UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

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

For The Fiscal Year Ended December 31, 2015

OR

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

Commission File Number: 001-35493

STEEL PARTNERS HOLDINGS L.P.

(Exact name of registrant as specified in its charter)

Delaware	**13-3727655**
(State of Incorporation)	(I.R.S. Employer Identification No.)
590 Madison Avenue, 32nd Floor	
New York, New York	**10022**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(212) 520-2300**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common units, $0 par	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:

Common Units, no par value

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☐ No ☑

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

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 ☐

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) 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 if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☑

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

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

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

The aggregate market value of our common units held by non-affiliates of registrant as of June 30, 2015 was approximately $240.6 million.

On March 7, 2016, there were 26,632,689 common units outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Items 10, 11, 12, 13 and 14 of Part III will be incorporated by reference to certain portions of a definitive proxy statement, which will be filed by the Registrant within 120 days after the close of its fiscal year.

STEEL PARTNERS HOLDINGS L.P.

TABLE OF CONTENTS

As used in this Form 10-K, unless the context otherwise requires the terms “we,” “us,” “our,” “SPLP” and the “Company” refer to Steel Partners Holdings L.P., a Delaware limited partnership.

PART I

FORWARD-LOOKING STATEMENTS

This report includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), including, in particular, forward-looking statements under the headings “Item 7- Management’s Discussion and Analysis of Financial Condition and Results of Operations” and “Item 8 - Financial Statements and Supplementary Data.” These statements appear in a number of places in this report and include statements regarding the Company’s intent, belief or current expectations with respect to (i) its financing plans, (ii) trends affecting its financial condition or results of operations, and (iii) the impact of competition. The words “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “estimate,” and similar expressions are intended to identify such forward-looking statements; however, this report also contains other forward-looking statements in addition to historical information.

Item 1. Business

All monetary amounts used in this discussion are in thousands unless otherwise indicated.

Who We Are

Steel Partners Holdings L.P. ("SPLP" or the "Company") is a global diversified holding company that engages in multiple businesses through consolidated subsidiaries, associated companies and other interests. It owns and operates businesses, and has significant investments in companies, in various industries, including diversified industrial products, energy, defense, supply chain management and logistics, banking, and youth sports.

Each of our companies has its own management team with significant experience in their industries. Our subsidiary, SP Corporate Services LLC (“SP Corporate”), through Management Services Agreements, provides services to us and some of our companies which include assignment of C-Level management personnel, as well as a variety of services including legal, tax, accounting, treasury, consulting, auditing, administrative, compliance, environmental health and safety, human resources, marketing, investor relations and other similar services.

We work with our businesses to increase corporate value over the long term for all stakeholders by implementing our unique strategy discussed in more detail below.

Our History

Steel Partners, a private investment firm, was founded in February 1990 by Warren G. Lichtenstein. In December 2008, in order to preserve an investment strategy that successfully served the investment firm and its investors since inception, Steel Partners restructured its business. The result was the creation of SPLP, a limited partnership formed in the State of Delaware on December 16, 2008.

On April 10, 2012, after fulfilling stringent regulatory and financial reporting requirements, the company became listed on the New York Stock Exchange (NYSE: SPLP).

Our Structure

SPLP is managed by SP General Services LLC (the “Manager”), pursuant to the terms of an amended and restated management agreement (the “Management Agreement”) discussed in further detail in Note 13 – "Related Party Transactions" to the SPLP consolidated financial statements found elsewhere in this Form 10-K. From its founding in 1990, the Manager and its affiliates have focused on increasing value for investors in the entities it has managed, including SPLP and SPII.

Our wholly-owned subsidiary, Steel Partners Holdings GP Inc., formerly known as Web LLC and Steel Partners Holdings GP LLC (the “General Partner”), is our general partner. The General Partner converted from a limited liability company to a corporation on September 21, 2010. The General Partner has a board of directors (the “Board of Directors”). The Board of Directors is currently comprised of seven members, five of whom are elected annually by our unitholders and two of whom are appointed by the Manager. Warren G. Lichtenstein, the Executive Chairman of our Manager, serves as the Chairman of the Board of Directors.

Our Strategy

We continuously evaluate the retention and disposition of existing operations and investigate possible acquisitions of new businesses, often focusing on businesses that are selling substantially below intrinsic value. We consider possible synergies and economies of scale in operating and/or making determinations to acquire or dispose of companies. We seek additional means to reduce costs and to encourage integration of operations and the building of business relationships among our companies consistent with our desire that our unitholders benefit from the diversified holding company structure.

We strive to enhance the business operations of our companies and increase long-term value for unitholders and stakeholders through balance sheet improvements, strategic allocation of capital and operational and growth initiatives. We use a set of tools and processes called the *Steel Business System* to drive operational and sales efficiencies across each of our business units. The *Steel Business System* is designed to drive strategy deployment and sales and marketing based on lean principles. Our operational initiatives include creating efficiencies through consolidated purchasing and materials sourcing provided by the *Steel Partners Purchasing Council*, which arranges shared purchasing programs and is reducing costs for, and providing other benefits to, a number of our companies. We strive to reduce our companies' operational costs, and enhance growth and profitability, through the implementation of *Steel Partners Operational Excellence Programs*, which include the deployment of Lean Manufacturing, Design for Six Sigma, Six Sigma and Strategy Deployment. We are focused on reducing corporate overhead of our companies by centralizing certain administrative and corporate services through *Steel Partners Corporate Services* that provides management, consulting and advisory services.

Generally, we seek to actively acquire and maintain control over our companies through our ability to influence their policies. Depending on the size of our ownership interests in any given company, this may be achieved by obtaining board representation and overseeing and providing assistance to the existing management team. We generally view our companies as long-term holdings and we expect to realize value by operating them with a view towards fostering growth and maximizing their value rather than through the sale of ownership interests. The securities of some of the companies in which we have interests are traded on national securities exchanges, while others are privately held or not actively traded.

Our Businesses

The following table presents the composition of our operating segments, which include the operations of our consolidated subsidiaries, as well as income or loss from equity method investments and other investments.

Diversified Industrial	% Owned at December 31, 2015	Energy	% Owned at December 31, 2015	Financial Services	% Owned at December 31, 2015	Corporate and Other	% Owned at December 31, 2015
Handy & Harman Ltd. ("HNH") (1)	70.1%	Steel Excel Inc. ("Steel Excel") (1)	58.3 %	WebBank (1), (3)	90.7 %	SPH Services, Inc. ("SPH Services") (1)	100.0%
WebFinancial Holding LLC ("WFH LLC")(1), (2), (3)	90.7%	Aviat Networks, Inc. ("Aviat") (4)	12.9%			DGT Holdings Corp. ("DGT") (1)	100.0%
SL Industries, Inc. ("SLI") (4)	25.1%	API Technologies Corp. ("API Tech") (4)	20.6 %			BNS Holdings Liquidating Trust ("BNS Liquidating Trust") (1)	84.9%
		iGo Inc. ("IGo") (4)	45.7%			ModusLink Global Solutions, Inc. ("MLNK") (4)	31.5%
						Other Investments	Various

(1) Consolidated subsidiary.
(2) WFH LLC was formerly known as CoSine Communications, Inc. ("CoSine") and consists of the operations of API Group plc ("API").
(3) Wholly owned by WebFinancial Corporation ("WFHC"), a subsidiary of SPLP. On December 31, 2015 SPLP's ownership in WFHC decreased from 100.0% to 90.7%.
(4) Equity method investment.

Description of Our Businesses

Diversified Industrial Segment

Our Diversified Industrial segment is comprised of our HNH and WFH LLC operations.

HNH (NASDAQ (CM): HNH) is a diversified manufacturer of engineered niche industrial products with leading market positions in many of the markets it serves. Four of our representatives serve on HNH's seven-member board of directors, one of whom serves as Chairman. Our representatives also serve as the Executive Chairman (Principal Executive Officer), Chief Financial

Officer (Principal Accounting Officer), Chief Legal Officer and as various Vice Presidents of HNH. HNH distributes products to customers through its sales personnel, outside sales representatives and distributors in North and South America, Europe, Australia, Asia and several other international markets. As of December 31, 2015 HNH employed 2,125 employees worldwide. Of these employees, 355 were sales employees, 466 were office employees, 79 were covered by collective bargaining agreements, and 1,225 were non-union operating employees. HNH is diversified across industrial markets and customers. HNH sells to customers in the construction, electrical, electronics, transportation, utility, medical, oil and gas exploration, aerospace and defense, and food industries. No customer accounted for more than 10% of HNH's consolidated net sales in 2015, 2014 or 2013. HNH's 15 largest customers accounted for approximately 33% of consolidated HNH net sales in 2015. Below is a description of HNH's products:

- *Joining Materials* - HNH's Joining Materials business primarily fabricates precious metals and their alloys into brazing alloys. Brazing alloys are used to join similar and dissimilar metals, as well as specialty metals and some ceramics, with strong, hermetic joints. The Joining Materials business offers these metal joining products in a wide variety of alloys, including gold, silver, palladium, copper, nickel, aluminum and tin. Operating income from precious metal products is principally derived from the "value added" of processing and fabricating and not from the purchase and resale of precious metals.

- *Tubing* - HNH's Tubing business manufactures and produces value added fabrications for a wide variety of steel tubing products such as continuous seamless stainless steel tubing coils for the petrochemical infrastructure and shipbuilding markets and small diameter coil tubing for the aerospace, defense and semiconductor fabrication markets. This unit also manufactures welded carbon steel tubing in coiled and straight lengths with a primary focus on products for the transportation, appliance and heating and oil and gas industries.

- *Building Materials* - HNH's Building Materials business manufactures and supplies products primarily to the commercial construction and building industries. It manufactures fasteners and fastening systems for the U.S. commercial low slope roofing industry, which are sold to building and roofing material wholesalers, roofing contractors and private label roofing system manufacturers, and a line of engineered specialty fasteners for the building products industry for fastening applications in the remodeling and construction of homes, decking and landscaping.

- *Performance Materials* - HNH's Performance Materials business manufactures sheet and mechanically formed glass and aramid materials for specialty applications in a wide expanse of markets requiring highly engineered components. Its products are used in a wide range of advanced composite applications, such as civilian and military aerospace components, printed electronic circuit boards, filtration and insulation products, specialty commercial construction substrates, automotive and industrial components, and soft body armor for civilian and military applications. HNH's Performance Materials business is currently comprised solely of the operations of JPS Industries, Inc. ("JPS"), which HNH acquired on July 2, 2015.

- *Kasco Blades and Route Repair Services ("Kasco")* - HNH's Kasco business provides meat-room blade products, repair services and resale products for the meat and deli departments of supermarkets, restaurants, meat and fish processing plants, and for distributors of electrical saws and cutting equipment, principally in North America and Europe. Kasco also provides wood cutting blade products for the pallet manufacturing, pallet recycler and portable saw mill industries in North America.

WFH LLC (formerly known as CoSine) operates through its subsidiary API, which CoSine obtained control over on April 17, 2015. On December 31, 2015 CoSine was merged into and with WFH LLC, with WFH LLC being the surviving company. API is a manufacturer and distributor of foils, films and laminates used to enhance the visual appeal and authenticating brands and packaging. API's Laminates and Foils businesses produce carton board laminates and foils for the packaging of consumer goods as well as the food & confectionery, health & beauty, personal care, greeting cards, books, magazines, footwear & sports goods and office & promotional products industries. API's Holographics business manufactures holographic products for use on premium branded goods in various industries, as well as use in government and institutional documents and currencies. No customer accounted for more than 10% of API's consolidated net sales in 2015 and API's 15 largest customers accounted for approximately 59% of consolidated API net sales in 2015. As of December 31, 2015 API employed 533 employees worldwide. Of these employees, 75 were sales employees, 64 were office employees, 377 were manufacturing employees and 17 were in other functions. A total of 270 of API's employees were covered by collective bargaining agreements. WFH LLC has no employees.

SPLP's investment in SLI (AMEX:SLI), a New Jersey corporation that designs, manufactures and markets power electronics, motion control, power protection and specialized communication equipment, is classified within the Diversified Industrial segment. We account for SLI as an equity method investment at fair value (see Note 2 - "Significant Accounting Policies" and Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K). SLI's products are used in a variety of medical, commercial and military aerospace, computer, datacom, industrial, telecom, transportation, utility, rail and highway equipment applications. Two of our representatives serve on SLI's five-member board of directors, one of whom serves as Chairman.

Energy Segment

Steel Excel is a Delaware corporation formerly known as ADPT Corporation (NASDAQ:SXCL). Three of our representatives serve on Steel Excel's six-member board of directors, one of whom serves as Chairman and another of whom serves as the Chief Executive Officer. Our representatives also serve as Chief Financial Officer and General Counsel. Through its wholly-owned subsidiary Steel Energy Ltd. ("Steel Energy"), Steel Excel’s Energy business provides drilling and production services to the oil and gas industry. Through its wholly-owned subsidiary Steel Sports Inc., Steel Excel’s Sports business is a social impact organization that strives to provide a first-class youth sports experience emphasizing positive experiences and instilling the core values of discipline, teamwork, safety, respect, and integrity. Steel Excel also makes significant non-controlling investments in entities in industries related to its existing businesses as well as entities in other unrelated industries, and continues to identify business acquisition opportunities in all these areas. As of December 31, 2015, Steel Excel had 763 employees, of which 658 were full-time employees and 105 were part-time employees. All of Steel Excel's employees are located in the United States. Steel Excel also hires additional full-time and part-time employees during peak seasonal periods. None of Steel Excel's employees are covered by collective bargaining agreements. Steel Excel considers its employee relations to be satisfactory.

Steel Excel's energy services are affected by seasonal factors, such as inclement weather, fewer daylight hours, and holidays during the winter months. Heavy snow, ice, wind, or rain can make it difficult to operate and to move equipment between work sites, which can reduce its ability to provide services and generate revenues. These seasonal factors affect Steel Excel's competitors as well.

Steel Excel relies primarily on its local operations to sell and market its services. Because they have conducted business together over several years, the members of its local operations have established strong working relationships with certain of their clients. These strong client relationships provide a better understanding of region-specific issues and enable Steel Excel to better address customer needs. In 2015, Steel Excel had two customers, that made up 28% or more of its net revenues, and its top 15 customers made up 76%, 81% and 81% of its net revenues for the years ended December 31, 2015, 2014 and 2013, respectively.

Steel Excel also has equity method investments in Aviat (NASDAQ:AVNW), a global provider of microwave networking solutions, API Tech (NASDAQ:ATNY), a designer and manufacturer of high performance systems, subsystems, modules, and components and iGo, a mobile device accessories provider company.

Financial Services Segment

The Financial Services segment activity during 2015 primarily consists of our subsidiary WFHC, which conducted its financial operations during 2015 through its wholly owned subsidiary WebBank. WebBank is a Utah chartered industrial bank subject to comprehensive regulation, examination, and supervision of the Federal Deposit Insurance Corporation (“FDIC”) and the State of Utah Department of Financial Institutions (“UDFI”). WebBank is not considered a “bank” for Bank Holding Company Act purposes and, as such, SPLP is not regulated as a bank holding company. WebBank's deposits are insured by the FDIC. As of December 31, 2015, WebBank had 58 employees.

WebBank engages in a full range of banking activities including originating loans, issuing credit cards, and taking deposits that are federally insured. WebBank originates and funds consumer and small business loans through lending programs with unaffiliated companies that market and service the programs (“Marketing Partners”), where the Marketing Partners subsequently purchase the loans (or interests in the loans) that are originated by WebBank. WebBank also has private-label financing programs that are branded for a specific retailer, manufacturer, dealer channel, or proprietary network and bank card programs. WebBank also participates in syndicated commercial and industrial as well as asset based credit facilities and asset based securitizations through relationships with other financial institutions.

WebBank's interest income is primarily derived from interest and origination fees earned on loans and investments. WebBank's non-interest income is primarily derived from fee income on contractual lending arrangements, premiums on the sale of loans, and loan servicing fees. For the years ended December 31, 2015, 2014 and 2013, the two highest grossing contractual lending programs accounted for 46%, 35% and 46%, respectively, of WebBank's total revenue.

Corporate and Other Segment

The Corporate and Other segment consists of several consolidated subsidiaries, equity method investments as well as other various investments and cash and cash equivalents. Below is a description of the Corporate and Other segment:

- *SPH Services* - SPH Services, a wholly owned subsidiary of SPLP, provides legal, tax, accounting, treasury, consulting, auditing, administration, compliance, environmental health and safety, human resources, marketing, investor relations and similar services, to other affiliated companies. SP Corporate has management services agreements with HNH, Steel Excel, WebBank, WFH LLC, BNS, DGT and other related companies. For additional information on these service agreements see Note 13 - "Related Party Transactions" to the SPLP consolidated financial statements found elsewhere in this Form 10-K. As of December 31, 2015, SPH Services had 69 employees.

- *BNS Liquidating Trust* - In June 2012, BNS Holding Inc. ("BNS") formed a liquidating trust, the BNS Liquidating Trust. BNS assigned its assets and liabilities to the BNS Liquidating Trust and initiated its dissolution. The BNS Liquidating Trust is owned by the BNS former shareholders in the same proportion as their former ownership in BNS. The BNS Liquidating Trust has no employees.

- *DGT* - DGT's operations currently consist of investments, general and administrative expenses and one building which is held for sale at December 31, 2015.

SPLP's investment in MLNK (NASDAQ:MLNK), which provides supply chain and logistics services to companies in consumer electronics, communications, computing, medical devices, software, luxury goods and retail, is classified in the Corporate and Other segment. Two members of SPLP's management team serve on the six-member MLNK board of directors, one of whom serves as chairman. We account for MLNK as an equity method investment under the fair value option (see Note 2 - "Significant Accounting Policies" and Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K).

Raw Materials

Besides precious metals, the raw materials used in certain HNH operations consist principally of stainless, galvanized and carbon steel, copper, tin, nickel alloys, a variety of high-performance alloys and various plastic compositions. The raw materials used in the operations of HNH's Performance Materials business consist principally of fiberglass, quartz and aramid yarns. HNH purchases all such raw materials at open market prices from domestic and foreign suppliers. HNH has not experienced any significant problem in obtaining the necessary quantities of raw materials. Prices and availability, particularly of raw materials purchased from foreign suppliers, are affected by world market conditions and government policies. The raw materials used by HNH in its non-precious metal products are generally readily available from more than one source.

The raw materials used in the operations of API consist principally of board, PET film, organic solvents, aluminum, resins, pigments and adhesives. API purchases all such raw materials at open market prices and has not experienced any significant problem in obtaining the necessary quantities of raw materials. Prices and availability of raw materials purchased are affected by world market conditions and government policies. The raw materials used are generally readily available from more than one source.

HNH and API require significant amounts of electricity, oil and natural gas to operate their facilities and they are subject to price changes in these commodities. A shortage of electricity, oil or natural gas, or a government allocation of supplies resulting in a general reduction in supplies, could increase costs of production and could cause some curtailment of production.

Capital Investments

SPLP believes that in order to be and remain competitive, its businesses must continuously strive to improve productivity and product quality, and control and/or reduce manufacturing costs. Accordingly, SPLP expects to continue to make capital investments that reduce overall manufacturing costs, improve the quality of products produced, services provided and broaden the array of products offered to the industries SPLP serves, as well as replace equipment as necessary to maintain compliance with environmental, health and safety laws and regulations. SPLP's capital expenditures for 2015, 2014 and 2013 for continuing operations were $23,252, $28,769 and $20,885, respectively. SPLP anticipates funding its capital expenditures in 2016 from funds generated by operations and borrowed funds.

Competition

There are many companies, larger and smaller, domestic and foreign, which manufacture products or provide services of the type offered by our subsidiaries. Some of these competitors are larger and have financial resources greater than our subsidiaries. Some of these competitors enjoy certain other competitive advantages, including greater name recognition, greater financial, technical, marketing and other resources, a larger installed base of customers and well-established relationships with current and potential customers.

Competition in the Diversified Industrial segment is based on quality, technology, service, reputation, price, and in some industries, new product introduction.

Steel Excel's Energy business operates in a highly competitive industry that is influenced by price, capacity, reputation, and experience. In times of high demand, capacity, reputation and experience are major competitive forces. In times of low demand, service providers will compete on price to attract customers. In addition, Steel Excel needs to maintain a safe work environment and a well-trained work force to remain competitive. The market for the Steel Excel's Sports business' baseball facility services and soccer camps and leagues is very fragmented, and its competitors are primarily small local or regional operations. The market for its strength and conditioning services is fragmented, and its competitors vary from large national providers of such services to local providers of comparable or other niche services.

WebBank competes with a broad range of banks, both larger and smaller, across its various lines of business.

Regulation

Certain of our business are subject to various regulations relating to protection of the environment, worker safety, the handling of hazardous materials, transportation standards, and banking. The Company does not presently anticipate that compliance with currently applicable environmental regulations and controls will significantly change its competitive position, capital spending or earnings during 2016. SPLP believes it's subsidiaries are in compliance with all orders and decrees it has consented to with environmental regulatory agencies. These regulations are discussed in more detail below. Also, please see "Item 1A - Risk Factors," "Item 3 - Legal Proceedings" and Note 21 - "Commitments and Contingencies" to the SPLP consolidated financial statements found elsewhere in this Form 10-K.

- The Comprehensive Environmental Response, Compensation and Liability Act, as amended, and comparable state laws (“CERCLA” or “Superfund”) impose liability without regard to fault or the legality of the original conduct on certain defined parties, including current and prior owners or operators of a site where a release of hazardous substances occurred and entities that disposed or arranged for the disposition of the hazardous substances found at the site. Under CERCLA, these parties may be subject to joint and several liability for the costs of cleaning up the hazardous substances that were released into the environment and for damages to natural resources. Further, claims may be filed for personal injury and property damages allegedly caused by the release of hazardous substances and other pollutants. We may encounter materials that are considered hazardous substances in the course of our operations. As a result, our businesses may incur CERCLA liability for cleanup costs and be subject to related third-party claims. We also may be subject to the requirements of the Resource Conservation and Recovery Act, as amended, and comparable state statutes (“RCRA”) related to solid wastes. Under CERCLA or RCRA, our subsidiaries could be required to clean up contaminated property (including contaminated groundwater) or to perform remedial activities to prevent future contamination.

- The Clean Water Act established the basic structure for regulating discharges of pollutants into the waters of the United States and quality standards for surface waters.

- The Oil Pollution Act of 1990 imposed a multitude of requirements on responsible parties related to the prevention of oil spills and liability for damages resulting from such spills in the waters of the United States.

- The Clean Air Act, as amended, and comparable state laws and regulations restrict the emission of air pollutants and impose various monitoring and reporting requirements. These laws and regulations may require our subsidiaries to obtain approvals or permits for construction, modification, or operation of certain projects or facilities and may require use of emission controls.

