the financial position, results of operations and cash flows for the interim periods reported. Such adjustments are of a normal, recurring nature.

Our financial condition as of, and our operating results for, the three and six month periods ended June 30, 2016 are not necessarily indicative of the financial condition and results that may be expected for the full year ending December 31, 2016 or any other interim period.

On September 30, 2015, the Company entered into and consummated the transactions contemplated by an asset purchase agreement between INEOS Americas LLC ( INEOS ) and Axiall LLC, a wholly-owned subsidiary of the Company, pursuant to which the Company sold its aromatics business to INEOS. The Company has concluded that it met the accounting requirements for reporting the financial position, results of operations and cash flows of its former aromatics business as discontinued operations when the sale was consummated.

On February 24, 2016, the Company entered into an asset purchase agreement among Royal Group, Inc. ( RGI ), Royal Window and Door Profiles Plant 13 Inc., Royal Window and Door Profiles Plant 14 Inc., and Axiall Corporation, as sellers, and North American Profiles Canada, LTD ( NAPC ), as purchaser, pursuant to which the Company sold its window and door profiles business and its Concord, Ontario compounding operations to NAPC on March 31, 2016 for net proceeds of approximately \$29.2 million, subject to certain working capital and other adjustments and future performance-based payments. The Company concluded that it met the accounting requirements for reporting the financial position, results of operations and cash flows of its former window and door profiles business as discontinued operations when the sale was consummated. The sale of our Concord, Ontario compounding operations did not meet the criteria for classification as discontinued operations.

The accompanying unaudited condensed consolidated balance sheets as of June 30, 2016 and December 31, 2015, and statements of operations and statements of cash flows for the three and six months ended June 30, 2016 and 2015, and the related notes to the unaudited condensed consolidated financial statements, have been adjusted to reflect the presentation of the results of operations and cash flows of the former aromatics and window and door profiles businesses as discontinued operations. These adjustments relating to the discontinued operations of our aromatics and window and door profiles businesses did not impact the Company's consolidated net income (loss) attributable to Axiall. Refer to Note 3 for additional information relating to these sales.

Certain prior period amounts have been reclassified to conform to the current period's presentation. These reclassifications are of a normal recurring nature and did not impact the Company's operating income (loss) or consolidated net income (loss).

There have been no material changes in the significant accounting policies followed by us during the three and six months ended June 30, 2016 from those disclosed in our Annual Report on Form 10-K for the year ended December 31, 2015 (the 2015 Annual Report ).

The accompanying unaudited condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes to the audited consolidated financial statements included in the 2015 Annual Report, which have not been revised to reflect the discontinued operations of our window and door profiles business. Unless the context otherwise requires, references to Axiall, the Company, we, our or us, mean Axiall Corporation and its consolidated subsidiaries.





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Basic earnings (loss) per share from continuing operations attributable to Axiall is based on the weighted-average number of common shares outstanding during the three and six month periods ended June 30, 2016 and 2015. Diluted earnings (loss) per share from continuing operations attributable to Axiall is based on the weighted-average number of common shares outstanding during the three and six month periods ended June 30, 2016 and 2015, adjusted for the dilutive effect of employee share-based compensation and other share-based compensation awards.

Due to the net loss from continuing operations in the three and six month periods ended June 30, 2016, common stock equivalents of 0.4 million shares and 0.3 million shares, respectively, were excluded from the computation of diluted loss per share in both periods due to their anti-dilutive effect. Certain of our restricted stock units participate in dividend distributions; however, the distributions for these restricted stock units do not have a material impact on our earnings (loss) per share calculation.

The following table provides a reconciliation of the numerators and denominators used to determine basic and diluted earnings (loss) per share from continuing operations attributable to Axiall and discontinued operations for the three and six month periods ended June 30, 2016 and 2015:

<i>(In millions, except per share data)</i>	Three Months Ended June 30, 2016		Six Months Ended June 30, 2015	
	2016	2015	2016	2015
<b>Numerator</b>				
Income (loss) from continuing operations	\$ (27.3)	\$ 22.8	\$ (57.6)	\$ 20.4
Less: net income attributable to noncontrolling interest	0.5	1.3	0.8	3.1
Income (loss) from continuing operations attributable to Axiall	(27.8)	21.5	(58.4)	17.3
Net loss from discontinued operations	-	(0.9)	(23.0)	(7.3)
Consolidated net income (loss) attributable to Axiall	\$ (27.8)	\$ 20.6	\$ (81.4)	\$ 10.0
<b>Denominator</b>				
Weighted average common shares outstanding, basic	70.6	70.4	70.6	70.3
Dilutive impact of stock options and other share-based awards	-	0.5	-	0.6
Weighted average common shares outstanding, diluted	70.6	70.9	70.6	70.9
<b>Basic earnings (loss) per share attributable to Axiall:</b>				
Basic earnings (loss) per share from continuing operations	\$ (0.39)	\$ 0.30	\$ (0.83)	\$ 0.25
Basic loss per share from discontinued operations	-	(0.01)	(0.32)	(0.11)
<b>Basic earnings (loss) per share attributable to Axiall</b>	<b>\$ (0.39)</b>	<b>\$ 0.29</b>	<b>\$ (1.15)</b>	<b>\$ 0.14</b>
<b>Diluted earnings (loss) per share attributable to Axiall:</b>				
Diluted earnings (loss) per share from continuing operations	\$ (0.39)	\$ 0.30	\$ (0.83)	\$ 0.25
Diluted loss per share from discontinued operations	-	(0.01)	(0.32)	(0.11)

**Diluted earnings (loss) per share attributable to Axiall**      \$ **(0.39)**      \$ 0.29      \$ **(1.15)**      \$ 0.14