- The Occupational Safety and Health Act, as amended, (“OSHA”) and comparable state laws regulate the protection of employee health and safety. OSHA’s hazard communication standard requires that information about hazardous materials used or produced in its operations be maintained and provided to employees and state and local government authorities.

WebBank is subject to regulatory capital requirements administered by the FDIC. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, WebBank must meet specific capital guidelines that involve quantitative measures of WebBank's assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. WebBank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors. Failure to meet minimum capital requirements can initiate certain actions by regulators that, if undertaken, could have a direct material adverse effect on WebBank's financial statements. In addition, federal banking laws and regulations generally would prohibit WebBank from making any capital distribution (including payment of a dividend) if WebBank would be under-capitalized thereafter. Undercapitalized depository institutions are subject to growth limitations and must submit a capital restoration plan, which must be guaranteed by the institution's holding company. In addition, an undercapitalized institution is subject to increased monitoring and greater regulatory approval requirements. Currently, WebBank meets or exceeds all applicable regulatory capital requirements.

WebBank is also subject to legal requirements in connection with the consumer and business lending programs that it originates. These include disclosure requirements, prohibitions on certain activities, and a broad prohibition on engaging in unfair, deceptive or abusive acts or practices. These requirements are enforced by WebBank's regulators, the FDIC and the UDFI, as well as through private litigation.

<u>Other Information Related to Our Businesses</u>

The amounts of revenue, earnings before taxes and identifiable assets attributable to the aforementioned business segments and additional information regarding SPLP's investments are included in Note 18 - "Segment Information" and Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K.

Our common units are quoted on the New York Stock Exchange (NYSE) under the symbol "SPLP". Our business address is 590 Madison Avenue, 32nd Floor, New York, New York 10022, and our telephone number is (212) 520-2300. Our website is www.steelpartners.com. The information contained in, or that can be accessed through, the website is not part of this Form 10-K. This Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K, and all amendments to those reports, are available to you free of charge through our website as soon as reasonably practicable after those materials have been electronically filed with, or furnished to, the SEC.

Item 1A. Risk Factors

Our business is subject to a number of risks. You should carefully consider the following risk factors, together with all of the other information included or incorporated by reference in this report, before you decide whether to purchase our common units. These factors are not intended to represent a complete list of the general or specific risks that may affect us. It should be recognized that other risks may be significant, presently or in the future, and the risks set forth below may affect us to a greater extent than indicated. If any of the following risks occur, our business, financial condition and results of operations could be materially adversely affected. In such case, the trading price of our common units could decline, and you may lose all or part of your investment.

Risks Related to Our Business

Our businesses are and may be subject to federal, state and foreign environmental laws and regulations that expose them to potential financial liability. Complying with applicable environmental laws requires significant resources, and if our businesses fail to comply, they could be subject to substantial liability.

Some of the facilities and operations of our businesses are, and may be, subject to a variety of federal, state and foreign environmental laws and regulations, including laws and regulations pertaining to the handling, storage and transportation of raw materials, products and wastes, and hazardous materials and wastes, which require and will continue to require significant expenditures to remain in compliance with such laws and regulations. Any material violations of these laws can lead to substantial liability, revocations of discharge permits, fines or penalties, which could negatively impact our financial condition, business and results of operations.

Our businesses rely, and may rely, on their intellectual property and licenses to use others' intellectual property, for competitive advantage. If our businesses are unable to protect their intellectual property, are unable to obtain or retain licenses to use others' intellectual property, or if they infringe upon or are alleged to have infringed upon others' intellectual property, it could have a material adverse effect on their financial condition, business and results of operations.

The success of each of our businesses depends in part on its, or licenses to use others', brand names, proprietary technology and manufacturing techniques. These businesses rely on a combination of patents, trademarks, copyrights, trade secrets, confidentiality procedures and contractual provisions to protect their intellectual property rights. The steps they have taken to protect their intellectual property rights may not prevent third parties from using their intellectual property without their authorization or independently developing intellectual property that is similar. In addition, the laws of foreign countries may not protect our businesses' intellectual property rights effectively. Stopping unauthorized use of proprietary information and intellectual property, and defending claims of unauthorized use of others' proprietary information or intellectual property, may be difficult, time-consuming and costly and could subject our businesses to significant liability for damages and invalidate their property rights. Such unauthorized use could reduce or eliminate any competitive advantage our businesses have developed, cause them to lose sales or otherwise harm their business.

We conduct operations or own interests in companies with operations outside of the U.S., which may expose us to additional risks not typically associated with companies that operate solely in the U.S.

We have operations or own interests in securities of companies with operations located outside the U.S. These holdings have additional risks, including risks relating to currency exchange, less developed or efficient financial markets than in the U.S., absence of uniform accounting, auditing and financial reporting standards, differences in the legal and regulatory environment, different publicly available information in respect of companies in non-U.S. markets, economic and political risks, and possible imposition of non-U.S. taxes. There can be no assurance that adverse developments with respect to such risks will not adversely affect our assets that are held in certain countries or the returns from these assets.

We are dependent on digital technologies to conduct our daily operations and maintain confidential information. Failure of these technologies could adversely affect our business.

The Company relies on information technology systems, some of which are managed by third parties, to both manage its daily operations and to secure its intellectual property. We use various protective measures to secure our systems from unauthorized access. However, a failure in or breach of operational or informational security systems or infrastructure, or those of our third party vendors and other service providers, as a result of information system failures or cyber-attack, could disrupt business, result in the disclosure or misuse of confidential or proprietary information, including customer and vendor lists, damage our reputation and investor confidence, increase security and remediation costs and cause losses, including potential lawsuits, all of which could have a material adverse effect on our businesses, financial condition and results of operations.

HNH sponsors defined benefit pension plans which could subject it to substantial cash funding requirements in the future.

HNH's ongoing operating cash flow requirements include arranging for the funding of the minimum requirements of the WHX Corporation Pension Plan, and the Retirement Plan for Employees of JPS Industries, Inc. The performance of the financial markets and interest rates, as well as health care trends and associated mortality rates, impact our defined benefit pension plan expense and funding obligations. Significant changes in these factors, including adverse changes in discount rates, investment losses on plan assets and increases in participant life expectancy, may increase our funding obligations and adversely impact our financial statements. Required future contributions are determined based upon assumptions regarding such matters as discount rates on future obligations, assumed rates of return on plan assets and legislative changes. Actual future pension costs and required funding obligations will be affected by changes in the factors and assumptions described in the previous sentence, as well as other changes such as any plan termination or other acceleration events. See the Liquidity and Capital Resources section of this Form 10-K for additional information.

WebBank's Lending Programs Are Subject to Extensive Federal and State Regulation.

The consumer and business lending programs offered by WebBank are subject to extensive legal requirements at the federal and state levels. Among the laws that may be applicable to some or all of the programs offered by WebBank are:

- the Federal Truth-in-Lending Act and Regulation Z promulgated thereunder, which require certain disclosures to borrowers regarding the terms of their loans;
- the Dodd-Frank Act, the Federal Trade Commission Act, and state laws that prohibit unfair, deceptive, or abusive acts or practices;
- the Federal Equal Credit Opportunity Act and Regulation B promulgated thereunder, which prohibit discrimination in the extension of credit on the basis of age, race, color, sex, religion, marital status, national origin, receipt of public assistance or the exercise of any right under the Consumer Credit Protection Act;
- Federal and state laws relating to privacy and the safeguarding of personally identifiable consumer information and data breach notification; and
- laws governing the permissibility of the interest rates and fees that are charged to borrowers.

If WebBank or its programs do not comply with these laws, it may be subject to claims for damages, fines, or penalties, and may face regulatory scrutiny. In addition, some violations could result in an underlying loan being found invalid or unenforceable, or subject to payment defenses. Any of these violations could result in the imposition of liability on WebBank, although WebBank may have indemnification rights for certain claims. In addition, there could be limitations on WebBank's ongoing or future business.

WebBank offers lending programs through relationships with Marketing Partners. WebBank and its Marketing Partners are subject to supervision by the FDIC and the UDFI. The authority of the FDIC and the UDFI includes the ability to examine WebBank, the Marketing Partners, and the programs. The FDIC and UDFI also may bring enforcement actions against WebBank and its Marketing Partners if they detect any violations of law. These enforcement actions could result in monetary liability on WebBank, increased compliance obligations, or limitations on its ongoing and future business.

WebBank's Status as Lender of the Loans it Offers, and the Ability of Assignees to Collect Interest, May be Challenged

WebBank's business includes lending programs with Marketing Partners, where the Marketing Partners provide origination servicing for the loans and subsequently purchases the loans (or interests in the loans) that are originated by WebBank. There has been litigation which has challenged lending arrangements where a bank has made a loan and then sells and assigns it to an entity that is engaged in assisting with the origination and servicing of the loan. In such challenges the issuing banks (such as WebBank) are not usually defendants. However, such cases if successfully brought against WebBank's Marketing Partners or others could negatively impact WebBank's ongoing and future business. WebBank has structured its Marketing Partners' programs, and exercises control over these programs, to address these risks. A challenge of this type was brought against one of WebBank's Marketing Partners previously. WebBank intervened in the case and, in 2014, the case was dismissed in favor of WebBank.

On May 22, 2015, in a case involving whether a debt buyer that purchased defaulted loans from a national bank could collect interest on those loans at the rate that the National Bank Act permitted the seller of the loans to charge, the United States Court of Appeals for the Second Circuit ruled that federal law did not preempt the application of state usury laws to the debt buyer. *Madden v. Midland Funding LLC*, 786 F.3d 246 (2d Cir. 2015). The Second Circuit remanded the case to the federal district court to determine whether the debt buyer violated state usury laws, including whether the interest rate collected by the debt buyer was permissible under state law because of a choice-of-law clause in the loan agreement. WebBank believes that the *Madden* case is inconsistent with established legal precedent, and also that WebBank's operation of its business distinguishes its programs from the facts of the *Madden* case. In addition, there are additional state law arguments to support as assignee's ability to collect interest on a loan, but these were not addressed by the Second Circuit in its decision. The defendant in the *Madden* case filed a petition for a writ of certiorari on November 10, 2015 seeking further review of the Second Circuit's decision by the United States Supreme Court. It is uncertain, however, whether the Supreme Court will agree to hear the appeal and, if it does, how it will rule. If the Madden decision stands, then other courts may rule that federal usury law applicable to WebBank does not preempt state usury laws that otherwise may apply to interest collected by Marketing Partners or other assignees of loans originated by Bank by WebBank. This could negatively impact WebBank's ongoing and future business.

WebBank operates in a highly regulated environment. Recent and ongoing legislative and regulatory actions may significantly affect our liquidity or financial condition.

On July 21, 2010, President Barack Obama signed the Dodd-Frank Act into law. The Dodd-Frank Act is intended primarily to overhaul the financial regulatory framework following the global financial crisis and impacts all financial institutions, including WebBank. The Dodd-Frank Act, among other things, established the Bureau of Consumer Financial Protection and Financial Stability Oversight Council, consolidated certain federal bank regulators and imposed increased corporate governance and executive compensation requirements. While many of the provisions in the Dodd-Frank Act are aimed at financial institutions significantly larger than ours, the amount and complexity of regulations has increased our regulatory compliance burden and therefore has increased the Bank's regulatory risk.

In addition, the Dodd-Frank Act added a new Section 13 to the Bank Holding Company Act, the so-called "Volcker Rule," which generally restricts certain banking entities (including affiliates of depository institutions) from engaging in proprietary trading activities and acquiring or retaining ownership interests in, or sponsoring, any private equity or hedge fund (collectively, "covered funds"). The implementing regulations for the Volcker Rule were finalized by various regulatory agencies on December 10, 2013. Thereafter, the Federal Reserve extended the conformance period until July 21, 2015. On December 18, 2014, the Federal Reserve further extended the conformance period until July 21, 2016 with respect to investments in, and relationships with, covered funds and foreign funds (collectively, "legacy funds") subject to the Volcker Rule that were in place prior to December 31, 2013. The Federal Reserve also indicated that it intends to further extend the conformance period for investments in, and relationships with, legacy funds until July 21, 2017. The end of the conformance period for proprietary trading activities and for investments in, and relationships with, non-legacy funds was July 21, 2015. Under the regulations, following the end of the applicable conformance period, we (and our affiliates) are restricted from engaging in proprietary trading, or investing in or sponsoring covered funds unless our activities qualify for a specific exemption under the rule or satisfy certain requirements under the rule. While we are a banking entity under the Volcker Rule, we do not expect the Volcker Rule to have a material impact on our business.

Furthermore, the Dodd-Frank Act codified a longstanding policy that all companies that directly or indirectly control an FDIC-insured bank are required to serve as a source of financial strength for such institution. As a result, SPLP could be called upon by the FDIC to infuse additional capital into WebBank to the extent that WebBank fails to satisfy its capital requirements, including at times that SPLP might not otherwise be inclined to provide it and even if doing so may adversely affect SPLP's ability to meet its other obligations. Currently, WebBank meets or exceeds all such capital requirements.

The U.S. Congress and state legislatures and federal and state regulatory authorities continually review banking laws, regulations and policies for possible changes. We cannot predict whether additional legislation or regulations will be enacted and, if enacted, the effect that it would have on our business, financial condition or results of operations.

WebBank is subject to capital requirements.

In July 2013, the Federal Reserve Board, the Office of the Comptroller of the Currency, and the FDIC issued rules that implemented the Basel III changes to the international regulatory capital framework and revised the U.S. risk-based and leverage capital requirements for U.S. banking organizations in order to strengthen identified areas of weakness in capital rules and to address relevant provisions of the Dodd-Frank Act.

Effective January 1, 2015 for WebBank, FDIC regulations implementing the Basel III Accord modified WebBank's minimum capital requirements by adding a 4.5% Common Equity Tier 1 ratio and increased the Tier 1 capital ratio requirement from 4% to 6%. FDIC regulations also require WebBank to comply with a total capital ratio of 8% and a leverage ratio of 4%. Additionally, a Capital Conservation Buffer (composed solely of common equity Tier 1 capital) equal to 2.5% above the new regulatory minimum capital requirements will be phased in starting January 1, 2016 until fully implemented on January 1, 2019. The Capital Conservation Buffer is on top of the minimum risk-weighted asset ratios and will have the effect of increasing those ratios by 2.5% each when fully phased in. A failure of WebBank to maintain the aggregate minimum capital required by the Capital Conservation Buffer will impair its ability to make certain distributions (including dividends and stock repurchases) and discretionary bonus payments to executive officers. A failure of WebBank to maintain capital as required by the FDIC's minimum capital requirements would subject WebBank to the FDIC's prompt corrective action regime, which may further impair WebBank's ability to make payments or distributions and may require a capital restoration plan or other corrective regulatory measures.

Although the Company currently cannot predict the specific impact and long-term effects that Basel III and its implementation in the U.S. will have on WebBank and the banking industry more generally, WebBank is currently in compliance with the new regulations.

Our energy segment is highly dependent on the activity level of the North American oil and gas industry. Our markets may be adversely affected by industry conditions that are beyond our control.

The level of oil and natural gas exploration and production activity in the United States is volatile, and has recently collapsed in light of the severe decline the price of oil. Reduced discovery rates of new oil and natural gas reserves, or a decrease in the development rate of reserves in our market areas, weakness in oil and natural gas prices, or our customers' perceptions that oil and natural gas prices will decrease in the future, could result in a reduction in the utilization of our equipment and result in lower revenues or rates for the services of our Energy segment. Our customers' willingness to undertake these activities depends largely upon prevailing industry conditions that are influenced by many factors over which we have no control.

Risks Related to Our Structure

The unitholders have limited recourse to maintain actions against the General Partner, the Board of Directors, our officers and the Manager.

The Limited Partnership Agreement of SPLP, or the "Partnership Agreement," contains broad indemnification and exculpation provisions that limit the right of a unitholder to maintain an action against the General Partner, the Board of Directors, our officers and the Manager, or to recover losses or costs incurred due to action or inaction by these parties which have a negative effect on the Company.

Our Partnership Agreement contains certain provisions that may limit the voting rights of some unitholders.

Our Partnership Agreement contains specific provisions that are intended to comply with regulatory limitations on the ownership of our securities as a result of our ownership of WebBank. Under the Partnership Agreement, a person or group that acquires beneficial ownership of 10% or more of the common units without the prior approval of the Board of Directors may lose voting rights with respect to all of its common units in excess of 9.9%.

We may have conflicts of interest with the minority shareholders of our businesses and decisions may need to be made by disinterested directors, without the participation of directors or officers associated with the Manager and the Company. These decisions may be different from the decisions we would make, and may or may not be in the best interests of our unitholders.

Because we own less than 100% of certain affiliates, and we may engage in transactions with these affiliates from time to time, the boards of directors and officers of those businesses, including directors and officers associated with our Manager and the Company, have fiduciary duties to their respective shareholders. As a result, they may make decisions that are in the best interests of their shareholders generally but which are not necessarily in the best interest of our unitholders. In dealings with us, the directors and officers of our businesses may have conflicts of interest and decisions may have to be made without their participation. Such decisions may be different from the decisions we would make and may not be in the best interests of our common unitholders, which may have an adverse effect on our business and results of operations.

There are certain interlocking relationships among us and certain affiliates of Warren G. Lichtenstein, our Executive Chairman, which may present potential conflicts of interest.

Warren G. Lichtenstein, our Executive Chairman and a substantial unitholder, is the Chief Executive Officer of our Manager. As of December 31, 2015, Mr. Lichtenstein directly owned approximately 12.7% of our outstanding common units. In addition, affiliates of our Manager beneficially own approximately 25.6% of our outstanding units, although Mr. Lichtenstein disclaims beneficial ownership of any common units not directly held by him. We have entered into transactions and/or agreements with these entities. There can be no assurance that such entities will not have interests in conflict with our own.

Certain members of our management team may be involved in other business activities that may involve conflicts of interest, possibly diverting their attention from the Company's operations.

Certain individual members of our management team may, from time to time, be involved in the management of other businesses, including those owned or controlled by our Manager and its affiliates. Accordingly, these individuals may focus a portion of their time and attention on managing these other businesses. Conflicts may arise in the future between our interests and the interests of the other entities and business activities in which such individuals are involved.

Being classified as an "investment company" would subject us to numerous restrictions and requirements that would be inconsistent with the manner in which we operate our business, and could have a material adverse effect on our business and operations.

We plan to continue to conduct our business and operations in such a manner as not to be deemed an investment company under the Investment Company Act of 1940, as amended (the "Investment Company Act").

Investment companies are subject to extensive, restrictive and potentially adverse regulations relating to, among other things, operating methods, management, capital structure, dividends and transactions with affiliates. An entity may generally be deemed to be an investment company for purposes of the Investment Company Act if (a) it is or holds itself out as being engaged primarily in the business of investing, reinvesting or trading in securities; or (b) absent an applicable exemption, it owns investment securities having a value exceeding 40% of certain assets (the "40% Test"). As a result of the Exchange Transaction, on July 14, 2009, we could no longer definitively conclude that we passed the 40% Test or were able to rely on any exception from the definition of an investment company.

The Company has taken actions, including liquidating certain of our assets and acquiring additional interests in existing or new subsidiaries or controlled companies, to comply with the 40% Test, or a relevant exception. Also, since the Company operates as a diversified holding company engaged in a variety of operating businesses, we do not believe we are primarily engaged in an investment company type business, nor do we propose to primarily engage in such a business. Our intent to operate as a diversified holding company, and comply with the 40% test, may limit our ability to make certain investments, compel us to divest certain holdings, or to take or forego certain actions that could otherwise be beneficial to us.

If we were deemed to be an investment company under the Investment Company Act, we may need to further adjust our business strategy and assets, including divesting certain desirable assets immediately to fall outside of the definition or within an exemption, to register as an investment company (and subject to the aforementioned restrictions and requirements) or to cease operations.

Risks Related to Our Manager

We depend on Warren G. Lichtenstein, the Chairman and Chief Executive Officer of the Manager, and Jack Howard, the President of the Manager, in running our businesses. The loss of their services could have a material adverse effect on our business, results and financial condition.

Our success depends on the efforts, skills, reputation and business contacts of Warren G. Lichtenstein, the Chairman and Chief Executive Officer of the Manager and Jack Howard, the President of the Manager. While the key members of the Manager have worked for the Manager and its affiliates for many years, our Manager does not have any employment agreements with any of the key members of its management team and their continued service is not guaranteed. The loss of the services of

Mr. Lichtenstein or Mr. Howard could have a material adverse effect on our asset value, revenues, net income and cash flows and could harm our ability to maintain or grow our existing operations or pursue additional opportunities in the future.

We cannot determine the amount of the Management Fee that will be paid over time with any certainty.

The Management Fee is calculated by reference to our total partners' capital. Our total partners' capital will be impacted by the performance of our businesses and other businesses we may acquire in the future, as well as the issuance of additional common units. Changes in our total partners' capital and in the resulting Management Fee could be significant, resulting in a material adverse effect on our results of operations. In addition, if our performance declines, assuming our total partners' capital remains the same, the Management Fee will increase as a percentage of our net income.

Our Manager's liability is limited under the Management Agreement, and we have agreed to indemnify our Manager against certain liabilities. Such indemnification may incentivize our Manager to take unnecessary risks with respect to actions for which it will be indemnified.

Under the Management Agreement, our Manager, its members, officers, employees, affiliates, agents and legal representatives are not liable for, and we have agreed to indemnify such persons from, any loss or expense, including without limitations, any judgment, settlement, reasonable attorneys' fees and other costs and expenses incurred in connection with the defense of any actual or threatened proceeding, other than losses resulting from willful misconduct or gross negligence in the performance of such indemnified person's obligations and duties. Such indemnification may incentivize our Manager to take unnecessary risks with respect to actions for which it will be indemnified.

Risks Related to our Common Units

We may issue additional common units, or other series of units, in the future without the consent of unitholders and at a discount to the market price of such units. In particular, sales of significant amounts of the common units may cause the price of the common units to decline.

Under the terms of the Partnership Agreement, additional common units, or additional series of units, may be issued without the consent of unitholders at a discount to the market price. In addition, other classes of securities may be issued with rights that are senior to or which otherwise have preferential rights to the rights of the common units. Sales of significant amounts of the common units in the public market or the perception that such sales of significant amounts may occur could adversely affect its market price. Moreover, the perceived risk of any potential dilution could cause common unit holders to attempt to sell their common units and investors to "short" the common units, a practice in which an investor sells common units that he or she does not own at prevailing market prices, hoping to purchase common units later at a lower price to cover the sale. Any event that would cause the number of common units being offered for sale to increase would likely cause the common units' market price to further decline. These sales might also make it more difficult for us to sell additional common units in the future at a time and price that we deem appropriate.

Risks Related to Taxation

All statutory references in this section are to the Internal Revenue Code of 1986, as amended, or the "Code."

Our unitholders may be subject to U.S. federal, state and other income tax on their share of our taxable income, regardless of whether they receive any cash distributions from us.

The Company operates, for U.S. federal income tax purposes, as a partnership and not a publicly traded partnership taxable as a corporation. Our unitholders will be subject to U.S. federal, state, local and possibly, in some cases, foreign income tax on their allocable share of our taxable income, whether or not they receive cash distributions from us. We do not anticipate making any cash distributions or paying any cash dividends. Accordingly, our unitholders may be required to make tax payments in connection with their ownership of common units that significantly exceed their cash distributions in any given year.

Our tax treatment is not assured. If we are taxed as a corporation, it could adversely impact our results of operations.

A partnership is not a taxable entity, and distributions by a partnership to a partner are generally not taxable to the partnership or the partner unless the amount of cash distributed to such partner exceeds the partner's adjusted basis in its partnership interest. Section 7704 provides that generally publicly traded partnerships are taxed as corporations. However, an exception, referred to as the “Qualifying Income Exception,” exists with respect to publicly traded partnerships of which 90 percent or more of the gross income for every taxable year consists of “qualifying income” as defined in the Code. We expect that we will meet the Qualifying Income Exception.

If the Qualifying Income Exception is not available to us, then we will be treated as a corporation instead of a partnership. In that event, the deemed incorporation of SPLP should be tax-free. If we were taxed as a corporation, (i) our net income would be taxed at corporate income tax rates, thereby substantially reducing our profitability, (ii) our unitholders would not be allowed to deduct their share of losses of SPLP and (iii) distributions to our unitholders, other than liquidating distributions, would constitute dividends to the extent of our current or accumulated earnings and profits, and would be taxable as such.

Our structure involves complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available.

The U.S. federal income tax treatment of our unitholders depends in some instances on interpretations of complex provisions of U.S. federal income tax law for which no clear precedent or authority may be available. Our Partnership Agreement permits our General Partner to modify it from time to time, including the allocation of items of income, gain, loss and deduction (including unrealized gain and unrealized loss to the extent allowable under U.S. federal income tax law), without the consent of our unitholders, to address certain changes in U.S. federal income tax regulations, legislation or interpretation or to preserve the uniformity of our common units. In some circumstances, such revisions could have a material adverse impact on some or all unitholders. In addition, we formed a subsidiary partnership, to which we contributed certain of our assets ("the “Subsidiary Partnership”). To preserve the uniformity of common units, we (but not the Subsidiary Partnership) will make an election permitted under Section 754 and we will adopt the remedial allocation method under Section 704(c) with respect to items of income, gain, loss and deduction attributable to assets contributed to us (which we will contribute to the Subsidiary Partnership), to account for any difference between the tax basis and fair market value of such assets at the time of contribution, or attributable to the “book-up” or “book-down” of our assets prior to their contribution to the Subsidiary Partnership, or while they were held by the Subsidiary Partnership, to account for the difference between the tax basis and fair market value of such assets at the time of a mark-to-market event. We intend generally to make allocations under Section 704(c) to our unitholders in accordance with their respective percentage interests. However, built-in gain or built-in loss in existence and allocable to the assets we contributed to the Subsidiary Partnership, when recognized, will be allocated to our unitholders as of the contribution date. We intend to prepare our tax returns on the basis that buyers of common units from such unitholders will not inherit such unitholders' built-in gains or built-in losses as of that date as a result of the election under Section 754. However, it is not clear whether this position will be upheld if challenged by the IRS. While we believe it represents the right result, there is no law directly on point.

Tax-exempt entities face unique tax issues from owning common units that may result in adverse tax consequences to them.

A holder of common units that is a tax-exempt organization may be subject to U.S. federal income taxation to the extent that its allocable share of our income consists of unrelated business taxable income (“UBTI”). We may borrow money. A tax-exempt partner of a partnership may be treated as earning UBTI if the partnership regularly engages in a trade or business that is unrelated to the exempt function of the tax-exempt partner, if the partnership derives income from debt-financed property or if the tax-exempt organization's partnership interest itself is debt-financed.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

HNH

As of December 31, 2015, HNH had 23 active operating plants in the United States, Canada, China, United Kingdom, Germany, France, Poland and Mexico, with a total area of approximately 2,676,389 square feet, including warehouse, office, sales, service and laboratory space. HNH also owns or leases sales, service, office and warehouse facilities at 10 other locations in the United States, which have a total area of approximately 290,828 square feet, and owns or leases 4 non-operating locations with a total area of approximately 535,350 square feet. Manufacturing facilities are located in: Camden, Delaware; Addison, Illinois; Evansville, Indiana; Agawam, Massachusetts; Rockford, Minnesota; Middlesex, New Jersey; Arden and Statesville, North Carolina; St. Louis, Missouri; Anderson and Slater, South Carolina; Cudahy, Wisconsin; Warwick, Rhode Island; Toronto and Montreal, Canada; Matamoros, Mexico; Gwent, Wales, United Kingdom; Pansdorf, Germany; Riberac, France; Gliwice, Poland; and Suzhou, China. All plants are owned except for the Addison, Middlesex, Arden, Montreal, Suzhou and one of two Gliwice plants, which are leased. HNH considers its manufacturing plants and service facilities to be well maintained and efficiently equipped, and therefore suitable for the work being done. The productive capacity and extent of utilization of its facilities is dependent in some cases on general business conditions and in other cases on the seasonality of the utilization of its products. Capacity can be expanded at some locations.

WFH LLC

WFH LLC, through its API subsidiary, owns 5 plants with a total area of approximately 520,627 square feet and leases 9 non-operating facilities with a total area of approximately 115,002 square feet. Three of the plants are located in Poynton, Salford and Livingston, United Kingdom. The remaining two plants are located in Rahway, N.J. and Lawrence, Kansas.

Steel Excel

Steel Excel's Energy business owns four buildings in Williston, ND, including one that serves as its headquarters and operations hub in the Bakken basin along with separate buildings with office and shop space. To support its operations in other locations, the Energy business owns shop space Texas and leases shop space in Colorado under an arrangement that expires in November 2016. The Energy business also leases shop space and office space under month-to-month arrangements on an as needed basis and owns and leases housing for temporary living arrangements for certain of its employees.

Steel Excel's Sports business has a lease for office space in Hermosa Beach, CA, that expires in June 2015, which serves as its headquarters, and a month-to-month arrangement in Sacramento, CA, for executive office space. Steel Excel's Sports business has a lease for approximately 27.9 acres of land in Yaphank, NY, for its baseball services operation that expires in December 2016. Under this lease Steel Excel has two extension options and a right of first refusal to purchase the parcel. The Sports business also has a lease for 9,940 square feet for its CrossFit® facility in Torrance, CA, that expires in March 2023. In addition, the Sports business has a lease for office space in Cedar Knolls, NJ, that expires in February 2019, which serves as the headquarters for its youth soccer operation, and also has leases in various states for small administrative offices to support the soccer operation.

WebBank

As of December 31, 2015, WebBank leases 14,686 square feet of office space headquartered in Salt Lake City, Utah. The term of the lease expires in March 2023. WebBank also leases office space in New Jersey through March 2017. WebBank believes that these facilities are adequate for its current needs and that suitable additional space will be available as required.

SPH Services

As of December 31, 2015, SPH Services leases 15,660 square feet of office space headquartered in New York City, New York. The term of the lease expires in December 2025. SPH Services also leases office space in Los Gatos, California through January 2017.

BNS

As of December 31, 2015, BNS did not own or lease any properties.

DGT

As discussed elsewhere in this Form 10-K, on November 3, 2011 DGT completed the sale of Villa Sistemi Medicali S.p.A. ("Villa"), its former Italian subsidiary. DGT continues to own 67,000 square feet of design and manufacturing space in Milan, Italy and currently leases the building to the buyer of Villa. The building is held for sale as of December 31, 2015.

Item 3. Legal Proceedings

The information set forth under Note 21 - "Commitments and Contingencies" of our Notes to Consolidated Financial Statements, included in Part II, Item 8, Financial Statements, of this Report, is incorporated herein by reference. For an additional discussion of certain risks associated with legal proceedings, see the section entitled Part I, Item 1A, Risk Factors, of this Report.

Item 4. Mine Safety Disclosures

Not applicable.

PART II

Item 5. Market for the Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

All monetary amounts in this section are in thousands, except for unit and per unit data.

Market Information

As of December 31, 2015, we had 26,632,689 common units issued and outstanding. Our common units, no par value, are quoted on the NYSE under the symbol "SPLP". The following table sets forth the information on the high and low sales prices of our common units during 2015 and 2014.

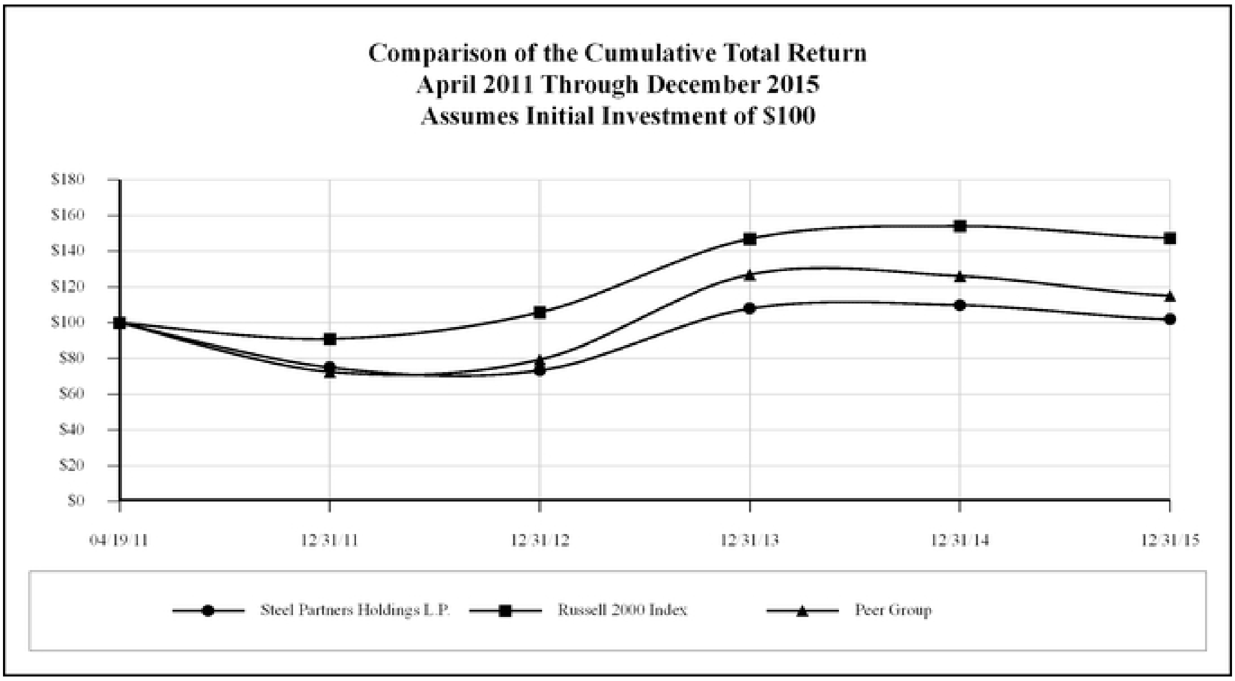
Fiscal year ending December 31, 2015	**High**	**Low**
First Quarter	$ 19.30	$ 16.74
Second Quarter	$ 19.10	$ 17.51
Third Quarter	$ 17.84	$ 16.45
Fourth Quarter	$ 17.87	$ 16.15
Fiscal year ending December 31, 2014	**High**	**Low**
First Quarter	$ 17.57	$ 15.70
Second Quarter	$ 17.21	$ 15.91
Third Quarter	$ 16.92	$ 16.27
Fourth Quarter	$ 18.55	$ 15.65

Holders

As of December 31, 2015, there were approximately 124 unitholders of record.

Unit Performance Graph

The following graph compares the cumulative total return provided to unitholders on our common units since the common units began trading on April 19, 2011, relative to the cumulative total returns of the Russell 2000 index, and a customized peer group of seven companies that includes: Blackstone Group L.P., Leucadia National Corporation, Apollo Investment Corporation, Compass Diversified Holdings LLC, Gladstone Capital Corporation, Knights Capital Group, Inc. and Main Street Capital Corporation. An investment of $100 (with reinvestment of all dividends) is assumed to have been made in our common units, in the peer group, and the index on April 19, 2011 and its relative performance is tracked through December 31, 2015. We did not declare or pay any dividends during the comparison period.



	4/19/2011		12/31/2011		12/31/2012		12/31/2013		12/31/2014		12/31/2015	
Steel Partners Holdings L.P.	$	100	$	74.92	$	73.30	$	107.87	$	109.80	$	101.84
Russell 2000 Index	$	100	$	90.96	$	105.83	$	146.91	$	154.11	$	147.30
Peer Group	$	100	$	72.48	$	79.34	$	126.85	$	126.08	$	115.12

The unit price performance included in this graph is not necessarily indicative of future unit price performance. The performance graph shall not be deemed to be incorporated by reference by means of any general statement incorporating by reference this Form 10-K into any filing under the Securities Act or the Exchange Act, except to the extent that we specifically incorporate such information by reference, and shall not otherwise be deemed filed under such acts.

Issuer Purchases of Equity Securities

On December 24, 2013, the Board of Directors of the General Partner of the Company approved the repurchase of up to an aggregate of $5,000 of the Company's common units (the “Repurchase Program”). Any purchases made under the Repurchase Program will be made from time to time on the open market at prevailing market prices or in negotiated transactions off the market, in compliance with applicable laws and regulations. In connection with the Repurchase Program, the Company entered into a Stock Purchase Plan which expired on March 26, 2014. The Repurchase Program has no termination date.

Period	(a) Total Number of Shares (or Units) Purchased (1)		(b) Average Price Paid per Share (or Unit)	(c) Total Number of Shares (or Units) Purchased as part of Publicly Announced Plans or Programs		(d) Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Yet Be Purchased Under the Plans or Programs (2)
October 1, 2015 through October 31, 2015	494,631	$	17.76	—	$	513
November 1, 2015 through November 30, 2015	—	$	—	—	$	513
December 1, 2015 through December 31, 2015	—	$	—	—	$	513
Total	494,631			—		

(1) All units were purchased by Steel Excel, a subsidiary of the Company. The purchases were made in open market transactions for their own accounts.
(2) Approximate dollar value of common units available for purchase under the Repurchase Program.

Item 6. Selected Financial Data

The following table contains our selected historical consolidated financial data, which should be read in conjunction with our consolidated financial statements and the related notes thereto, and Management’s Discussion and Analysis of Financial Condition and Results of Operations contained in this Annual Report on Form 10-K. The selected financial data as of and for the years ended December 31, 2015, 2014 and 2013 has been derived from our audited consolidated financial statements at those dates and for those periods, contained elsewhere in this Annual Report on Form 10-K. The historical selected financial data as of and for the years ended December 31, 2012 and 2011 has been derived from our audited consolidated financial statements adjusted for discontinued operations at those dates and for those periods, not contained in this Annual Report on Form 10-K. The table below presents discontinued operations as follows:

- The year ended December 31, 2014 includes the operations of HNH's Arlon LLC ("Arlon") business.
- The year ended December 31, 2013 includes the operations of HNH's businesses: Arlon, Continental Industries ("Continental"), Canfield Metal Coating Corporation ("CMCC") and Indiana Tube de Mexico, S. De R.L. de C.V. ("ITM") through their respective sale dates, as well as one of Steel Excel's sports businesses.
- The year ended December 31, 2012 includes the aforementioned HNH operations, as well as DGT's RFI subsidiary and DGT's Villa subsidiary through their respective sale dates.
- The year ended December 31, 2011 includes the aforementioned operations, as well as DGT's operations from July 5, 2011.

STATEMENTS OF OPERATIONS DATA (a)	**Year Ended December 31,**				
(in thousands, except common unit and per common unit data)	**2015**	**2014**	**2013**	**2012**	**2011**
Revenues	$ 998,037	$ 849,530	$ 721,114	$ 630,771	$ 542,902
Net income (loss) from continuing operations	$ 70,311	$ (17,572)	$ 38,374	$ 43,736	$ 71,298
Income from discontinued operations	86,257	10,304	6,446	20,029	9,979
Net income (loss)	156,568	(7,268)	44,820	63,765	81,277
Less: Net income attributable to non-controlling interests:	(19,833)	(287)	(25,360)	(22,747)	(45,808)
Net income (loss) attributable to common unitholders	$ 136,735	$ (7,555)	$ 19,460	$ 41,018	$ 35,469
Net income (loss) per common unit - basic:					
Net income (loss) from continuing operations	$ 2.97	$ (0.48)	$ 0.51	$ 1.01	$ 1.19
Net income from discontinued operations	2.03	0.21	0.14	0.37	0.22
Net income (loss) attributable to common unitholders	$ 5.00	$ (0.27)	$ 0.65	$ 1.38	$ 1.41
Basic weighted average common units outstanding	27,317,974	28,710,220	29,912,993	29,748,746	25,232,985
Net (loss) income per common unit - diluted:					
Net income (loss) from continuing operations	$ 2.96	$ (0.48)	$ 0.49	$ 1.01	$ 0.81
Net income from discontinued operations	2.02	0.21	0.14	0.37	0.18
Net income (loss) attributable to common unitholders	$ 4.98	$ (0.27)	$ 0.63	$ 1.38	$ 0.99
Diluted weighted average common units outstanding	27,442,308	28,710,220	30,798,113	29,774,527	29,669,582

(a) Statement of operations data includes the consolidation of the results of acquired entities from their respective acquisition dates: primarily, the acquisition of SWH, Inc. ("SWH") by BNS on February 2, 2011, the acquisition of DGT on July 5, 2011, the acquisition of Steel Excel on May 31, 2012, HNH's acquisition of Wolverine Joining Technologies in April 2013, Steel Excel's acquisition of the assets of Black Hawk Energy Services, Inc. in December 2013, HNH's acquisition of JPS on July 2, 2015 and SPLP's acquisitions of CoSine and API in January and April of 2015, respectively.

BALANCE SHEET DATA	**December 31,**				
(in thousands, except per common unit data)	**2015**	**2014**	**2013**	**2012**	**2011**
Cash and cash equivalents	$ 185,852	$ 188,983	$ 203,980	$ 198,027	$ 127,027
Marketable securities	80,842	138,457	178,485	199,128	—
Long-term investments	167,214	311,951	295,440	199,865	320,891
Total assets	1,684,773	1,490,497	1,522,245	1,378,359	1,129,843
Long-term debt	235,913	295,707	223,355	140,065	130,955
SPLP Partners’ capital	558,034	494,859	616,582	527,344	415,797
SPLP Partners’ capital per common unit	$ 20.95	$ 17.95	$ 19.81	$ 17.13	$ 16.51

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and related notes thereto that are available elsewhere in this Annual Report on Form 10-K. The following is a discussion and analysis of SPLP's consolidated results of operations for the years ended December 31, 2015, 2014 and 2013. In addition to historical consolidated financial information, the following discussion contains forward-looking statements that reflect our plans, estimates and beliefs. Our actual results could differ materially from those discussed in the forward-looking statements. Factors that could cause or contribute to these differences include those discussed below and elsewhere in this Annual Report on Form 10-K, particularly in "Risk Factors" in Item 1A. All monetary amounts used in this discussion are in thousands except common unit, per common unit and share amounts.

RESULTS OF OPERATIONS

Significant 2015 Events

Below is a summary of significant 2015 events that impacted the Company. For additional information on the acquisitions described below, see Note 3 - "Acquisitions" to the SPLP consolidated financial statements found elsewhere in this Form 10-K.

- HNH completed the sale of Arlon in January 2015, which operations comprised substantially all of HNH's former Arlon business, for $155,500 in cash, reflecting transaction fees, a final working capital adjustment and certain reductions as provided in the stock purchase agreement.
- SPLP acquired CoSine on January 20, 2015 by contributing 24,807,203 shares of API and 445,456 shares of common stock of Nathan's Famous, Inc. ("Nathan's") to CoSine in exchange for 16,500,000 shares of newly issued CoSine common stock and 12,761 shares of newly issued 7.5% series B non-voting preferred stock, which increased our ownership of CoSine to approximately 80%.
- HNH acquired ITW Polymers Sealants North America Inc. ("ITW") on March 31, 2015 for $27,400 in cash, including a final working capital adjustment. ITW was the exclusive supplier of certain adhesive products to HNH's Building Materials business, and the acquisition will provide HNH with greater control of their supply chain and allow them to expand their product development initiatives.
- On April 17, 2015, CoSine obtained control over the operations of API as the result of a tender offer of 60 pence in cash per API share not already owned.
- On July 2, 2015, HNH acquired JPS through a combination of cash and the issuance of its shares to the Company in exchange for the Company's shares of JPS. Prior to the acquisition, the Company accounted for JPS as an equity method investment. As a result of the transaction, SPLP's ownership of HNH increased by approximately 4%.
- During 2015, one of the Company's subsidiaries, Steel Excel, identified an error related to the manner in which the provision for income taxes had reflected the tax effects related to unrealized gains and losses on available for sale securities during 2014 and 2013. As a result, the Company recorded an adjustment to its tax provision of approximately $3,500 in the twelve months ended December 31, 2015 to correct the error.
- In December 2015, the Company and its CoSine and WFHC subsidiaries entered into a series of transactions that impacted SPLP's ownership interest in both entities. Prior to these transactions SPLP owned 100% of WFHC and 80.6% of CoSine. After these transactions SPLP owned 90.7% of WFHC and WFHC owned 100% of WFH LLC, a Company that was merged into and with CoSine. For additional details of these transactions, see Note 16 – "Capital and Accumulated Other Comprehensive (Loss) Income" to the SPLP consolidated financial statements found elsewhere in this Form 10-K.