**3. DISCONTINUED OPERATIONS**

*Sale of Building Products Window and Door Profiles Business*

On February 24, 2016, the Company entered into an asset purchase agreement among RGI, Royal Window and Door Profiles Plant 13 Inc., Royal Window and Door Profiles Plant 14 Inc., and Axiall Corporation, as sellers, and NAPC, as purchaser, pursuant to which the Company sold its window and door profiles business, and its Concord, Ontario compounding operations to NAPC for net proceeds of approximately \$29.2 million, subject to certain working capital and other adjustments and future performance-based payments. The sale was consummated on March 31, 2016. The Company concluded that it met the accounting requirements for reporting the financial position, results of operations and cash flows of its former window and door profiles business as discontinued operations when the sale was consummated and recognized a loss on sale of \$25.2

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million reflected in loss from discontinued operations in the unaudited condensed consolidated statements of operations. The Company concluded that the sale of its Concord, Ontario compounding operations did not meet the criteria for classification as discontinued operations. In connection with the sale of the Concord, Ontario compounding operations, the Company recognized a loss on the sale of assets of \$4.0 million that is reflected in restructuring and divestiture costs in its unaudited condensed consolidated statements of operations. The net cash proceeds of approximately \$27.5 million received from the sale of our window and door profiles business is included in cash flows from investing activities discontinued operations in the unaudited condensed consolidated statements of cash flows. The Company has terminated its previously announced sale process for the remainder of the Building Products businesses.

*Sale of Aromatics Business: Discontinued Operations*

On September 30, 2015, the Company entered into and consummated the transactions contemplated by an asset purchase agreement between INEOS and Axiall LLC, a wholly-owned subsidiary of the Company. Pursuant to such asset purchase agreement, INEOS acquired certain assets used in the Company's aromatics business, including but not limited to, its cumene production facility located in Pasadena, Texas. The Company retained the land and plant at its phenol, acetone and alpha-methylstyrene production facility located in Plaquemine, Louisiana (the Plaquemine Phenol Facility), which is part of a broader set of other Axiall facilities located in Plaquemine. In addition, the Company retained the following assets associated with its aromatics business: (i) cash and cash equivalents; (ii) accounts receivable; and (iii) inventory, other than certain raw materials and work-in-process inventory at its Pasadena facility. The Company has discontinued the manufacture of products at its Plaquemine Phenol Facility and expects to decommission and dismantle that facility by the end of 2016.

At closing, the Company received \$52.4 million in cash, which consisted of: (i) the sale price of \$47.4 million; and (ii) a \$5.0 million advance toward the cost of decommissioning and dismantling our Plaquemine Phenol Facility. That advance was recorded as a liability in our unaudited condensed consolidated balance sheets. During the fourth quarter of 2015, the Company met certain terms and conditions set forth in the asset purchase agreement that entitled it to receive \$5.5 million of contingent consideration, pursuant to which it recorded \$5.3 million, as a gain, net of a \$0.2 million working capital adjustment, related to the sale. Further, the Company may receive an additional \$5.0 million from INEOS to help defray the costs of decommissioning and dismantling the Plaquemine Phenol Facility. The Company's receipt of all or any portion of the remaining \$5.0 million that INEOS may be required to pay and our right to retain the \$5.0 million advance payment will depend on the amount of costs incurred by us to decommission and dismantle the Plaquemine Phenol Facility.

The following represents major classes of assets and liabilities related to the discontinued operations included in our unaudited condensed consolidated balance sheets as of the following dates:

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<i>(In millions)</i>	June 30, 2016	December 31, 2015
Receivables, net	\$ -	\$ 17.6
Inventories	0.8	18.5
Prepaid expenses and other	-	0.8
Property, plant and equipment, net	-	61.1
Other assets, net	-	0.9
<b>Total assets</b>	<b>\$ 0.8</b>	<b>\$ 98.9</b>
Accounts payable	\$ 5.7	\$ 3.2
Accrued compensation	-	2.0
Other accrued liabilities	1.1	10.3
Lease financing obligation	-	35.6
<b>Total liabilities</b>	<b>\$ 6.8</b>	<b>\$ 51.1</b>
<b>Net assets (liabilities)</b>	<b>\$ (6.0)</b>	<b>\$ 47.8</b>

Operating results of the discontinued operations for the three and six month periods ended June 30, 2016 and 2015 are shown below:

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Net sales	\$ 1.3	\$ 189.3	\$ 33.6	\$ 352.3
Operating costs and expenses:				
Cost of sales	2.6	184.2	35.7	348.3
Selling, general and administrative expenses	0.4	5.4	4.5	10.7
Restructuring and divestiture costs	-	-	-	0.3
<b>Total operating costs and expenses</b>	<b>3.0</b>	<b>189.6</b>	<b>40.2</b>	<b>359.3</b>
Operating loss from discontinued operations	(1.7)	(0.3)	(6.6)	(7.0)
Interest expense, net	-	(1.2)	(1.1)	(2.3)
Foreign currency exchange gain (loss)	-	(0.2)	(0.3)	0.4
Net loss from the sale of business	-	-	(25.1)	-
<b>Loss from discontinued operations</b>	<b>(1.7)</b>	<b>(1.7)</b>	<b>(33.1)</b>	<b>(8.9)</b>
Benefit from income taxes of discontinued operations	(1.7)	(0.8)	(10.1)	(1.6)
<b>Net loss from discontinued operations</b>	<b>\$ -</b>	<b>\$ (0.9)</b>	<b>\$ (23.0)</b>	<b>\$ (7.3)</b>

Certain information pertaining to depreciation and amortization as well as capital expenditures associated with our discontinued operations for the three and six month periods ended June 30, 2016 and 2015 are included below:

**Three Months Ended June 30, &**