CONSOLIDATED RESULTS OF OPERATIONS

	Year Ended December 31,		
	2015	2014	2013
Revenues	$ 998,037	$ 849,530	$ 721,114
Cost of goods sold	670,047	588,209	496,757
Selling, general and administrative expenses	230,199	188,355	202,121
Goodwill impairment	19,571	41,450	—
Asset impairment charges	68,092	2,537	2,689
All other (income) expenses, net	(13,241)	3,706	3,022
Total costs and expenses	974,668	824,257	704,589
Income from continuing operations before income taxes and equity method income (loss)	23,369	25,273	16,525
Income tax (benefit) provision	(78,719)	24,288	6,477
Income (Loss) from equity method investments and investments held at fair value:			
(Loss) Income of associated companies, net of taxes	(34,931)	(3,379)	27,786
Income (Loss) from other investments - related party	361	891	(271)
Income (Loss) from investments held at fair value	2,793	(16,069)	811
Net income (loss) from continuing operations	70,311	(17,572)	38,374
Income from discontinued operations	86,257	10,304	6,446
Net income (loss)	156,568	(7,268)	44,820
Net income attributable to noncontrolling interests in consolidated entities	(19,833)	(287)	(25,360)
Net income (loss) attributable to common unitholders	$ 136,735	$ (7,555)	$ 19,460

Revenues

Revenues in 2015 increased $148,507, or 17.5%, as compared to 2014. Growth from the acquisitions of API and JPS was 20.6% and other growth was 1.6%, primarily due to investment gains recorded in the Corporate and Other segment, net of decreases at HNH in the Diversified Industrial segment due to silver prices. These growth factors were partially offset by a net decline in core revenues of 4.7% primarily due to a decrease in the Energy segment, partially offset by increases in core revenue at HNH in the Diversified Industrial segment and in the Financial Services segment.

Revenues in 2014 increased $128,416, or 17.8%, as compared to 2013 due to growth from acquisitions of 15.1% and core growth of 6.1%, partially offset by a decrease of 3.4%, due to other factors, primarily precious metal prices. Acquisition growth was due to PAM Fastening Technology, Inc. ("PAM") (acquired November 2013) and Wolverine Joining Technologies, LLC ("Wolverine Joining") (acquired April 2013) in the Diversified Industrial segment and the acquisition of the assets of Black Hawk Energy Services, Inc. ("Black Hawk Inc.") (acquired December 2013) and UK Elite Soccer, Inc. ("UK Elite") (acquired June 2013) in the Energy segment.

Costs and Expenses

Costs and expenses in 2015 increased $150,411, or 18.2%, as compared to 2014 , primarily due to the acquisitions of API and JPS, both in the Diversified Industrial segment, partially offset by a decrease in the Energy segment, due to lower revenues. Costs and expenses increased $119,668, or 17.0% in 2014, as compared to 2013, primarily due to increases in our Diversified Industrial and Energy segments principally as a result of acquisitions.

Cost of Goods Sold

Cost of goods sold in 2015 increased $81,838, or 13.9%, as compared to 2014 primarily due to the acquisitions of API and JPS, both in the Diversified Industrial segment, partially offset by a decrease in the Energy segment, due to lower revenues.

Cost of goods sold in 2014 increased $91,452, or 18.4%, as compared to 2013 primarily due to increases in our Diversified Industrial and Energy segments principally as a result of the acquisitions of Wolverine Joining, PAM and the assets of Black Hawk Inc., as well as additional costs due to core growth.

Selling, General and Administrative Expenses

Selling, general and administrative expenses ("SG&A") in 2015 increased $41,844, or 22.2%, as compared to 2014 primarily due to an increase in the Diversified Industrial segment due to the acquisitions of API and JPS, as well as an increase in the Financial Services segment.

SG&A expenses in 2014 decreased $13,766, or 6.8%, as compared to 2013 primarily due to a decrease in the Corporate and Other segment due to lower non-cash incentive unit expense recorded in 2014, compared to 2013, as well as a decrease in the Diversified Industrial segment. The Diversified Industrial decrease was due to a decrease from HNH's core business primarily due to the recording of insurance reimbursements, as well as lower benefit costs and reduced business development expenses, which were partially offset by higher incremental expenses from the Wolverine Joining and PAM acquisitions. These decreases were partially offset by an increase in our Financial Services segment due to higher personnel costs and an increase in our Energy segment principally as a result of the acquisition of the assets of Black Hawk Inc., additional costs due to core growth, higher business development costs and certain non-recurring benefits that were recorded in the prior year period.

Goodwill Impairment

In connection with its annual goodwill impairment tests, the Company recognized impairment charges of $19,571 and $41,450 in the fourth quarter of 2015 and 2014, respectively, related to the goodwill associated with its Energy segment. The impairment resulted from the adverse effects the decline in energy prices had on the oil services industry and the projected future results of operations of the Energy segment.

Asset Impairment Charges

The impairment charges in 2015 primarily relate to other-than-temporary impairments recorded on available-for-sale securities in our Energy segment.

All Other (Income) Expenses, Net

All other income increased $16,947 in 2015, compared to 2014, due to higher investment gains and lower interest expense recorded in the 2015 period. All other expenses increased $684 in 2014, compared to 2013, primarily from primarily from higher interest expense.

(Loss) Income of Associated Companies, Net of Taxes

The (Loss) Income of associated companies, net of taxes in 2015 decreased by $31,552, compared to 2014, primarily due to net year-over-year decreases in fair value recorded for SLI of $19,000, for JPS of $8,000 and other Steel Excel investments of $10,000, partially offset by a lower loss of $6,000 recorded for MLNK in the 2015 period (see Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K for additional information).

The Income (Loss) of associated companies, net of taxes in 2014 increased by $31,165, compared to 2013, primarily due to a higher reduction in the 2014 period in the fair value of MLNK of approximately $46,100 and a higher reduction in the 2014 period in the fair value of certain investments held by Steel Excel of approximately $5,200, partially offset by higher increases in the fair value of JPS of approximately $5,100 and SLI of approximately $3,000 and the non-recurrence of a reduction in fair value recorded in the 2013 period of approximately $11,500 related to Fox & Hound (see Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K for additional information).

Income (Loss) from Investment Held at Fair Value

Income (Loss) from investments held at fair value for the years ended December 31, 2015, 2014 and 2013 includes income or loss that the Company recognizes on its direct investment in investment in MLNK warrants and amounts that were previously recognized on API when its was classified as an available-for-sale security and accounted for under the fair value option. WFH LLC (formerly known as CoSine) acquired API in the second quarter of 2015 and it is currently a consolidated subsidiary. For additional information on CoSine's acquisition of API and these investments, see Note 3 - "Acquisitions" and see Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K.

Income from Discontinued Operations

Income from discontinued operations for the year ended December 31, 2015 represents the gain on sale of HNH's former Arlon business. For additional information on the Arlon disposition, see Note 4 - "Discontinued Operations" to the SPLP financial statements found elsewhere in this Form 10-K.

SEGMENT RESULTS OF OPERATIONS

The following is a summary of SPLP's consolidated operating results by segment:

	Year Ended December 31,		
	2015	2014	2013
Revenue:			
Diversified industrial	$ 763,009	$ 600,468	$ 571,164
Energy	132,620	210,148	120,029
Financial services	69,430	36,647	28,185
Corporate and other	32,978	2,267	1,736
Total Revenue	$ 998,037	$ 849,530	$ 721,114
Net income (loss) by segment:			
Diversified industrial	$ 42,281	$ 65,543	$ 51,900
Energy	(95,112)	(26,254)	12,641
Financial services	46,314	24,251	17,668
Corporate	(1,891)	(56,824)	(37,358)
Net (loss) income from continuing operations before income taxes	(8,408)	6,716	44,851
Income tax (benefit) provision	(78,719)	24,288	6,477
Net income (loss) from continuing operations	70,311	(17,572)	38,374
Income from discontinued operations	86,257	10,304	6,446
Net income attributable to noncontrolling interests in consolidated entities	(19,833)	(287)	(25,360)
Net income (loss) attributable to common unitholders	$ 136,735	$ (7,555)	$ 19,460

Diversified Industrial Segment

Our Diversified Industrial segment consists of the operations of HNH and WFH LLC (formerly CoSine). HNH is a diversified holding company that owns a variety of manufacturing operations encompassing joining materials, tubing, building materials, performance materials and cutting replacement products and services businesses. The performance materials operation is currently comprised solely of the operations of JPS, which was acquired on July 2, 2015 (see Note 3 - "Acquisitions" to the SPLP consolidated financial statements found elsewhere in this Form 10-K). The Diversified Industrial segment includes the operations of WFH LLC (formerly CoSine) beginning in the second quarter of 2015, which, through its subsidiary API, is a manufacturer and distributor of foils, films and laminates used to enhance the visual appeal of products and packaging. In addition, the segment results include income or loss from SPLP's equity method investment in SLI. The following presents a summary of the Diversified Industrial segment operating results as reported in our consolidated financial statements:

	Year Ended December 31,		
	2015	2014	2013
Net Sales	$ 763,009	$ 600,468	$ 571,164
Cost of sales	564,863	436,914	411,859
Gross profit	198,146	163,554	159,305
Selling, general and administrative expenses	152,109	116,394	117,920
Asset impairment charges	1,398	1,314	—
Interest expense	5,238	7,544	8,593
Derivative activity income	(588)	(1,307)	(1,195)
Other (income) expense, net	(3,544)	181	344
Net income from continuing operations before income taxes	43,533	39,428	33,643
Income (loss) from associated companies:			
JPS	5,831	14,277	9,204
SLI	(7,083)	11,838	9,053
Total Segment Income	$ 42,281	$ 65,543	$ 51,900

Comparison of the Years ended December 31, 2015 and 2014

Net sales in 2015 increased by $162,541, or 27.1% when compared to 2014. The change in net sales reflects the addition of the API operations and JPS, as well as a net increase from core growth at HNH of approximately $6,500, which was partially offset by a reduction of approximately $17,100 in HNH's net sales due to lower average silver prices. Excluding the impact of its JPS acquisition, HNH's value added sales increased by approximately $6,500 on higher volume, primarily from the

Building Materials group. The average silver market price was approximately $15.70 per troy ounce in 2015, as compared to $19.05 per troy ounce in 2014.

Gross profit in 2015 increased by $34,592, or 21.2%, when compared to 2014, and, as a percentage of net sales, decreased to 26.0% as compared to 27.2% in 2014. The change in gross profit reflects the addition of the API operations and JPS, as well as a net increase from core growth at HNH of approximately $5,500 and the incremental lower manufacturing costs resulting from HNH's ITW acquisition, which was partially offset by a reduction of approximately $2,300 in gross profit due to lower average silver prices. Higher sales volume from the Building Materials and Kasco groups led to the increase in gross profit from HNH's core business. Gross profit for the year ended December 31, 2015 also reflects $3,400 of nonrecurring expense associated with the amortization of the fair value adjustment to acquisition-date inventories associated with HNH's JPS acquisition.

SG&A expenses increased by $35,715, or 30.7%, in 2015, compared to 2014. The higher SG&A expense in 2015 was driven by the addition of the API operations and JPS, which contributed approximately $28,000 to the increase. The increase was also impacted by HNH which had higher personnel costs and higher business development expenses, primarily associated with its 2015 acquisitions, which were partially offset by lower stock-based compensation charges.

Asset impairment charges in 2015 represent a non-cash asset impairment charge related to certain unused, real property located in Norristown, Pennsylvania to reflect its current market value. Asset impairment charges in 2014 represent a non-cash asset impairment charge of approximately $700 related to certain equipment owned by HNH's Joining Materials group located in Toronto, Canada, which will either be sold or scrapped as part of HNH's integration activities associated with the Wolverine Joining acquisition. In addition, HNH recorded an asset impairment charge of approximately $600 associated with certain unused, real property owned by one of HNH's businesses located in Atlanta, Georgia in the fourth quarter of 2014.

Interest expense decreased by $2,306, or 30.6%, in 2015, compared to 2014, primarily due to lower borrowing levels and lower average interest rates at HNH in 2015.

Derivative activity income was $588 in 2015 and $1,307 in 2014. The amounts in both periods were attributable to HNH's commodity contracts. HNH utilizes commodity forward and futures contracts to mitigate the impact of price fluctuations on its precious metal and certain non-precious metal inventories. The factors that affect the gain or loss on these derivative instruments are changes in the price of the associated metals and the amount of ounces hedged.

Comparison of the Years ended December 31, 2014 and 2013

Net sales in 2014 increased by $29,304, or 5.1% when compared to 2013. The change in net sales reflects approximately $26,700 in incremental sales associated with HNH's historical acquisitions and a net increase from core growth of approximately $27,800, which were partially offset by a reduction of approximately $25,200 in net sales due to lower average precious metal prices, principally due to silver. The acquisitions of Wolverine Joining and PAM, net of sales volume transferred to or from the acquired business units as part of HNH's integration activities, provided incremental net sales of approximately $16,700 and $10,000, respectively, during the year ended December 31, 2014. Excluding the impact of these acquisitions, value added sales, defined as net sales less revenue from the direct purchase and resale of precious metals, increased by approximately $27,800 on higher volume, primarily from the Building Materials and Joining Materials groups, which were partially offset by lower sales volume from the Tubing group. The average silver market price was approximately $19.05 per troy ounce in 2014, as compared to $23.79 per troy ounce in 2013.

Gross profit in 2014 increased by $4,249, or 2.7%, when compared to 2013, and, as a percentage of net sales, decreased to 27.2% as compared to 27.9% in 2013. The decrease was principally due to unfavorable production variances in the Tubing group driven by lower sales volume, along with higher international freight costs and a change in product mix in the Building Materials group, which were partially offset by favorable sales mix in the Joining Materials group. The change in gross profit reflects approximately $4,000 in incremental gross profit associated with HNH's historical acquisitions and a net increase from core growth of approximately $4,000, which were partially offset by a reduction of approximately $3,000 in gross profit due to lower average precious metal prices. The acquisitions of Wolverine Joining and PAM, net of sales volume transferred to or from the acquired business units as part of HNH's integration activities, provided incremental gross profit of approximately $1,200 and $2,800, respectively, for the year ended December 31, 2014. Higher sales volume from the Building Materials and Joining Materials groups led to the increase in gross profit from our core business, which was partially offset by unfavorable production variances, leading to a decline in gross profit margin, in the Tubing group due to lower sales volume.

SG&A expenses decreased by $1,526, or 1.3%, in 2014, compared to 2013. The lower SG&A expense in 2014 was driven by a decrease of approximately $3,400 from HNH's core business in 2014, primarily due to the recording of insurance reimbursements totaling $3,100, as compared to similar reimbursements of $1,100 in 2013, as well as lower benefit costs and reduced business development expenses, which were partially offset by approximately $3,100 in incremental expenses from the Wolverine Joining and PAM acquisitions.

In the fourth quarter of 2014, non-cash asset impairment charge of approximately $700 was recorded related to certain equipment owned by the Company's Joining Materials group located in Toronto, Canada, which will either be sold or scrapped as part of HNH's continued integration activities associated with the Wolverine Joining acquisition. In addition, HNH recorded an asset impairment charge of approximately $600 associated with certain unused, real property owned by one of HNH's businesses located in Atlanta, Georgia in the fourth quarter of 2014.

Interest expense decreased by $1,049, or 12.2%, in 2014, compared to 2013. Interest expense for 2013 included a loss associated with HNH's redemption of its 10% subordinated secured notes due 2017 ("Subordinated Notes"), including the redemption premium and the write-off of remaining deferred finance costs and unamortized debt discounts. HNH's average interest rate was also lower for 2014 principally due to HNH's redemption of the Subordinated Notes and a decrease in the applicable interest rate margin associated with HNH's new senior credit facility, but was offset by increased average borrowing levels in the second half of 2014.

Derivative activity income was $1,307 in 2014 and $1,195 in 2013. The income in 2014 was attributable to HNH's commodity contracts, driven by a 19.9% average silver price decrease during the year. Of the income in 2013, approximately $1,988 was attributable to precious metal contracts driven by a 23.7% average silver price decrease during the year, partially offset by a loss of $793 on the embedded derivative features of HNH's Subordinated Notes and related warrants.

Energy Segment

The results of SPLP's Energy segment consists of its consolidated subsidiary Steel Excel. Steel Excel provides drilling and production services to the oil and gas industry. Through its wholly-owned subsidiary Steel Sports Inc., Steel Excel's sports business is a social impact organization that strives to provide a first-class youth sports experience emphasizing positive experiences and instilling the core values of discipline, teamwork, safety, respect, and integrity. SXCL also makes significant non-controlling investments in entities in industries related to its businesses as well as entities in other unrelated industries and continues to identify business acquisition opportunities in both the Energy and Sports industries as well as in other unrelated industries. The operations of Steel Sports are not considered material to SPLP and are included in our Energy segment. The following presents a summary of the Energy segment operating results:

	Year Ended December 31,		
	2015	2014	2013
Net revenues	$ 132,620	$ 210,148	$ 120,029
Cost of sales	105,007	151,063	84,197
Gross profit	27,613	59,085	35,832
Selling, general and administrative expenses	39,674	41,658	27,591
Goodwill impairment	19,571	41,450	—
Interest expense	2,455	3,177	1,725
Asset impairment charges	59,781	—	—
Other income, net	(14,858)	(7,016)	(6,988)
Net (loss) income from continuing operations before income taxes	(79,010)	(20,184)	13,504
Loss from associated companies (a)	(16,102)	(6,070)	(863)
Total segment (loss) income	$ (95,112)	$ (26,254)	$ 12,641

(a) Amount in 2015 represents Steel Excel's investments in Aviat, API Tech, a sports business and iGo.
Amount in 2014 represents Steel Excel's investments in API Tech, a sports business and iGo.
Amount in 2013 represents Steel Excel's investments in a sports business and iGo.

The continuing weakness in the oil services industry had an adverse effect on the results of operations of the Company's Energy segment in 2015. The decline in energy prices, particularly the significant decline in oil prices, has resulted in the Energy segment's customers, the oil and gas exploration and production companies (the "E&P Companies"), cutting back on their capital expenditures, which has resulted in reduced drilling activity. In addition, the E&P Companies have sought price concessions from their service providers to offset their drop in revenue. Such actions on the part of the E&P Companies had an adverse effect on the operations of the Energy segment in 2015 and will further adversely impact its operations in 2016. The Energy segment has experienced a decline in rig utilization in all of its operations and prices for its services have declined. Steel Excel has taken certain actions and instituted cost-reduction measures in an effort to mitigate these adverse effects. The Energy segment's results of operations going forward will be dependent on the price of oil in the future, the resulting well production and drilling rig count in the basins in which it operates, and Steel Excel's ability to return to the pricing and service levels of the past as oil prices increase. The drilling rig count in North America has declined significantly, which has directly impacted the segment's rig utilization, and the pricing for the segment's services has declined. The North American drilling rig count has continued to decline in early 2016, and as a result, the Company expects the Energy segment to experience a further decline in operating income in 2016 as compared to the 2015 results. As a result of the adverse effects the decline in energy prices had on the oil services industry and the projected future results of operations of the Energy segment, the Company recognized goodwill impairment charges of $19,571 and $41,450 in the fourth quarters of 2015 and 2014, respectively. After the impairment charge, the carrying value of the goodwill in the Energy segment was $0 at December 31, 2015.

Comparison of the Years ended December 31, 2015 and 2014

In 2015, net revenues decreased $77,528, or 36.9%, when compared to 2014. This was due to a decrease in the energy businesses of $80,200 primarily from the decline in rig utilization and the decline in prices that resulted from the adverse effects the decline in energy prices had on the oil services industry. Net revenues in the sports businesses increased by $2,700 from an increase in revenues from UK Elite primarily as a result of operating the businesses acquired during 2014 for the full year in 2015 and an increase in revenue at another sports business.

Gross profit in 2015, decreased by $31,472, or 53.3%, as compared to 2014, and as a percentage of revenue declined to 20.8% from 28.1%. Gross profit from energy businesses decreased by $31,200 and as a percentage of revenue declined to 16.5% in 2015 from 25.9% in 2014. Gross profit in the energy businesses decreased as a result of the decline in revenues. Gross profit in the sports businesses in 2015 decreased by $300 primarily as a result of a decrease in gross profit of $200 from UK Elite.

SG&A expenses in 2015 decreased by $1,984, as compared to 2014. SG&A expenses in the energy business decreased by $2,300, primarily from cost reduction initiatives and the receipt of a purchase price adjustment of $500 related to a 2013 acquisition. SG&A expenses also decreased $300 from corporate and other business activities. Such decreases were partially offset by SG&A expenses in the sports business that increased by $900 primarily from UK Elite as a result of the businesses acquired during the 2014 period and additional segment management costs.

Goodwill impairment charges of $19,571 and $41,450 were recorded in the fourth quarter of 2015 and 2014, respectively, as a result of the adverse effects the decline in energy prices had on the oil services industry and the projected future results of operations of the Energy segment.

Interest expense of $2,455 in 2015 decreased by $722, as compared to 2014, primarily as a result of the repayment of long term debt.

Steel Excel incurred impairment charges of $59,781 related to its marketable securities during 2015. The impairment charge resulted from Steel Excel's determination that certain unrealized losses in available-for-sale-securities represented other-than-temporary impairments as of December 31, 2015.

Other income, net of $14,858 in 2015 primarily represented a realized gain on a non-monetary exchange of $9,300, investment income of $4,700 and realized gains on marketable securities of $5,200, partially offset by a loss of $2,800 recognized upon initially accounting for an investment under the equity method of accounting at fair value, a foreign exchange loss of $700, and a loss of $500 recognized on financial instrument obligations.

Comparison of the Years ended December 31, 2014 and 2013

In 2014, net revenues increased $90,119, or 75.1%, when compared to 2013. The increase was primarily due to $75,500 in revenues from the acquisition of the assets of Black Hawk Inc., which was acquired in December 2013, and an increase in revenues of $6,500 in other energy operations due primarily to an increase in rig utilization for its snubbing services and an increase in revenues from its flow back services related to new equipment purchased in 2014. Net revenues from Steel Excel's sports businesses increased by $8,100 primarily as a result of $6,800 in revenues from UK Elite, which was acquired in June 2013, and an increase in revenues of $1,100 from baseball operations.

Gross profit in 2014, increased by $24,393, or 68.1%, as compared to 2013, and as a percentage of revenue declined slightly to 28.7% from 29.9%. Gross profit from Steel Excel's energy businesses increased by $21,100, and as a percentage of revenue declined slightly to 26.5% in 2014 from 27.0% in 2013. The gross profit increase was as a result of $22,400 in gross profit from the acquisition of the assets of Black Hawk Inc., which was acquired in December 2013, partially offset by a decrease in gross profit of $1,200 in Steel Excel's other energy operations. Gross profit from Steel Excel's sports businesses in the 2014 period increased by $3,400 primarily as a result of $2,700 in gross profit from UK Elite and an increase in gross profit of $600 from baseball operations.

SG&A expenses in 2014 increased by $15,207, as compared to 2013. SG&A expenses in Steel Excel's energy businesses increased by $3,100 as a result of $3,000 of costs incurred at Black Hawk Inc. in the 2014 period, whose assets were acquired in December 2013. SG&A expenses in Steel Excel's sports businesses increased by $3,800 primarily as a result of costs incurred at UK Elite, including costs associated with operating the businesses acquired in the current period. Other SG&A expenses increased by $6,100 primarily as a result of increased costs incurred for services provided by affiliates of Steel Excel and an increase in stock-based compensation expense in 2014.

A goodwill impairment charge of $41,450 was recorded in the fourth quarter of 2014 as a result of the adverse effects the decline in energy prices had on the oil services industry and the projected future results of operations of the Energy segment.

Interest expense of $3,177 in 2014 increased by $1,452, as compared to 2013, primarily as a result of the borrowings under Steel Excel's Amended Credit Agreement being outstanding for the full year in 2014.

Other income, net of $7,016 in 2014 primarily represented investment income of $6,600 and realized gains on the sale of marketable securities of $3,800, partially offset by a loss of $1,800 recognized on financial instrument obligations, a loss of $600 recognized upon initially accounting for an investment under the equity method of accounting at fair value, and a foreign exchange loss of $1,100.

Financial Services Segment

The Financial Services segment, for financial reporting purposes, consists of our consolidated subsidiary WFHC, which conducted its financial operations in 2015 through its wholly owned subsidiary, WebBank, and WF Asset Corp. WebBank originates and funds consumer and small business loans through lending programs with Marketing Partners, where the Marketing Partners provide marketing and servicing for the loans and subsequently purchases the loans (or interests in the loans) that are originated by WebBank. WebBank also has private-label financing programs that are branded for a specific retailer, manufacturer, dealer channel, or proprietary network and bank card programs. WebBank also participates in syndicated commercial and industrial, as well as asset based credit facilities and asset based securitizations through relationships with other financial institutions. WF Asset Corp. owns a portfolio of investments. WebBank’s deposits are insured by the FDIC up to the current limits, and the bank is examined and regulated by the FDIC and the UDFI. The following presents a summary of the Financial Services segment operating results as reported in our consolidated financial statements:

	Year Ended December 31,		
	2015	**2014**	**2013**
Revenue:			
Interest income (including fees)	$ 60,468	$ 24,640	$ 18,898
Non-interest income	8,962	12,007	9,287
	69,430	36,647	28,185
Costs and expenses:			
Selling, general and administrative expenses	21,716	11,808	9,933
Interest expense	1,450	638	496
Recovery of loan losses	(50)	(50)	(80)
Asset impairment charge	—	—	168
	23,116	12,396	10,517
Total segment income	$ 46,314	$ 24,251	$ 17,668

Interest Income

Interest income increased by $35,828, or 145.4%, in 2015, compared to 2014 due primarily to the addition of new lending programs, increased volume in the existing lending programs, and the restructuring of programs which both increased revenue and changed the classification of the revenue from noninterest income to interest income. Interest income increased by $5,742, or 30.4%, in 2014, compared to 2013 due primarily to the addition of new lending programs and to increased volume in the existing lending programs. For a description and additional details on net interest income see the "Net Interest Income, Margin and Interest Rate Spreads" section below.

Noninterest Income

Noninterest income decreased $3,045, or 25.4% in 2015, compared to 2014, due primarily to the restructuring of a program which changed the classification of the revenue from noninterest income to interest income. Noninterest income increased $2,720, or 29.3% in 2014, compared to 2013, due primarily to the addition of new lending programs and increased volume in the existing lending programs.

Selling General and Administrative Expenses

The increase in SG&A expenses of $9,908, or 83.9%, in 2015, compared to 2014, was due primarily to higher personnel expense in 2015 due to growth in the business. The increase in SG&A expenses of $1,875, or 18.9%, in 2014, compared to 2013, was due primarily to higher personnel expense in 2014 due to growth in the business.

Interest Expense

Interest expense represents interest accrued on WebBank depositor accounts. Interest expense increased $812, or 127.3%, in 2015, compared to 2014, primarily due to a larger deposit balance to support loan growth and in increase in interest rates. Interest expense increased $142, or 28.6%, in 2014, compared to 2013, primarily due to a larger deposit balance to support loan growth.

Recovery of Loan Losses

At December 31, 2015, WebBank had an estimated $1,599 of impaired loans and an allowance for loan losses of $630. At December 31, 2014 WebBank had an estimated $457 of impaired loans, of which $4 was guaranteed by USDA or SBA, and an allowance for loan losses of $557. The recovery of provision for loan losses is primarily related to WebBank's portfolio of local real estate loans. WebBank routinely obtains appraisals on underlying collateral of nonperforming loans and records a provision for losses if the value of the collateral declines below the value of the loans. WebBank reduced its commercial loan balance in 2015 and was able to recover previously charged off loans and workout or sell nonperforming loans resulting in net benefit in the provision for loan losses of $50, $50 and $80 in 2015, 2014 and 2013 respectively.

Net Interest Income, Margin and Interest Rate Spreads

Net interest income is the difference between interest earned on interest-bearing assets and interest incurred on interest-bearing liabilities. By its nature, net interest income is especially vulnerable to changes in the mix and amounts of interest-earning assets and interest bearing liabilities. In addition, changes in the interest rates and yields associated with these assets and liabilities can significantly impact net interest income. The following table summarizes the average balances, the amount of interest earned or incurred and the applicable yields for interest earning assets and the costs of interest-bearing liabilities that generate net interest income. For purposes of calculating the yields in these schedules, the average loan balances also include the principal amounts of nonaccrual and restructured loans. However, interest received on nonaccrual loans is included in income only to the extent that cash payments have been received and not applied to principal reductions. In addition, interest on restructured loans is generally accrued at reduced rates.

	Year Ended December 31,								
	2015			2014			2013		
	Average Outstanding Balance	Interest Earned/ Paid	Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Yield/ Rate	Average Outstanding Balance	Interest Earned/ Paid	Yield/ Rate
Interest Earning Assets:									
Loans Receivable	$ 197,467	$ 60,277	30.5%	$ 94,484	$ 24,433	25.9%	$ 62,110	$ 18,704	30.1%
Held-to-Maturity Securities	999	30	3.0%	70	—	—%	58	—	0.1%
Available for Sale Investments	574	12	2.1%	566	14	2.5%	577	13	2.3%
Fed Funds Sold	589	1	0.2%	637	1	0.1%	692	1	0.1%
Interest Bearing Deposits in other Banks	55,076	148	0.3%	87,820	192	0.2%	73,345	180	0.3%
Total Interest-Earning Assets	254,705	60,468	23.7%	183,577	24,640	13.4%	136,782	18,898	11.4%
Non Interest-Earning Assets	2,978			1,811			1,286		
Total Assets	$ 257,683			$ 185,388			$ 138,068		
Interest-Bearing Liabilities:									
Money Market Accounts	$ 68,861	82	0.1%	$ 58,232	87	0.2%	$ 29,312	62	0.2%
Time Deposits	133,592	1,372	1.0%	88,344	551	0.6%	72,754	434	0.6%
Other Borrowings	—	—	—	—	—	—	—	—	—
Total Interest-Bearing Liabilities	202,453	1,454	0.7%	146,576	638	0.4%	102,066	496	1.3%
Other Non Interest-Bearing Liabilities	6,339			3,923			3,347		
Total Liabilities	208,792			150,499			105,413		
Shareholder's Equity	48,891			34,889			32,655		
Total Liabilities & Shareholder's Equity	$ 257,683			$ 185,388			$ 138,068		
Net Interest Income		$ 59,014			$ 24,002			$ 18,402	
Spread on Average Interest-Bearing Funds			23.0%			13.0%			13.3%
Net Interest Margin			23.2%			13.1%			13.5%
Return on Assets			12.2%			8.4%			8.2%
Return on Equity			64.3%			44.5%			29.5%
Equity to Assets			19.0%			18.8%			23.2%

WebBank has several lending arrangements with companies where it originates private label credit card and other loans for consumers and small businesses. These loans are classified as held for sale and are typically sold after origination. As part of these arrangements WebBank earns origination fees that are recorded in interest income, and which increase WebBank's yield on loans. The following table presents the effects of changing rates and volumes on WebBank's net interest income for the periods indicated. The rate column shows the effects attributable to changes in rate (changes in rate multiplied by prior volume). The volume column shows the effects attributable to changes in volume (changes in volume multiplied by prior rate). The total column represents the sum of the prior columns. For purposes of this table, changes attributable to both rate and volume, which cannot be segregated, have been allocated proportionately, based on the changes due to rate and the changes due to volume.

	Year Ended December 31,								
	2015 vs 2014			2014 vs 2013			2013 vs. 2012		
Rate/Volume	Increase/ (Decrease) Due to Volume	Increase/ (Decrease) Due to Rate	Total Increase/ (Decrease)	Increase/ (Decrease) Due to Volume	Increase/ (Decrease) Due to Rate	Total Increase/ (Decrease)	Increase/ (Decrease) Due to Volume	Increase/ (Decrease) Due to Rate	Total Increase/ (Decrease)
Interest Earning Assets:									
Loans Receivable	$ 30,752	$ 5,089	$ 35,841	$ 7,860	$ (2,130)	$ 5,730	$ 4,572	$ (1,691)	$ 2,881
Held-to-Maturity Securities	2	28	30	—	—	—	—	—	—
Available For Sale Investments	—	(3)	(3)	—	1	1	5	(8)	(3)
Fed Funds Sold	—	—	—	—	—	—	(1)	1	—
Interest Bearing Deposits in other Banks	(110)	65	(45)	26	(15)	11	(24)	(5)	(29)
Total Interest-Earning Assets	30,644	5,179	35,823	7,886	(2,144)	5,742	4,552	(1,703)	2,849
Interest-Bearing Liabilities:									
Money Market Accounts	57	(61)	(4)	36	(11)	25	10	(5)	5
Time Deposits	363	457	820	97	21	118	27	(493)	(466)
Total Interest-Bearing Liabilities	420	396	816	133	10	143	37	(498)	(461)
Net Effect on Net Interest Income	$ 30,224	$ 4,783	$ 35,007	$ 7,753	$ (2,154)	$ 5,599	$ 4,515	$ (1,205)	$ 3,310

Balance Sheet Analysis

Loan Portfolio

As of December 31, 2015, net loans accounted for 69% of WebBank's total assets compared to 52% at the end of 2014. The following table presents WebBank's loans outstanding by type of loan as of December 31, 2015 and the five most recent year-ends.

	As of December 31,														
	2015			2014			2013			2012			2011		
	Amount		%	Amount		%	Amount		%	Amount		%	Amount		%
Real Estate Loans:															
Commercial - Owner Occupied	$	1,542	0.7%	$	1,650	1.4%	$	4,671	6.1%	$	6,724	9.8%	$	8,340	18.8%
Commercial - Other		281	0.1%		264	0.2%		242	0.3%		318	0.5%		300	0.7%
Total Real Estate Loans		1,823	0.8%		1,914	1.6%		4,913	6.4%		7,042	10.3%		8,640	19.5%
Commercial and Industrial:		66,253	29.1%		75,706	63.9%		46,702	60.9%		9,832	14.4%		4,344	9.8%
Total Commercial and Industrial		66,253	29.1%		75,706	63.9%		46,702	60.9%		9,832	14.4%		4,344	9.8%
Loans Held for Sale:		159,592	70.1%		40,886	34.5%		25,125	32.7%		51,505	75.3%		31,363	70.7%
Total Loans		227,668	100.0%		118,506	100.0%		76,740	100.0%		68,379	100%		44,347	100.0%
Less:															
Deferred Fees and Discounts		(15)			(20)			—			21			(56)	
Allowance for Loan Losses		(630)			(557)			(424)			(285)			(529)	
Total Loans Receivable, Net	$	227,023		$	117,929		$	76,316		$	68,115		$	43,762	

The following table includes a maturity profile for the loans that were outstanding at December 31, 2015, substantially all of of the Real Estate Loans and Commercial & Industrial Loans have floating or adjustable interest rates:

Due During Years Ending December 31,	Real Estate		Commercial & Industrial		Loans Held for Sale	
2016	$	97	$	5,943	$	159,592
2017-2021		678		7,945		—
2022 and following		1,048		52,365		—
Total	$	1,823	$	66,253	$	159,592

Nonperforming Lending Related Asset

Total nonaccrual loans at December 31, 2015 decreased by $47 from December 31, 2014. The decrease included $33 for commercial owner occupied loans and $14 for commercial and industrial loans.

	As of December 31,									
	2015		2014		2013		2012		2011	
Non-Accruing Loans:										
Commercial Real Estate - Owner Occupied	$	341	$	374	$	403	$	147	$	914
Commercial and Industrial		2		16		109		94		97
Total		343		390		512		241		1,011
Accruing Loans Delinquent:										
90 Days or More		—		52		—		2,581		—
Total		—		52		—		2,581		—
Restructured Loans:										
Commercial Real Estate - Owner Occupied		—		—		—		—		1
Total		—		—		—		—		1
Foreclosed Assets:										
Commercial Real Estate - Owner Occupied		11		111		149		68		333
Total		11		111		149		68		333
Total Non-Performing Assets	$	354	$	553	$	661	$	2,890	$	1,345
Total as a Percentage of Total Assets		0.1%		0.2%		0.4%		2.1%		1.1%

Summary of Loan Loss Experience

The methodologies used to estimate the Allowance for Loan Losses ("ALLL") depend upon the impairment status and portfolio segment of the loan. Loan groupings are created for each loan class and are then graded against historical and industry loss rates. After applying historic loss experience, as described above, we review the quantitatively derived level of ALLL for each segment using qualitative criteria. We track various risk factors that influence our judgment regarding the level of the ALLL across the portfolio segments. The following table summarizes activity in WebBank's allowance for loan and lease losses for the periods indicated:

	As of December 31,				
	2015	2014	2013	2012	2011
Balance at Beginning of Period	$ 557	$ 424	$ 285	$ 529	$ 1,541
Charge Offs:					
Commercial Real Estate - Construction	—	—	—	—	(440)
Commercial Real Estate - Owner Occupied	—	—	—	(1)	(422)
Commercial and Industrial	—	(3)	(64)	—	(727)
Total Charge Offs	—	(3)	(64)	(1)	(1,589)
Recoveries:					
Commercial Real Estate - Construction	—	—	—	—	466
Commercial Real Estate - Owner Occupied	25	65	23	48	27
Commercial Real Estate - Other	44	40	44	44	44
Commercial and Industrial	54	81	216	80	32
Total Recoveries	123	186	283	172	569
Net Recoveries (Charge Offs)	123	183	219	171	(1,020)
Additions Charged to Operations	(50)	(50)	(80)	(415)	8
Balance at End of Period	$ 630	$ 557	$ 424	$ 285	$ 529
Ratio of Net Charge Offs During the Period to Average Loans Outstanding During the Period	0.1%	(0.2)%	(0.4)%	(0.4)%	2.6%

The distribution of WebBank's allowance for losses on loans at the dates indicated is summarized as follows:

	As of December 31,									
	2015		2014		2013		2012		2011	
	Amount	**% of Loans in Each Category of Total Loans**	**Amount**	**% of Loans in Each Category of Total Loans**	**Amount**	**% of Loans in Each Category of Total Loans**	**Amount**	**% of Loans in Each Category of Total Loans**	**Amount**	**% of Loans in Each Category of Total Loans**
Commercial Real Estate - Owner Occupied	$ 40	0.7%	$ 64	1.4%	$ 77	6.1%	$ 187	9.8%	$ 346	18.8%
Commercial Real Estate - Other	8	0.1%	12	0.2%	28	0.3%	34	0.5%	47	0.7%
Commercial and Industrial	582	29.1%	481	63.9%	319	60.9%	64	14.4%	136	9.8%
Loans Held for Sale	—	70.1%	—	34.5%	—	32.7%	—	75.3%	—	70.7%
Total Loans	$ 630	100%	$ 557	100%	$ 424	100%	$ 285	100%	$ 529	100%

Corporate and Other

The Corporate and Other segment consists of several consolidated subsidiaries, including DGT and the BNS Liquidating Trust, as well as various investments and cash and cash equivalents. Corporate revenues primarily consist of investment and other income, investment gains and losses and rental income. See Note 5 - "Investments" to the SPLP consolidated financial statements included elsewhere in this Form 10-K for additional information on the equity method investments and other investments classified within this segment. SPH services provides legal, tax, accounting, treasury, consulting, auditing, administration, compliance, environmental health and safety, human resources, marketing, investor relations and similar services, to other affiliated companies.

The table below presents a summary of Corporate and Other segment operating results as reported in our consolidated financial statements:

	Year Ended December 31,		
Revenue:	**2015**	**2014**	**2013**
Investment and other income	$ 711	$ 1,346	$ 665
Net investment gains	32,267	921	1,071
	32,978	2,267	1,736
Costs and expenses:			
Selling, general and administrative expenses	16,700	18,494	46,677
Interest expense, net	1,169	529	338
Asset impairment charges	6,913	1,223	2,520
Other (income) expense, net	(4,336)	243	491
	20,446	20,489	50,026
Income (Loss) from continuing operations before income (loss) from equity method investments and investments held at fair value	12,532	(18,222)	(48,290)
Equity Method Investments:			
Associated Companies:			
MLNK	(16,743)	(22,940)	23,154
CoSine (1)	(602)	(405)	(418)
Fox & Hound Acquisition Corp. ("Fox & Hound")	—	—	(11,521)
Other	(232)	(79)	(823)
Income (Loss) from other investments - related party	361	891	(271)
Total (loss) income from equity method investments	(17,216)	(22,533)	10,121
Income (Loss) from investments held at fair value	2,793	(16,069)	811
Total segment loss	$ (1,891)	$ (56,824)	$ (37,358)

(1) CoSine became a consolidated subsidiary in the first quarter of 2015 (see Note 3 "Acquisitions" to the SPLP consolidated financial statements found elsewhere in this Form 10-K).

Revenue

Investment and other income is often based on a limited number of transactions, the timing and amounts of which are not always predictable. Net investment gains include realized gains and losses on sales of securities. The Company’s decision to sell securities and realize gains or losses generally includes its evaluation of strategic considerations, an individual security’s value at the time and the prospect for changes in its value in the future. The timing of realized investment gains or losses is not predictable and does not follow any pattern from year to year. Interest and dividend income will vary depending on the type and amount of securities held from year to year.

Investment and other income decreased by $635 or 47.2% in 2015, compared to 2014 due to higher dividends received in 2014. Investment and other income increased by $681 or 102.4% in 2014, compared to 2013 due to higher dividends received in 2014 compared to 2013.

Net investment gains in 2015 were $32,267 compared to $921 in 2014. The gains in 2015 were primarily due to gains on sales of available-for-sale securities of approximately $25,400 and a gain on our investment in CoSine of approximately $6,900 resulting from the re-measurement of our investment upon the acquisition of a majority interest in CoSine in January 2015 (see Note 3 - "Acquisitions" to the SPLP consolidated financial statements found elsewhere in this Form 10-K). Net investment gains in 2014 were $921 compared to $1,071 in 2013. The net gains in 2014 were due to income from foreign currency instruments. The net gains in 2013 were primarily due to gains of approximately $1,200 on the sales of certain available-for-sale securities, partially offset by losses from foreign currency instruments.

Selling, General and Administrative Expenses

SG&A expenses consist primarily of legal, accounting, audit, tax, professional fees, management fees and expense related to the Company's incentive units (see Note 16 - "Capital and Accumulated Other Comprehensive (Loss) Income" to the SPLP consolidated financial statements found elsewhere in this Form 10-K).

SG&A expenses decreased by $1,794 or 9.7% in 2015, compared to 2014, primarily due to higher service fees collected from affiliated companies, partially offset by higher employee and professional fees.

SG&A expenses decreased by $28,183 or 60.4% in 2014, compared to 2013, primarily due to lower non-cash incentive unit expense (see Note 16 - "Capital and Accumulated Other Comprehensive (Loss) Income" to the SPLP consolidated financial statements found elsewhere in this Form 10-K).

Interest Expense

Interest expense increased in 2015 compared to 2014 primarily due to higher borrowings under the credit agreement with PNC Bank, National Association (“PNC”) (the “Amended Credit Facility”). The Company began borrowing under the Amended Credit Facility in April 2014 and increased its borrowings again in January 2015 in order to fund CoSine's tender offer for API. For additional information on CoSine's acquisition of API and the credit agreement with PNC bank, see Note 3 - "Acquisitions" and Note 14 - "Debt and Capital Lease Obligations" to the SPLP consolidated financial statements found elsewhere in this Form 10-K.

Interest expense increased in 2014 compared to 2013 primarily due to borrowings under the credit agreement with PNC. In April 2014, the Company borrowed $47,500 under the Amended Credit Facility in connection with a tender offer for its common units (see Note 16 - "Capital and Accumulated Other Comprehensive (Loss) Income" to the SPLP consolidated financial statements found elsewhere in this Form 10-K).

Impairment Charges

In 2015, the Company recorded impairment charge of approximately $1,400 to adjust an asset held for sale by DGT to its net realizable value and recorded an impairment charge of approximately $5,500 related to an other-than-temporary decline in an available-for-sale security (see Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K).

In 2014, the Company recorded an impairment charge of $1,223 to record an asset held for sale by DGT to its net realizable value.

In 2013, the Company recorded an impairment charge of $1,510 related to its investment in a Japanese real estate partnership and an impairment charge of approximately $1,010 related to an other-than-temporary decline in an available-for-sale security (see Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K).

Other income, net

Other income, net for the year ended December 31, 2015 includes a special dividend of approximately $5,500 received by CoSine from its investment in Nathan's.

Equity Method Investments

Associated Companies

As noted in the table above, the change for the year ended December 31, 2015 was primarily due to a higher decline in the fair value of MLNK in the 2014 period when compared to 2015. The change within the Corporate and Other segment in 2014 was primarily due to greater reductions in the 2014 period related to the fair value of MLNK, partially offset by the non-recurring loss recorded in 2013 related to Fox & Hound. See Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K for additional information on these equity method investments.

Income (Loss) From Other Investments - Related Party

Income from other investments - related party represents the change in fair value that we previously recognized on our 43.75% investment in each series of the SPII Liquidating Trust. The SPII Liquidating Trust has been fully liquidated as of December 31, 2015 (for additional information see Note 5 - “Investments” to the SPLP consolidated financial statements found elsewhere in this Form 10-K).

Income (Loss) From Investments Held at Fair Value

Income (Loss) from investments held at fair value for the years ended December 31, 2015, 2014 and 2013 includes income or loss that the Company recognizes on its direct investment in investment in MLNK warrants and amounts that were previously recognized on API when its was classified as an available-for-sale security and accounted for under the fair value option. API was acquired in the second quarter of 2015 and it is currently a consolidated subsidiary. For additional information on the acquisition of API and these investments, see Note 3 - "Acquisitions" and see Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K.

Income Taxes

As a limited partnership, we are generally not responsible for federal and state income taxes and our profits and losses are passed directly to our limited partners for inclusion in their respective income tax returns. Provision has been made for federal, state, local or foreign income taxes on the results of operations generated by our corporate subsidiaries and these are reflected within continuing and discontinued operations. The difference between the effective tax rate and statutory federal rate of 35% is principally due to changes in the valuation allowances, various permanent differences included in the provisions of our subsidiaries, and partnership income not subject to taxation. The Company’s tax provision represents the income tax expense or benefit of its consolidated subsidiaries. The Company's consolidated subsidiaries have recorded deferred tax valuation allowances to the extent that they believe that it is more likely than not that the benefits of its deferred tax assets will not be realized in future periods.

For the year ended December 31, 2015 a tax benefit of 78,719 from continuing operations was recorded and for the years ended December 31, 2014 and 2013 tax provisions of $24,288 and $6,477 from continuing operations were recorded, respectively. The decrease in the effective tax rate in 2015 was primarily due to the reversal of its deferred tax valuation allowances at WFH LLC (formerly CoSine) of approximately $111,881, partially offset by the tax effect of the non-deductible portion of the goodwill impairment recorded in the fourth quarter of 2015 (see Note 19 - "Income Taxes" and Note 11 - "Goodwill and Other Intangible Assets, Net" to the SPLP financial statements found elsewhere in this Form 10-K).

HNH

At December 31, 2015, HNH has U.S. federal net operating loss carryforwards ("NOLs") of approximately $71,300 (approximately $25,000 tax-effected), as well as certain state NOLs. Included in these amounts is approximately $47,000 of U.S. federal NOLs resulting from the JPS acquisition. The utilization of the JPS NOL is subject to certain annual limitations under the ownership change rules of Section 382 of the Internal Revenue Code. The U.S. federal NOLs expire between 2020 and 2031. Also included in deferred income tax assets are tax credit carryforwards of $7,400. HNH's 2015 tax provision from continuing and discontinued operations reflects utilization of approximately $57,300 of federal NOLs.

Steel Excel

Steel Excel had federal net operating loss carryforwards of approximately $139,100 that expire in 2022 through 2035, and domestic state net operating loss carryforwards of approximately $156,100 that expire in 2016 through 2035. Steel Excel also had federal research and development credit carryforwards of approximately $30,300 that expire in 2018 through 2029, and domestic state research and development credit carryforwards of approximately $17,700 that do not expire. Steel Excel has a valuation allowance to reserve its net deferred tax assets at December 31, 2015 and 2014.

WFHC

As discussed in Note 16 - "Capital and Accumulated Other Comprehensive (Loss) Income " to the SPLP consolidated financial statements found elsewhere in this Form 10-K, WFHC and Cosine entered into a series of transactions whereby CoSine was merged with and into WFH LLC, a newly formed wholly owned subsidiary of WFHC, which is disregarded for income tax purposes. This merger was a tax-free transaction which was completed and declared effective on December 31, 2015. WFHC is also the parent company of WebBank. The transaction is characterized as a reverse acquisition for federal income tax purposes. As a result, WFHC will elect to file a consolidated federal income tax return, which will include WebBank and the newly merged CoSine business (the "WFHC U.S. Consolidated Group"), with CoSine considered to be the parent of the consolidated group. Accordingly, the tax attributes acquired in the merger can be utilized against the taxable income of the affiliated group, generally without limitation.

At December 31, 2015, the WFHC U.S. Consolidated Group had federal NOLs of approximately of $329,600, that expire between 2018 and 2034, and state NOLs of approximately $77,500 that expire between 2016 and 2025, as well as federal and state tax credit carryforwards of $7,540. As noted above, the Company recorded tax benefits in continuing operations of approximately $111,881 associated with the reversal of its deferred tax valuation allowances. Such amount was attributable against the deferred tax asset related to the aforementioned federal NOLs. However, the Company continues to maintain a full valuation allowance (approximately $12,900) against the deferred tax assets related to the state NOLs and tax credit carryforwards given its judgment about the realizability of the associated deferred tax assets.

API

As discussed in Note 3 - "Acquisitions" to the SPLP consolidated financial statements found elsewhere in this Form 10-K, CoSine obtained control over the operations of API on April 17, 2015 and SPLP began consolidating the operations of API. As of December 31, 2015 API had approximately $7,533 of non-U.S. NOLs that do not expire, of which a valuation allowance to reserve of a significant portion of the associated deferred tax assets exists at December 31, 2015. In addition, U.S. subsidiaries of API had approximately $8,563 of federal NOLs that are scheduled to expire from 2022 to 2035. Included in the federal net operating loss carryforwards is approximately $7,665 that are subject to certain annual limitations under the change of ownership rules of Internal Revenue Section 382. API has a valuation allowance to reserve the entire amount of the deferred tax assets associated with the federal NOLs at December 31, 2015.

DGT

At October 31, 2015, DGT had $31,961 of federal net operating loss carryforwards that are scheduled to expire between 2020 to 2035. DGT also had various state net operating loss carryforwards of $25,807 that expire at various times between 2018 and 2035. DGT has a valuation allowance to reserve the entire amount of the deferred tax assets associated with its federal and state NOLs at December 31, 2015. As described in Note 1 - “Nature of the Business and Basis of Presentation” included in the SPLP consolidated financial statements found elsewhere this Form 10-K, the Consolidated Balance Sheet as of and for the twelve months ended December 31, 2015 includes DGT’s activity as of and for its twelve months ended October 31, 2015.

FINANCIAL CONDITION

We rely on our available liquidity to meet our short-term and long-term needs, and to make acquisitions of new businesses and additional investments in existing businesses. Except as otherwise disclosed herein, our operating businesses do not generally require material funds from us to support their operating activities, and we do not depend on positive cash flow from our operating segments to meet our liquidity needs. The components of our consolidated businesses and investments may change frequently as a result of acquisitions or divestitures, the timing of which is impossible to predict, but which often have a material impact on our consolidated statements of cash flows in any one period. Further, the timing and amounts of distributions from certain of our investments accounted for under the equity method are generally outside our control. As a result, reported cash flows from operating, investing and financing activities do not generally follow any particular pattern or trend, and reported results in the most recent period should not be expected to recur in any subsequent period.

Cash Flow Summary

	Year Ended December 31,		
	2015	**2014**	**2013**
Net cash (used in) provided by operating activities	$ (15,753)	$ 78,033	$ 94,952
Net cash provided by (used in) investing activities	64,539	(63,058)	(154,322)
Net cash (used in) provided by by financing activities	(51,192)	(29,667)	65,450
Change in period	$ (2,406)	$ (14,692)	$ 6,080

Cash Flows from Operating Activities

Net cash used in operating activities for the twelve months ended December 31, 2015 was $15,753. Net income from continuing operations of $70,311 was impacted by certain non-cash items and an increase of $113,175 relating to changes in certain operating assets and liabilities. Of this increase, $118,706 was from an increase in loans held for sale, $23,504 was from a decrease in accounts payable and accrued and other liabilities and $666 was from an increase in prepaid and other assets. These operating asset and liability increases were partially offset by a $17,167 decrease in accounts receivable and a $12,534 decrease in inventories. Net cash used in operating activities was also impacted by $2,254 in cash used in operating activities of discontinued operations.

Net cash provided by operating activities for the twelve months ended December 31, 2014 was $78,033. Net loss from continuing operations of $17,572 was impacted by certain non-cash items and an increase of $43,581 relating to changes in certain operating assets and liabilities. Of this increase, $21,172 was from a decrease in accounts payable and accrued and other liabilities, $17,251 was due to an increase on loans held for sale, $3,268 was from an increase in accounts receivable and $4,697 was from an increase in inventories, partially offset by a decrease of $2,807 in prepaid and other assets. Net cash provided by operating activities was also impacted by $18,588 in cash provided by operating activities of discontinued operations.

Net cash provided by operating activities for the twelve months ended December 31, 2013 was $94,952. Net income from continuing operations of $38,374 was impacted by certain non-cash items and a decrease of $11,125 relating to changes in certain operating assets and liabilities. Of this decrease, $26,379 was due to a decrease in loans held for sale, $8,672 was from an decrease in accounts receivable and $2,812 was from an decrease in inventories, partially offset by $25,107 from a decrease in accounts payable and accrued and other liabilities and $1,631 increase in prepaid and other assets. Net cash provided by operating activities was also impacted by $9,699 in cash provided by operating activities of discontinued operations.

Cash Flows from Investing Activities

Net cash provided by investing activities for the twelve months ended December 31, 2015 was $64,539. Significant items included proceeds received from HNH's sale of Arlon of $155,517, net proceeds from investments of $42,623 and proceeds from the sale of assets of $10,657. The net proceeds from sales of investments were primarily due to CoSine's sale of Nathan's shares and net proceeds from investment sales by Steel Excel. In addition, cash flows from investing activities were impacted by purchases of property plant and equipment of $23,252, acquisitions of $116,135, primarily due to the API and JPS acquisitions, and additional investments in associated companies, primarily MLNK, of $7,607.

Net cash used in investing activities for the twelve months ended December 31, 2014 was $63,058. Significant items included cash paid for acquisitions made by HNH and Steel Excel, of $517, investments in associated companies of $1,643, which primarily relates to our investment in ModusLink and Steel Excel's investment in an associated company, a net increase in loans receivable of $25,805, purchases of property plant and equipment of $28,769 and settlements of financial instruments of $24,429. These cash uses from investing activities were partially offset by cash increases due to proceeds from the sales of discontinued operations of $3,732 and net proceeds from investment sales and maturities of $12,941.

Net cash used in investing activities for the twelve months ended December 31, 2013 was $154,322. Significant items included cash paid for acquisitions made by HNH and Steel Excel, of $130,528, investments in associated companies of $36,018, which primarily relates to our investment in ModusLink and Steel Excel's investment in an associated company, a net increase in loans receivable of $34,619 and purchases of property plant and equipment of $20,885. These cash uses from investing activities were partially offset by cash increases due to proceeds from the sales of discontinued operations of $45,334 and net proceeds from investment sales and maturities of $24,488.

Cash Flows from Financing Activities

Net cash used in financing activities for the twelve months ended December 31, 2015 was $51,192. This was due primarily to net revolver payments of of $66,368, repayments of term loans of $38,519, subsidiary's purchases of the Company's common units of $17,323, purchases of SPLP common units of $1,917 and subsidiary's purchases of their common stock of $17,031, partially offset by a net increase in deposits of $87,312.

Net cash used in financing activities for the twelve months ended December 31, 2014 was $29,667. This was due primarily to repayments of term loans of $182,080 and repurchases of subordinated notes of $346, subsidiary repurchases of their treasury stock of $78,488, treasury purchases of SPLP units of $51,465 primarily due to the tender offer for SPLP units in 2014, subsidiary's purchases of the Company's common units of $7,921, partially offset by proceeds from term loans of $52,600, proceeds from revolver borrowings of $196,212 and a net increase in deposits of $46,654.

Net cash provided by financing activities for the twelve months ended December 31, 2013 was $65,450. This was due primarily to proceeds from term loans of $105,000, proceeds from revolver borrowings of $30,950 and a net increase in deposits of $39,567, partially offset by subsidiary repurchases of their treasury stock of $50,144, repayments of term loans of $27,582, subsidiary's purchases of the Company's common units of $15,690 and repurchases of subordinated notes of $11,323.

LIQUIDITY AND CAPITAL RESOURCES

Holding Company

SPLP (excluding its operating subsidiaries, the “Holding Company”) is a global diversified holding company whose assets principally consist of the stock of its direct subsidiaries, non-controlling investments in equity securities, and cash and cash equivalents. Its principal potential sources of funds are available cash resources, borrowings, public and private capital market transactions, distributions or dividends from subsidiaries and/or investments, as well as dispositions of existing businesses and investments. The Holding Company’s investments are subject to changes that may result in amounts realized from any future sales that are at times significantly different from the value we are reporting at December 31, 2015. These investments, including those accounted for under the equity method, can be impacted by market conditions, changes in the specific business environments of our investees or by the underlying performance of these businesses.

In addition to cash and cash equivalents, the Holding Company considers certain investments at fair value included in its consolidated balance sheet as being generally available to meet its liquidity needs. These investments are not as liquid as cash and cash equivalents, but they are generally convertible into cash within a reasonable period of time. As of December 31, 2015, the Holding Company had cash and cash equivalents of approximately $7,000 and investments of approximately $120,000. Approximately $117,000 of the Holding Company's investments are either pledged as collateral under the Amended Credit Facility with PNC or restricted.

The Holding Company generally does not have access to the cash flow generated by the Company’s operating businesses for its needs, and the operating businesses generally do not rely on the Holding Company to support their operating activities. The Holding Company’s available liquidity, income from management services agreements and the investment income realized from the Holding Company’s cash, cash equivalents and marketable securities is used to meet the Holding Company’s recurring cash requirements, which are principally the payment of its overhead expenses (see Note 13 - "Related Party Transactions" to the SPLP consolidated financial statements found elsewhere in this Form 10-K).

The Holding Company and its operating businesses may use their available liquidity to make acquisitions of new businesses and other investments, but the timing and cost of any future investments cannot be predicted. The Company may seek external debt or equity financing and will rely on its existing liquidity to fund corporate overhead expenses and new acquisition opportunities. It may also dispose of existing businesses and investments. At December 31, 2015, the Holding Company and its consolidated subsidiaries had, in the aggregate, cash and cash equivalents of $185,852 available for operations in the ordinary course of business and for the acquisition of interests in businesses.

On September 28, 2015, the Company amended the Amended Credit Facility with PNC, as administrative agent for the lenders thereunder. The Amended Credit Facility provides for a revolving credit facility with borrowing availability of up to $105,000, and increases the applicable margin from 1.50% to 1.625%. Amounts outstanding under the Amended Credit Facility bear interest at SPLP's option at either the Base Rate, as defined, plus 0.625% or LIBOR plus the applicable margin under the loan agreement of 1.625%, and are collateralized by first priority security interests of certain of the Company's deposit accounts and publicly traded securities. The pledged collateral of approximately $371,300 includes SPLP's investments in publicly traded securities, including investments in majority-owned, consolidated subsidiaries. The average interest rate on the Amended Credit Facility was 2.15% as of December 31, 2015. The Amended Credit Facility requires a commitment fee to be paid on unused borrowings and also contains customary affirmative and negative covenants, including a minimum cash balance covenant, restrictions against the payment of dividends and customary events of default. Any amounts outstanding under the Amended Credit Facility are due and payable in full on October 23, 2017. The Amended Credit Facility also includes provisions for the issuance of letters of credit up to $10,000, with any such issuances reducing total borrowing availability. The amounts outstanding under the Amended Credit Facility were $75,140 and $33,788 as of December 31, 2015 and December 31, 2014, respectively. The Company has an outstanding letter of credit of approximately $893 at December 31, 2015.

Discussion of Segment Liquidity and Capital Resources

HNH

HNH's principal source of liquidity is its cash flows from operations. As of December 31, 2015, HNH’s current assets totaled $190,202, its current liabilities totaled $70,956, and its working capital was $119,246, as compared to working capital of $181,083 as of December 31, 2014.

HNH generated $58,335 of positive cash flow from operating activities in the twelve months ended December 31, 2015 and $50,689 of positive cash flow from operating activities in the comparable 2014 period. SPLP's consolidated financial statements reflect pre-tax income from continuing operations of $41,773 and $39,428 relating to HNH for the twelve months ended December 31, 2015 and 2014, respectively.

HNH's debt is principally held by H&H Group, a wholly-owned subsidiary of HNH. HNH's subsidiaries borrow funds in order to finance capital expansion programs and for working capital needs. The terms of certain of those financing arrangements place restrictions on distributions of funds to HNH, the parent company, subject to certain exceptions including required pension payments to the WHX Pension Plan. HNH does not expect these restrictions to have an impact on it's ability to meet its cash obligations. HNH's ongoing operating cash flow requirements consist primarily of arranging for the funding of the minimum requirements of the WHX Pension Plan and paying HNH's administrative costs. HNH expects to have required minimum contributions to the WHX Pension Plan of $16,100, $27,500, $32,900, $33,200, $32,000 and $82,900 in 2016, 2017, 2018, 2019, 2020 and for the five years thereafter, respectively. For the JPS Pension Plan, the Company expects to have required minimum pension plan contributions of $400, $6,800, $9,100, $5,600, $3,300 and $9,600 in 2016, 2017, 2018, 2019, 2020 and for the five years thereafter, respectively, which will be made by H&H Group. Such required future contributions are estimated based upon assumptions regarding such matters as discount rates on future obligations, assumed rates of return on plan assets and legislative changes. Actual future pension costs and required funding obligations will be affected by changes in the factors and assumptions described above, as well as other changes such as any plan termination or other acceleration events.

HNH believes it has access to adequate resources to meet its needs for normal operating costs, capital expenditures, mandatory debt redemptions and working capital for its existing business. These resources include cash and cash equivalents, cash provided by operating activities and unused lines of credit. On August 29, 2014, H&H Group entered into an amended and restated senior credit agreement, which provides for an up to $365,000 senior secured revolving credit facility. As of December 31, 2015, H&H Group's availability under its senior secured revolving credit facility was $183,200. On October 5, 2015, a subsidiary of H&H refinanced an outstanding mortgage note, which had an original maturity in October 2015. Under the terms of the revised agreement, the subsidiary paid down $700 of the original outstanding principal balance. The remaining outstanding principal balance of $5,400 was refinanced and will be repaid in equal monthly installments totaling $400 per year over the next five years, with a final principal payment of $3,600 due at maturity of the loan in October 2020. HNH's ability to satisfy its debt service obligations, to fund planned capital expenditures and required pension payments, and to make acquisitions will depend upon its future operating performance, which will be affected by prevailing economic conditions in the markets in which it operates, as well as financial, business and other factors, some of which are beyond its control. In addition, HNH's senior secured revolving credit facility is subject to certain mandatory prepayment provisions and restrictive and financial covenants. There can be no assurances that H&H Group will continue to have access to its lines of credit if its financial performance does not satisfy the financial covenants set forth in the financing agreements. If H&H Group does not meet certain of its financial covenants, and if it is unable to secure necessary waivers or other amendments from the respective lenders on terms acceptable to management, its ability to access available lines of credit could be limited, its debt obligations could be accelerated by the respective lenders and liquidity could be adversely affected.

HNH's management is utilizing the following strategies to continue to enhance liquidity: (1) continuing to implement improvements, using the Steel Business System, throughout all of HNH's operations to increase sales and operating efficiencies, (2) supporting profitable sales growth both internally and potentially through acquisitions and (3) evaluating from time to time and as appropriate, strategic alternatives with respect to its businesses and/or assets. HNH continues to examine all of its options and strategies, including acquisitions, divestitures and other corporate transactions, to increase cash flow and stockholder value. On February 5, 2016, HNH delivered a letter to SLI formally proposing to acquire all the outstanding shares of the SLI for a cash purchase price of $35.50 per share, or approximately $140,600 in total, subject to limited confirmatory due diligence.

Steel Excel

As of December 31, 2015, Steel Excel's working capital was $153,987. Steel Excel's principal source of liquidity is cash, cash equivalents and marketable securities on hand.

At December 31, 2015, Steel Excel had $127,896 in cash, cash equivalents and marketable securities. The marketable securities included short-term deposits, corporate debt, equity instruments and mutual funds. In the future, Steel Excel may make additional acquisitions of businesses, and may use a significant portion of its available cash balances for such acquisitions or for working capital needs thereafter.

Steel Excel's credit agreement, entered into in July 2013 and amended in December 2013 (the “Amended Credit Agreement”), with Wells Fargo Bank National Association, RBS Citizens, N.A., and Comerica Bank provided for a borrowing capacity of $105,000 consisting of a $95,000 secured term loan (the “Term Loan”) and up to $10,000 in revolving loans (the “Revolving Loans”) subject to a borrowing base of 85% of the eligible accounts receivable. At December 31, 2015 Steel Excel had $7,200 of borrowing capacity under the Revolving Loans, all of which was available as no Revolving Loans were outstanding. At December 31, 2015, Steel Excel had $42,900 outstanding under the Term Loan.

Borrowings under the Amended Credit Agreement are collateralized by substantially all the assets of Steel Energy Services Ltd. ("Steel Energy") and its wholly-owned subsidiaries Sun Well Service, Inc. (“Sun Well”), Rogue Pressure Services, Ltd. (“Rogue”), and Black Hawk Energy Services Ltd. (Black Hawk Ltd.), and a pledge of all of the issued and outstanding shares of capital stock of Sun Well, Rogue, and Black Hawk Ltd. Borrowings under the Amended Credit Agreement are fully guaranteed by Sun Well, Rogue, and Black Hawk Ltd.

The Amended Credit Agreement has a term that runs through July 2018, with the Term Loan amortizing in quarterly installments of $3,300 and a balloon payment due on the maturity date. In December 2015, Steel Excel made a prepayment of $23,100 on the Term Loan, with the prepayment applied to the next seven quarterly installments. Steel Excel recognized a loss on extinguishment of $100 in connection with the prepayment from the write off of unamortized debt issuance costs, which was reported as a component of "Other income, net" in the consolidated statement of operations for the year ended December 31, 2015.

Borrowings under the Amended Credit Agreement bear interest at annual rates of either (i) the Base Rate plus an applicable margin of 1.50% to 2.25% or (ii) LIBOR plus an applicable margin of 2.50% to 3.25%. The “Base Rate” is the greatest of (i) the prime lending rate, (ii) the Federal Funds Rate plus 0.5%, and (iii) the one-month LIBOR plus 1.0%. The applicable margin for both Base Rate and LIBOR is determined based on the leverage ratio calculated in accordance with the Amended Credit Agreement. LIBOR-based borrowings are available for interest periods of one, three, or six months. In addition, Steel Excel is required to pay commitment fees of between 0.375%and 0.50% per annum on the daily unused amount of the Revolving Loans.

The Amended Credit Agreement contains certain financial covenants, including (i) a leverage ratio not to exceed 2.75:1 for quarterly periods through June 30, 2017, and 2.5:1 thereafter and (ii) a fixed charge coverage ratio of 1.15:1 for quarterly periods through December 31, 2016, and 1.25:1 thereafter. The Company was in compliance with all financial covenants as of December 31, 2015.

The Amended Credit Agreement also contains standard representations, warranties, and non-financial covenants. The repayment of the Term Loan can be accelerated upon (i) a change in control, which would include Steel Energy Services owning less than 100% of the equity of Sun Well or Rogue or SPLP owning, directly or indirectly, less than 35% of Steel Energy Services or (ii) other events of default, including payment failure, false representations, covenant breaches, and bankruptcy.

Steel Excel believes that its cash balances will be sufficient to satisfy its anticipated cash needs for working capital and capital expenditures for at least the next twelve months. Steel Excel anticipates making additional acquisitions and investments, and they may be required to use a significant portion of their available cash balances for such acquisitions and investments or for working capital needs thereafter. The consummation of additional acquisitions, prevailing economic conditions, and financial, business and other factors beyond its control could adversely affect Steel Excel's estimates of their future cash requirements. As such, Steel Excel could be required to fund its cash requirements by alternative financing. In these instances, Steel Excel may seek to raise such additional funds through public or private equity or debt financings or from other sources. As a result, Steel Excel may not be able to obtain adequate or favorable equity financing, if needed. Any equity financing Steel Excel obtains may dilute existing ownership interests, and any debt financing could contain covenants that impose limitations on the conduct of Steel Excel's business. There can be no assurance that additional financing, if needed, would be available on terms acceptable to Steel Excel or at all.

WFH LLC (formerly CoSine)

At December 31, 2015, WFH LLC's working capital was approximately $12,500 and it had cash and cash equivalents of approximately $25,300. Prior to the acquisition of API in the second quarter of 2015, WFH LLC (formerly CoSine) was a company with with operating expenses looking to deploy its capital. For additional information on SPLP's acquisitions of CoSine and API, see Note - 3 "Acquisitions" to the SPLP consolidated financial statements found elsewhere in this Form 10-K.

API, in the United Kingdom, has a multi-currency revolving agreement of £13,500 (approximately $19,980) with HSBC Bank plc ("HSBC") that expires on December 31, 2017. At December 31, 2015, approximately $16,280 was outstanding under the facility. The interest rate on the borrowings under the UK facility was 2.60% at December 31, 2015. These borrowings are secured by certain UK assets which totaled approximately $56,388 at December 31, 2015 and include certain debt covenants including leverage and interest cover. API was in compliance with all covenants at December 31, 2015.

API also has a revolving facility with HSBC in the U.S that expires in June 2018, with availability up to approximately $4,635 as of December 31, 2015. At December 31, 2015, $2,513 was outstanding under the facility at an interest rate of 3.24%. The facility is secured against certain property, plant & equipment, inventories and receivables which totaled approximately $18,100 at December 31, 2015. API received a temporary waiver after failing to meet one of the debt covenants under this facility as of September 30, 2015. The facility was amended in October 2015 to modify and add certain covenants and provisions that will be in place until until June 30, 2016. In addition API has certain term loans for equipment with HSBC and Wells Fargo Bank for approximately $2,664. The loan with Wells Fargo Bank had an interest rate of 4.26% at December 31, 2015. This loan is secured over the related equipment.

WebBank

WebBank manages its liquidity to provide adequate funds to meet anticipated financial obligations such as certificate of deposit maturities and to fund customer credit needs. WebBank had $80,226 and $96,829 in cash at the Federal Reserve Bank and in its Fed Funds account at its correspondent bank at December 31, 2015 and 2014, respectively. WebBank had $17,400 in lines of credit from its correspondent banks at December 31, 2015 and 2014. WebBank had $38,667 and $42,011 available from the Federal Reserve discount window at December 31, 2015 and 2014, respectively. WebBank had a total of $136,293 and $156,240 in cash, lines of credit, and access to the Federal Reserve Bank discount window at December 31, 2015 and 2014, respectively, which represents approximately 43% and 69%, respectively, of WebBank's total assets.

DGT

At October 31, 2015, its most recent fiscal period, DGT had approximately $10,191 in cash and cash equivalents and approximately $51,091 of investments. DGT's operations currently consist of investments, and general and administrative expenses and one building which is held for sale at December 31, 2015.

Contractual Commitments and Contingencies

Our consolidated contractual obligations as of December 31, 2015 are identified in the table below:

	Payments Due By Period				
	Less Than 1 Year	1 - 3 Years	3 - 5 Years	Thereafter	Total
Debt obligations	$ 3,463	$ 141,089	$ 95,086	$ —	$ 239,638
Estimated interest expense (1)	5,931	8,710	1,698	—	16,339
Deposits (2)	155,112	97,060	—	—	252,172
Operating lease obligations	8,075	12,030	8,881	9,355	38,341
Capital lease obligations	1,028	1,899	—	—	2,927
Deferred compensation	3,546	7,519	—	—	11,065
Capital expenditures	92	—	—	—	92
Purchase obligations	6,470	—	—	—	6,470
Minimum pension contributions (3)	17,536	78,372	76,172	93,536	265,616
Total	$ 201,253	$ 346,679	$ 181,837	$ 102,891	$ 832,660

(1) The interest rates for the estimated interest expense were based on interest rates at December 31, 2015.

(2) Excludes interest.

(3) Represents total expected required minimum pension plan contributions to the WHX Pension Plan, the JPS Pension Plan and the API Plan for 2016, 2017, 2018, 2019, 2020 and for the five years thereafter. Actual future pension costs and required funding obligations will be affected by changes in the factors and assumptions described elsewhere in this Annual Report on Form 10-K, as well as other changes such as any plan termination or other acceleration events.

Environmental Liabilities

Certain of BNS' and HNH's facilities are environmentally impaired. BNS and HNH have estimated their liability to remediate these sites to be $3,922 and $3,822, respectively, at December 31, 2015. For further discussion regarding these commitments, among others, see Note 21, “Commitments and Contingencies,” to the SPLP consolidated financial statements found elsewhere in this Form 10-K.

Deposits

Deposits at WebBank at December 31, 2015, and 2014 were as follows:

	2015	2014
Current	$ 155,112	$ 87,804
Long-term	97,060	77,056
Total	$ 252,172	$ 164,860

The increase in deposits at December 31, 2015 compared with 2014 is due to WebBank's asset growth. The average original maturity for time deposits at December 31, 2015 was 29 months compared with 30 months at December 31, 2014.

The following table details the maturity of time deposits as of December 31, 2015:

	Maturity				
	< 3 Months	3 to 6 Months	6 to 12 Months	> 12 Months	Total
	(Dollars in Thousands)				
Certificate of Deposits less than $100	$ 9,999	$ 10,538	$ 24,772	$ 97,060	$ 142,369
Certificate of Deposits of $100 or more	4,128	9,723	12,531	—	26,382
Total Certificates of Deposits	$ 14,127	$ 20,261	$ 37,303	$ 97,060	$ 168,751

Off-Balance Sheet Risk

It is not the Company's usual business practice to enter into off-balance sheet arrangements such as guarantees on loans and financial commitments, indemnification arrangements, and retained interests in assets transferred to an unconsolidated entity for securitization purposes. Certain customers and suppliers of HNH's Joining Materials business choose to do business on a “pool” basis. Such customers or suppliers furnish precious metal to subsidiaries of H&H for return in fabricated form or for purchase from or return to the supplier. When the customer's precious metal is returned in fabricated form, the customer is charged a fabrication charge. The value of pooled precious metal is not included in HNH's balance sheet. As of December 31, 2015, customer metal in H&H's custody consisted of 160,363 ounces of silver, 535 ounces of gold, and 1,391 ounces of palladium. The market value per ounce of silver, gold and palladium as of December 31, 2015 was $13.86, $1,062.25, and $547.00, respectively.

SPLP uses the same credit policy in making commitments and conditional obligations as it does for on-balance sheet instruments.

WebBank is a party to financial instruments with off-balance sheet risk. In the normal course of business, these financial instruments include commitments to extend credit in the form of loans as part of WebBank's lending arrangements. Those instruments involve, to varying degrees, elements of credit and interest rate risk in excess of the amount recognized on the consolidated balance sheets. The contract amounts of those instruments reflect the extent of involvement WebBank has in particular classes of financial instruments.

At December 31, 2015 and 2014, WebBank's undisbursed commitments under these instruments totaled $80,667 and $82,788, respectively. Commitments to extend credit are agreements to lend to a borrower who meets the lending criteria through one of WebBank's lending agreements, provided there is no violation of any condition established in the contract with the counterparty to the lending arrangement. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain of the commitments are expected to expire without the credit being extended, the total commitment amounts do not necessarily represent future cash requirements. WebBank evaluates each prospective borrower's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by WebBank upon extension of credit is based on management's credit evaluation of the borrower and WebBank's counterparty.

Critical Accounting Policies

A summary of our accounting policies is set forth in Note 2 - "Summary of Significant Accounting Policies" to the SPLP consolidated financial statements found elsewhere in this Form 10-K. In our view, the policies that involve the most subjective judgment or that have the potential to materially affect our financial statements are set forth below.

Marketable Securities and Long-Term Investments

Marketable securities are classified as available-for-sale and consist of short-term deposits, corporate debt and equity instruments, and mutual funds. The Company classifies its Marketable securities as current assets based on the nature of the securities and their availability for use in current operations. Long-term investments consist of available-for-sale securities and equity method investments. Held-to-maturity securities are classified in Other non-current assets. SPLP determines the appropriate classifications of its investments at the acquisition date and re-evaluates the classifications at each balance sheet date.

- Available-for-sale securities are reported at fair value, with unrealized gains and losses recognized in Accumulated other comprehensive income (loss) as a separate component of SPLP's Partners' capital.

- Associated companies represent equity method investments in companies where our ownership is between 20% and 50% of the outstanding equity and the Company has the ability to exercise influence, but not control, over the investee. For equity method investments where the fair value option has been elected, unrealized gains and losses are reported in the consolidated statement of operations as part of income (loss) from equity method investments and includes income (loss) of certain associated companies and income (loss) from other investments - related party. For the equity method investments where the fair value option has not been elected, SPLP records the investment at cost and subsequently increases or decreases the investment by its proportionate share of the net income or losses and other comprehensive income of the investee.

- Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts.

Dividend and interest income is recognized when earned. Realized gains and losses on available-for-sale securities are included in earnings and are derived using the specific-identification method. Commission expense is recorded as a reduction of sales proceeds on investment sales. Commission expense on purchases is included in the cost of investments in the consolidated balance sheets.

Other Than Temporary Impairment

If the Company believes a decline in the market value of any available-for-sale, equity method or held-to-maturity security below cost is other than temporary, a loss is charged to earnings, which establishes a new cost basis for the security. Impairment losses are included in Asset impairment charges in the consolidated statements of operations. SPLP's determination of whether a security is other than temporarily impaired incorporates both quantitative and qualitative information. The Company considers a number of factors including, but not limited to, the length of time and the extent to which the fair value has been less than cost, the length of time expected for recovery, the financial condition of the issuer, the reason for the decline in fair value, changes in fair value subsequent to the balance sheet date, the ability and intent to hold investments to maturity, and other factors specific to the individual investment. Specifically, for held-to-maturity securities, the Company considers whether it plans to sell the security or it is more-likely-than-not that it will be required to sell the security before recovery of its amortized cost. The credit component of an other-than-temporary impairment loss is recognized in earnings and the non-credit component is recognized in Accumulated other comprehensive (loss) income in situations where the Company does not intend to sell the security and it is more likely-than-not that the Company will not be required to sell the security prior to recovery. If there is an other-than-temporary impairment in the fair value of any individual security classified as held-to-maturity, the Company writes down the security to fair value with a corresponding credit loss portion charged to earnings, and the non-credit portion being charged to Accumulated other comprehensive (loss) income. SPLP's assessment involves a high degree of judgment and accordingly, actual results may differ materially from those estimates and judgments. Based on their respective balances as of December 31, 2015, we estimate that in the event of a 10% adverse change in the fair values of our marketable securities and long-term investments, the fair values would decrease by approximately $8,100 and $16,700, respectively. For additional information on other-than-temporary impairments recorded on available-for-sale securities, see Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K.

Goodwill and Other Intangible Assets, Net

Goodwill, which is not amortized, represents the difference between the purchase price and the fair value of identifiable net assets acquired in a business combination. We review goodwill for impairment indicators throughout the year and test for impairment annually in the fourth quarter. Under ASC 350, an entity can choose between two testing approaches:

a. Step 0 or Qualitative approach - An entity may assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, an entity shall assess relevant events and circumstances. Examples of such events and circumstances would include pertinent macroeconomic conditions, industry and market considerations, overall financial performance and other factors.

An entity has an unconditional option to bypass this qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the goodwill impairment test. An entity may resume performing the qualitative assessment in any subsequent period.

b. Step 1 or Quantitative approach - The fair value of a reporting unit is calculated and compared with its carrying amount. There are several methods that may be used to estimate a reporting unit’s fair value, including market quotations, asset and liability fair values and other valuation techniques, including, but not limited to, discounted projected future net earnings or net cash flows and multiples of earnings. If the fair value of a reporting unit exceeds its carrying amount, there is no indication of impairment and further testing is not required. If the carrying amount of a reporting unit exceeds its fair value, then a second step of testing is required (“Step 2”). The second step of the goodwill impairment test compares the implied fair value of the reporting unit’s goodwill with the carrying amount of that goodwill.

For 2015, the Company utilized a qualitative approach for three of its reporting units to assess its goodwill as of its most recent assessment date and used the quantitative approach to test the goodwill of one of its reporting units, Energy. During 2015, the adverse effect on the Energy business of declining oil prices resulted in a goodwill impairment charge of $19,571 recorded by our Energy segment. We estimated the fair value of our Energy segment based on valuations, which relied on certain assumptions we made including projections of future revenues based on assumed long-term growth rates, estimated costs, and the appropriate discount rates. The estimates we used for long-term revenue growth and future costs are based on historical data, various internal estimates, and a variety of external sources, and were developed as part our long-range assessment of our Energy business given the recent developments in the oil services industry. After the impairment charge, the carrying value of the goodwill in the Energy segment was $0 at December 31, 2015. In 2014 and 2013 we recorded goodwill impairments of approximately $41,450 and $3,600, respectively, in our energy segment. The 2013 amount was recorded in discontinued operations.

Other intangible assets with indefinite lives are not amortized, while other intangible assets with finite lives are amortized over their estimated useful lives. Intangible assets with finite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable (see "Long-Lived Asset Testing" below). In 2015 and 2014, the adverse effect on the Energy business of declining oil prices resulted in the need for the Company to assess the recoverability of certain of its finite-lived intangible assets and property and equipment in its Energy segment. The undiscounted cash flows expected to be generated by such assets exceeded SPLP's basis in their carrying value, and therefore the Company has not recognized any impairment charges on its long-lived assets in its Energy segment. A change in the business climate in the Company's Energy segment in future periods, including an inability to effectively integrate new businesses in which significant investments have been made or a general downturn in the Company’s Energy segment could lead to a required assessment of the recoverability of the long-lived assets in its Energy segment, which may subsequently result in an impairment charge.

Intangible assets with indefinite lives, which are only within the Diversified Industrial segment, are tested for impairment at least annually, or when events or changes in circumstances indicate that it is more likely than not that the asset is impaired. ASC 360 affords the same two testing approaches for indefinite lived intangibles as for goodwill. For 2015, the Company utilized a qualitative approach to assess its intangible assets with indefinite lives as of its most recent assessment date, and the results indicated no impairments in 2015.

Long-Lived Asset Testing

The Company estimates the depreciable lives of property, plant and equipment, and reviews long-lived assets for impairment whenever events, or changes in circumstances, indicate the carrying amount of such assets may not be recoverable. If the carrying values of the long-lived assets exceed the sum of the undiscounted cash flows, an impairment charge is recognized in the amount by which the carrying values exceeds their fair values. The Company performs such assessments at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities, which is generally at the plant level or the reporting unit level, dependent on the level of interdependencies in the Company's operations. Impairment losses are recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. The impairment loss is measured by comparing the fair value of the asset to its carrying amount.

The Company considers various factors in determining whether an impairment test is necessary, including among other things: a significant or prolonged deterioration in operating results and projected cash flows; significant changes in the extent or manner in which assets are used; technological advances with respect to assets which would potentially render them obsolete; the Company's strategy and capital planning; and the economic climate in the markets it serves. When estimating future cash flows and if necessary, fair value, the Company makes judgments as to the expected utilization of assets and estimated future cash flows related to those assets. The Company considers historical and anticipated future results, general economic and market conditions, the impact of planned business and operational strategies and other information available at the time the estimates are made. The Company believes these estimates are reasonable; however, changes in circumstances or conditions could have a significant impact on its estimates, which might result in material impairment charges in the future.

Business Combinations

When we acquire a business, we allocate the purchase price to the assets acquired, liabilities assumed and any noncontrolling interests based on their fair values at the acquisition date. Significant judgment may be used to determine these fair values including the use of appraisals, discounted cash flow models, market value for similar purchases, or other methods applicable to the circumstances. The assumptions and judgments made by the Company when recording business combinations will have an impact on reported results of operations in the future.

Legal, Environmental and Other Contingencies

The outcomes of legal proceedings and claims brought against us are subject to significant uncertainty. An estimated loss from a loss contingency such as a legal proceeding or environmental remediation obligation or claim is accrued by a charge to income if it is probable that an asset has been impaired or a liability has been incurred and the amount of the loss can be reasonably estimated. Disclosure of a contingency is required if there is at least a reasonable possibility that a loss has been incurred. In determining whether a loss should be accrued we evaluate, among other factors, the degree of probability of an unfavorable outcome and the ability to make a reasonable estimate of the amount of loss. Changes in these factors could materially impact our financial statements.

Income Taxes

As a limited partnership, we are generally not responsible for federal and state income taxes and our profits and losses are passed directly to our limited partners for inclusion in their respective income tax returns. Our subsidiaries that are corporate subsidiaries are subject to federal and state income taxes. The table in Note 19 - “Income Taxes” to the SPLP consolidated financial statements, found elsewhere in this Form 10-K, reconciles a hypothetical calculation of federal income taxes based on the federal statutory rate of 35% applied to the income or loss from continuing operations before income taxes and associated companies. The tax effect of income passed through to common unitholders is subtracted from the hypothetical calculation.

Our subsidiaries that are subject to income taxes use the liability method of accounting for such taxes. Under the liability method, deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and deferred tax liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and deferred tax liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Our subsidiaries and associated companies evaluate the recoverability of deferred tax assets and establish a valuation allowance when it is more likely than not that some portion of the deferred tax assets will not be realized.

When tax returns are filed, it is highly certain that most positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is reflected as a liability for unrecognized tax benefits in the accompanying balance sheet, along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

Recent Accounting Standards

See Note 2 - “Summary of Significant Accounting Policies" to the SPLP consolidated financial statements found elsewhere in this Form 10-K for information on recent accounting standards.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

In this "Quantitative and Qualitative Disclosure About Market Risk" section, all dollar amounts are in thousands, except for per share amounts.

Market risk is the risk of loss arising from adverse changes in market rates and prices, such as interest rates, foreign currency exchange rates and commodity prices. Our significant market risks are primarily associated with interest rates, equity prices and, to a lesser extent, derivatives. The following sections address the significant market risks associated with our business activities.

SPLP's quantitative and qualitative disclosures about market risk include forward-looking statements with respect to management's opinion about the risk associated with the Company's financial instruments. These statements are based on certain assumptions with respect to market prices, interest rates and other industry-specific risk factors. To the extent these assumptions prove to be inaccurate, future outcomes may differ materially from those discussed herein.

Risks Relating to Investments

The Company's investments are primarily classified as marketable securities or long-term investments and are primarily recorded on the balance sheet at fair value. These investments are subject to equity price risk. The Company evaluates its investments for impairment on a quarterly basis.

At December 31, 2015, marketable securities aggregated approximately $80,842, of which $55,579 represented mutual funds and corporate equities which are reported at fair value. In addition, financial instrument obligations aggregated $21,639 at December 31, 2015. A change in the equity price of these securities would result in a change in value of such securities in future periods.

Included in the Company's Long-term investments are available-for-sale equity securities and certain associated company investments which are both subject to equity price risk.

- The available-for-sale securities are recorded in the balance sheet at an aggregate fair value of $66,042 (see Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K). A change in the equity price of these securities would result in a change in value of such securities in future periods.

- The Company's associated company investments include its investments in ModusLink, SLI, Aviat and API Tech, for which it has elected the fair value option. At December 31, 2015, these investments are carried at a total fair value of $94,532 (see Note 5 - "Investments" to the SPLP consolidated financial statements found elsewhere in this Form 10-K). A change in the equity price of our investment in these securities would result in a change in value of such securities and would impact our results in future periods.

Risks Relating to Interest Rates

WebBank

The Company through its WebBank subsidiary derives a portion of its income from the excess of interest collected over interest paid. The rates of interest WebBank earns on assets and pays on liabilities generally are established contractually for a period of time. Market interest rates change over time. Accordingly, WebBank's results of operations, like those of most financial institutions, are impacted by changes in interest rates and the interest rate sensitivity of its assets and liabilities. The risk associated with changes in interest rates and the ability to adapt to these changes is known as interest rate risk.

WebBank monitors and measures its exposure to changes in interest rates in order to comply with applicable government regulations and risk policies established by WebBank's Board of Directors, and in order to preserve shareholder value. In monitoring interest rate risk, WebBank analyzes assets and liabilities based on characteristics including size, coupon rate, repricing frequency, maturity date, and likelihood of prepayment.

If WebBank's assets mature or reprice more rapidly or to a greater extent than its liabilities, then net portfolio value and net interest income would tend to increase during periods of rising rates and decrease during periods of falling interest rates. Conversely, if WebBank's assets mature or reprice more slowly or to a lesser extent than its liabilities, then net portfolio value and net interest income would tend to decrease during periods of rising interest rates and increase during periods of falling interest rates.

WebBank currently focuses lending efforts toward originating competitively priced adjustable-rate or fixed-rate loan products with short to intermediate terms to maturity, generally 7 years or less. This theoretically allows WebBank to maintain a portfolio of loans that will have relatively little sensitivity to changes in the level of interest rates, while providing a reasonable spread to the cost of liabilities used to fund the loans.

The principal objective of WebBank’s asset/liability management is to manage the sensitivity of Market Value of Equity (MVE) to changing interest rates. Asset/liability management is governed by policies reviewed and approved annually by WebBank’s Board of Directors. WebBank’s Board of Directors has delegated the responsibility to oversee the administration of these policies to WebBank’s asset/liability committee, or ALCO. The interest rate risk strategy currently deployed by ALCO is to primarily use “natural” balance sheet hedging (as opposed to derivative hedging). ALCO fine tunes the overall MVE sensitivity by recommending lending and deposit strategies. WebBank then executes the recommended strategy by increasing or decreasing the duration of the loan and deposit products, resulting in the appropriate level of market risk WebBank’s Board of Directors wants to maintain.

WebBank measures interest rate sensitivity as the difference between amounts of interest earning assets and interest-bearing liabilities that mature or reprice within a given period of time. The difference provides an indication of the extent to which an institution’s interest rate spread will be affected by changes in interest rates. If the amount of interest rate sensitive assets exceeds the amount of interest rate sensitive liabilities, then the bank is considered to be asset sensitive. If the amount of interest rate sensitive liabilities exceeds the amount of interest rate sensitive assets, then the bank is considered to be liability sensitive. In a rising interest rate environment, an institution that is asset sensitive would be in a better position than an institution that is liability sensitive because the yield on its assets would increase at a faster pace than the cost of its interest bearing liabilities. During a period of falling interest rates, however, an institution that is asset sensitive would tend to have its assets reprice at a faster rate than its liabilities, which would tend to reduce the growth in its net interest income. The opposite is true if the institution is liability sensitive.

WebBank’s Board of Directors and relevant government regulations establish limits on the level of acceptable interest rate risk at WebBank, to which management adheres. There can be no assurance, however, that, in the event of an adverse change in interest rates, WebBank’s efforts to limit interest rate risk will be successful.

HNH

At HNH, the fair value of cash and cash equivalents, trade and other receivables, trade payables and short-term borrowings approximate their carrying values and are relatively insensitive to changes in interest rates due to the short-term maturities of these instruments or the variable nature of the associated interest rates.

At December 31, 2015, HNH's portfolio of long-term debt was comprised primarily of variable rate instruments. Accordingly, the fair value of such instruments may be relatively sensitive to effects of interest rate fluctuations. An increase or decrease in interest expense from a 1% change in interest rates would be approximately $1,000 on an annual basis based on HNH's total debt outstanding as of December 31, 2015. In addition, the fair value of such instruments is also affected by investors' assessments of the risks associated with industries in which HNH operates, as well as its overall creditworthiness and ability to satisfy such obligations upon their maturity. To manage their interest rate risk exposure, HNH entered into two interest rate swap agreements to reduce our exposure to interest rate fluctuations. The terms of these agreements are described in Note 14 - "Debt and Capital Lease Obligations" to the SPLP consolidated financial statements found elsewhere in this Form 10-K. The swap agreements expired in February 2016.

A reduction in long-term interest rates could also materially increase HNH's cash funding obligations to its pension and and other post-retirement benefit plans.

Steel Excel

Steel Excel is exposed to interest rate risk in connection with its borrowings under a credit facility that aggregated $42,900 at December 31, 2015. Interest rates on funds borrowed under the credit facility vary based on changes to the prime rate, LIBOR, or the Federal Funds Rate. A change in interest rates of 1.0% would result in an annual change in income before taxes of $400 based on the outstanding balance under the credit facility at December 31, 2015.

Steel Excel is also exposed to interest rate risk related to certain of its investments in marketable securities. At December 31, 2015, Steel Excel's marketable securities aggregated $80,842, of which $25,263 represented corporate obligations that pay a fixed rate of interest and are reported at fair value. A change in interest rates would result in a change in the value of such securities in future periods. Although a change in interest rates in future periods will not affect the amount of interest income earned on the specific securities held at December 31, 2015, a change in interest rates of 1.0% would result in an annual change in income before taxes of $300 in future periods if comparable amounts were invested in similar securities.

Risks Relating to Commodity Prices

In the normal course of business, HNH and its subsidiaries are exposed to market risk or price fluctuations related to the purchase of electricity, natural gas, fuel and petroleum-based commodities, including adhesives, and other products, such as yarns, precious metals, steel products and certain non-ferrous metals used as raw materials. HNH is also exposed to the effects of price fluctuations on the value of its commodity inventories, in particular, its precious metal inventory. The raw materials and energy which we use are largely commodities, subject to price volatility caused by changes in global supply and demand and governmental controls.

HNH's market risk strategy has generally been to obtain competitive prices for its products and services, sourced from more than one vendor, and allow operating results to reflect market price movements dictated by supply and demand.

HNH enters into commodity futures and forward contracts to mitigate the impact of price fluctuations on its precious and certain non-precious metal inventories that are not subject to fixed price contracts. The Company's hedging strategy is designed to protect it against normal volatility; therefore, abnormal price changes in these commodities or markets could negatively impact HNH's earnings. Certain of these derivatives are not designated as accounting hedges under Accounting Standards Codification Subtopic 815-10, *Derivatives and Hedging*. As of December 31, 2015, HNH had entered into forward contracts, with settlement dates through January 2016, for silver with a total value of $8,900, for gold with a total value of $500, for copper with a total value of $800 and for tin with a total value of $500. There were no futures contracts outstanding at December 31, 2015.

Certain customers and suppliers of HNH choose to do business on a “pool” basis. Such customers or suppliers furnish precious metal to subsidiaries of H&H for return in fabricated form ("customer metal") or for purchase from or return to the supplier. When the customer's precious metal is returned in fabricated form, the customer is charged a fabrication charge. The value of pooled precious metal is not included in the Company's Consolidated Balance Sheets. As of December 31, 2015, customer metal in H&H's custody consisted of 160,363 ounces of silver, 535 ounces of gold, and 1,391 ounces of palladium.

To the extent that we have not mitigated our exposure to rising raw material and energy prices, we may not be able to increase our prices to our customers to offset such potential raw material or energy price increases, which could have a material adverse effect on our results of operations and operating cash flows.

Risks Relating to Foreign Currency Exchange

The Company, primarily through its HNH and Cosine/API subsidiary, manufactures and sells its products in a number of countries throughout the world and, as a result, is exposed to movements in foreign currency exchange rates. The Company's major foreign currency exposures involve the markets in Asia, Europe, Canada and Mexico. The Company is subject to the risk of price fluctuations related to anticipated revenues and operating costs, firm commitments for capital expenditures and existing assets or liabilities denominated in currencies other than the U.S. dollar. HNH has not generally used derivative instruments to manage these specific risks, however API enters into foreign currency forward contracts to hedge its receivables and payables denominated in other currencies. In addition, API enters into foreign currency forward contracts to hedge the value of its future sales denominated in Euros and the value of its future purchases denominated in U.S. dollars.

Item 8. Financial Statements and Supplementary Data

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Steel Partners Holdings L.P.
New York, New York

We have audited the accompanying consolidated balance sheets of Steel Partners Holdings L.P. and subsidiaries (the "Company") as of December 31, 2015 and 2014 and the related consolidated statements of operations, comprehensive income (loss), changes in capital and cash flows for each of the three years in the period ended December 31, 2015. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Steel Partners Holdings L.P. and subsidiaries at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Steel Partners Holdings L.P.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated March 11, 2016 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

New York, New York
March 11, 2016

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Shareholders
Steel Partners Holdings L.P.
New York, New York

We have audited Steel Partners Holdings L.P.'s internal control over financial reporting as of December 31, 2015, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Steel Partners Holdings L.P.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

As indicated in the accompanying Item 9A, "Management's Report on Internal Control Over Financial Reporting", management's assessment of and conclusion on the effectiveness of internal control over financial reporting did not include the internal controls of CoSine Communications, Inc., which was acquired on January 20, 2015, API Group plc, which was acquired on April 17, 2015, and JPS Industries, Inc., which was acquired on July 2, 2015, which are included in the consolidated balance sheet of Steel Partners L.P. as of December 31, 2015, and the related consolidated statements of operations, comprehensive income (loss), changes in capital and cash flows for the year then ended. These companies constituted 22% of total assets as of December 31, 2015 and 17% of net sales for the year then ended. Management did not assess the effectiveness of internal control over financial reporting of these companies because of the timing of the acquisitions which were completed on January 20, 2015, April 17, 2015 and July 2, 2015. Our audit of internal control over financial reporting of Steel Partners Holdings L.P. also did not include an evaluation of the internal control over financial reporting of CoSine Communications, Inc., API Group plc or JPS Industries, Inc.

In our opinion, Steel Partners Holdings L.P. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Steel Partners Holdings L.P. as of December 31, 2015 and 2014 and the related consolidated statements of operations, comprehensive income (loss), changes in capital and cash flows for each of the three years in the period ended December 31, 2015, and our report dated March 11, 2016 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

New York, New York

March 11, 2016

STEEL PARTNERS HOLDINGS L.P.
Consolidated Balance Sheets
(in thousands, except common units)

	December 31, 2015	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 185,852	$ 188,983
Restricted cash	21,644	21,311
Marketable securities	80,842	138,457
Trade and other receivables (net of allowance for doubtful accounts of $1,945 in 2015 and $2,149 in 2014)	114,215	87,440
Receivable from related parties	1,722	838
Loans receivable, including loans held for sale of $159,592 and $40,886, respectively	164,987	41,547
Inventories, net	102,267	64,084
Prepaid and other current assets	45,396	15,082
Assets of discontinued operations	2,549	76,418
Total current assets	719,474	634,160
Long-term loans receivable, net	62,036	76,382
Goodwill	101,853	45,951
Other intangible assets, net	138,963	118,550
Deferred tax assets - non-current	212,894	74,155
Other non-current assets	26,937	45,034
Property, plant and equipment, net	255,402	184,314
Long-term investments	167,214	311,951
Total Assets	$ 1,684,773	$ 1,490,497
LIABILITIES AND CAPITAL		
Current liabilities:		
Accounts payable	$ 59,992	$ 34,686
Accrued liabilities	60,802	41,133
Financial instruments	21,639	21,311
Deposits	155,112	87,804
Payable to related parties	704	3,404
Short-term debt	1,269	602
Current portion of long-term debt	2,176	19,535
Other current liabilities	19,105	8,250
Liabilities of discontinued operations	450	13,201
Total current liabilities	321,249	229,926
Long-term deposits	97,060	77,056
Long-term debt	235,913	295,707
Accrued pension liability	276,525	208,390
Deferred tax liabilities - non-current	4,759	3,796
Other liabilities	8,905	11,516
Total Liabilities	944,411	826,391
Commitments and Contingencies	—	—
Capital:		
Partners' capital common units: 26,632,689 and 27,566,200 issued and outstanding (after deducting 10,055,224 and 8,964,049 held in treasury, at cost of $157,603 and $138,363) at December 31, 2015 and December 31, 2014, respectively	612,302	492,054
Accumulated other comprehensive (loss) income	(54,268)	2,805
Total Partners' Capital	558,034	494,859
Noncontrolling interests in consolidated entities	182,328	169,247
Total Capital	740,362	664,106
Total Liabilities and Capital	$ 1,684,773	$ 1,490,497

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Operations
(in thousands, except common units and per common unit data)

	Year Ended December 31,		
	2015	2014	2013
Revenue			
Diversified industrial net sales	$ 763,009	$ 600,468	$ 571,164
Energy net sales	132,620	210,148	120,029
Financial services revenue	69,430	36,647	28,185
Investment and other income	711	1,346	665
Net investment gains	32,267	921	1,071
Total revenue	998,037	849,530	721,114
Costs and expenses			
Cost of goods sold	670,047	588,209	496,757
Selling, general and administrative expenses	230,199	188,355	202,121
Goodwill impairment	19,571	41,450	—
Asset impairment charges	68,092	2,537	2,689
Finance interest expense	1,450	815	698
Recovery of loan losses	(50)	(50)	(80)
Interest expense	8,862	11,073	10,454
Realized and unrealized gain on derivatives	(588)	(1,307)	(1,195)
Other income, net	(22,915)	(6,825)	(6,855)
Total costs and expenses	974,668	824,257	704,589
Income from continuing operations before income taxes and equity method income (loss)	23,369	25,273	16,525
Income tax (benefit) provision	(78,719)	24,288	6,477
Income (loss) from equity method investments and investments held at fair value:			
(Loss) Income of associated companies, net of taxes	(34,931)	(3,379)	27,786
Income (Loss) from other investments - related party	361	891	(271)
Income (Loss) from investments held at fair value	2,793	(16,069)	811
Net income (loss) from continuing operations	70,311	(17,572)	38,374
Discontinued operations:			
Income (Loss) from discontinued operations, net of taxes	565	10,262	(227)
Gain on sale of discontinued operations, net of taxes	85,692	42	6,673
Income from discontinued operations	86,257	10,304	6,446
Net income (loss)	156,568	(7,268)	44,820
Net loss (income) attributable to noncontrolling interests in consolidated entities:			
Continuing operations	10,875	3,882	(23,227)
Discontinued operations	(30,708)	(4,169)	(2,133)
	(19,833)	(287)	(25,360)
Net income (loss) attributable to common unitholders	$ 136,735	$ (7,555)	$ 19,460
Net income (loss) per common unit - basic			
Net income (loss) from continuing operations	$ 2.97	$ (0.48)	$ 0.51
Net income from discontinued operations	2.03	0.21	0.14
Net income (loss) attributable to common unitholders	$ 5.00	$ (0.27)	$ 0.65
Net income (loss) per common unit - diluted			
Net income (loss) from continuing operations	$ 2.96	$ (0.48)	$ 0.49
Net income from discontinued operations	2.02	0.21	0.14
Net income (loss) attributable to common unitholders	$ 4.98	$ (0.27)	$ 0.63
Weighted average number of common units outstanding - basic	27,317,974	28,710,220	29,912,993
Weighted average number of common units outstanding - diluted	27,442,308	28,710,220	30,798,113

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Comprehensive Income (Loss)
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Net income (loss)	$ 156,568	$ (7,268)	$ 44,820
Other comprehensive income (loss), net of tax:			
Unrealized (losses) gains on available for sale securities, net of tax	(31,321)	(5,828)	57,258
Reclassification of unrealized losses (gains) on available-for-sale securities, net of tax (a)	4,932	(5,484)	(13,065)
	(26,389)	(11,312)	44,193
Gross unrealized losses on derivative financial instruments	(1,757)	—	—
Currency translation adjustments	(3,950)	(2,090)	115
Reclassification of currency translation adjustments (b)	—	—	(2,927)
	(3,950)	(2,090)	(2,812)
Change in net pension liability and post-retirement benefit obligations, net of tax	(25,839)	(55,412)	39,147
Other comprehensive (loss) income	(57,935)	(68,814)	80,528
Comprehensive income (loss)	98,633	(76,082)	125,348
Comprehensive (income) loss attributable to non-controlling interests	(17,032)	29,748	(46,442)
Comprehensive income (loss) attributable to common unit holders	$ 81,601	$ (46,334)	$ 78,906
Tax (benefit) provision on gross unrealized gains and losses on available-for-sale securities	$ (17,514)	$ —	$ 7,531
Tax provision (benefit) on reclassification of unrealized gains and losses on available-for-sale securities	$ 19,416	$ —	$ (966)
Tax (benefit) provision on change in pension and other post-retirement benefit obligations	$ (15,429)	$ (33,993)	$ 28,773
Tax benefit on change in currency translation adjustment	$ (235)	$ —	$ —

(a) For the year ended December 31, 2015, pre-tax net unrealized holding losses of $54,011 were reclassified to Asset impairment charges and Other income, net, respectively and unrealized holding gains of $29,663 were reclassified to Net investment gains. For the year ended December 31, 2014, unrealized holding gains of $5,223 and $261 were reclassified to Other income, net and Net investments gains, respectively. For the year ended December 31, 2013 pre-tax unrealized holding gains of $676, $10,432 and $991 were reclassified to Other income, net, Income (loss) of associated companies, net of tax and Net investment gains.
(b) For the year ended December 31, 2013 $2,566 and $361 was reclassified to Other income, net and Income (loss) from discontinued operations, respectively.

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Cash Flows
(in thousands)

	Year Ended December 31,		
	2015	2014	2013
Cash flows from operating activities:			
Net income (loss)	$ 156,568	$ (7,268)	$ 44,820
Income from discontinued operations	(86,257)	(10,304)	(6,446)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Net investment gains	(32,267)	(921)	(1,071)
Recovery of loan losses	(50)	(50)	(80)
Loss (Income) of associated companies	34,931	3,379	(27,786)
(Income) Loss from other investments - related party	(361)	(891)	271
(Income) Loss from investments held at fair value	(2,793)	16,069	(811)
Gain on asset dispositions	(1,588)	—	—
Deferred income taxes	8,259	12,289	5,653
Income tax benefit from release of deferred tax valuation allowance	(111,881)	(45)	(7,236)
Depreciation and amortization	48,560	38,438	30,990
Reclassification of net cash settlements on derivative instruments	(625)	(1,093)	(2,346)
Stock based compensation	9,203	8,470	34,282
Asset impairment charges	68,092	2,537	2,689
Goodwill impairment	19,571	41,450	—
Other	(9,686)	966	1,199
Net change in operating assets and liabilities:			
Receivables	17,167	(3,268)	8,672
Inventories	12,534	(4,697)	2,812
Prepaid and other assets	(666)	2,807	(1,631)
Accounts payable, accrued and other liabilities	(23,504)	(21,172)	(25,107)
Net (increase) decrease in loans held for sale	(118,706)	(17,251)	26,379
Net cash (used in) provided by operating activities of continuing operations	(13,499)	59,445	85,253
Net cash (used in) provided by operating activities of discontinued operations	(2,254)	18,588	9,699
Net cash (used in) provided by operating activities	(15,753)	78,033	94,952
Cash flows from investing activities:			
Purchases of investments	(44,304)	(111,648)	(226,548)
Proceeds from sales of investments	86,559	120,235	104,545
Maturities of marketable securities	368	4,354	146,491
Net increase in loans receivable	2,168	(25,805)	(34,619)
Purchases of property and equipment	(23,252)	(28,769)	(20,885)
Reclassification of restricted cash	66	3,780	(1,554)
Settlements of financial instruments	—	(24,429)	—
Net cash settlements on derivative instruments	625	1,093	2,346
Proceeds from sale of assets	10,657	2,457	1,081
Acquisitions, net of cash acquired	(116,135)	(517)	(130,528)
Investments in associated companies	(7,607)	(1,643)	(36,018)
Proceeds from sales of discontinued operations	155,517	3,732	45,334
Net cash provided by (used in) investing activities of discontinued operations	25	(2,902)	(4,584)
Other	(148)	(2,996)	617
Net cash provided by (used in) investing activities	64,539	(63,058)	(154,322)
Cash flows from financing activities:			
Proceeds from term loans	4,566	52,600	105,000
Repurchases of Subordinated Notes	—	(346)	(11,323)
Net revolver borrowings	(66,368)	196,212	30,950
Net borrowings of term loans - foreign	240	315	(424)
Repayments of term loans - domestic	(38,519)	(182,080)	(27,158)
Subsidiary's purchases of the Company's common units	(17,323)	(7,921)	(15,690)
Purchases of treasury units	(1,917)	(51,465)	(106)
Subsidiary's purchases of their common stock	(17,031)	(78,488)	(50,144)
Purchase of subsidiary shares from non-controlling interests	(93)	(3,045)	(917)
Deferred finance charges	(477)	(3,175)	(2,139)
Net increase in deposits	87,312	46,654	39,567
Net cash used in financing activities of discontinued operations	—	—	(3,093)

Other	(1,582)	1,072	927
Net cash (used in) provided by financing activities	(51,192)	(29,667)	65,450
Net change for the period	(2,406)	(14,692)	6,080
Effect of exchange rate changes on cash and cash equivalents	(725)	(305)	(127)
Cash and cash equivalents at beginning of period	188,983	203,980	198,027
Cash and cash equivalents at end of period	$ 185,852	$ 188,983	$ 203,980

See accompanying Notes to Consolidated Financial Statements

STEEL PARTNERS HOLDINGS L.P.
Consolidated Statements of Changes in Capital
(in thousands, except common units and treasury units)

	Steel Partners Holdings L.P. Common Unit Holders							
	Common Units	Treasury Units: Units	Treasury Units: Dollars	Partners' Capital	Accumulated Other Comprehensive Income (Loss)	Total Partners' Capital	Non-controlling Interests in Consolidated Entities	Total Capital
Balance at December 31, 2012	**34,940,471**	**(4,154,371)**	**$ (63,181)**	**$ 545,206**	**$ (17,862)**	**$ 527,344**	**$ 249,403**	**$ 776,747**
Net income	—	—	—	19,460	—	19,460	25,360	44,820
Unrealized gain on available-for-sale investments	—	—	—	—	39,422	39,422	4,771	44,193
Currency translation adjustment	—	—	—	—	(1,504)	(1,504)	(1,308)	(2,812)
Changes in pension liabilities and post-retirement benefit obligations	—	—	—	—	21,528	21,528	17,619	39,147
Acquisition by subsidiary	—	—	—	—	—		2,896	2,896
Incentive units and vesting of restricted units	1,561,835			26,957	—	26,957	—	26,957
Equity compensation - subsidiaries	—	—	—	4,391	—	4,391	3,547	7,938
Subsidiary's purchases of the Company's common units	—	(1,212,855)	(15,690)	(15,690)	—	(15,690)	—	(15,690)
Purchases of SPLP common units	—	(6,015)	(106)	(106)	—	(106)	—	(106)
Subsidiary's purchases of their common stock	—	—	—	(3,553)	—	(3,553)	(46,591)	(50,144)
Purchases of subsidiary shares from noncontrolling interests	—	—	—	(1,299)	—	(1,299)	383	(916)
Other, net	—	—	—	(368)	—	(368)	(2)	(370)
Balance at December 31, 2013	**36,502,306**	**(5,373,241)**	**(78,977)**	**574,998**	**41,584**	**616,582**	**256,078**	**872,660**
Net (loss) income	—	—	—	(7,555)	—	(7,555)	287	(7,268)
Unrealized gain on available-for-sale investments	—	—	—	—	(806)	(806)	(10,506)	(11,312)
Currency translation adjustment	—	—	—	—	(1,324)	(1,324)	(766)	(2,090)
Changes in pension liabilities and post-retirement benefit obligations	—	—	—	—	(36,649)	(36,649)	(18,763)	(55,412)
Vesting of restricted units	27,943	—	—	420	—	420	—	420
Equity compensation - subsidiaries	—	—	—	4,628	—	4,628	3,134	7,762
Subsidiary's purchases of the Company's common units	—	(473,054)	(7,921)	(7,921)	—	(7,921)	—	(7,921)
Purchases of SPLP common units	—	(3,117,754)	(51,465)	(51,465)	—	(51,465)	—	(51,465)
Subsidiary's purchases of their common stock	—	—	—	(32,682)	—	(32,682)	(45,806)	(78,488)
Purchases of subsidiary shares from noncontrolling interests	—	—	—	11,643	—	11,643	(14,688)	(3,045)
Other, net	—	—	—	(12)	—	(12)	277	265
Balance at December 31, 2014	**36,530,249**	**(8,964,049)**	**(138,363)**	**492,054**	**2,805**	**494,859**	**169,247**	**664,106**
Net income	—	—	$ —	136,735	—	136,735	19,833	156,568
Unrealized (loss) gain on available-for-sale investments	—	—	—	—	(32,487)	(32,487)	6,098	(26,389)
Unrealized loss on derivative instruments	—	—	—	—	(1,415)	(1,415)	(342)	(1,757)
Currency translation adjustment	—	—	—	—	(2,966)	(2,966)	(984)	(3,950)
Changes in pension liabilities and post-retirement benefit obligations	—	—	—	—	(18,266)	(18,266)	(7,573)	(25,839)
Acquisition of CoSine	—	—	—	—	—	—	12,841	12,841
Units issued and vesting of restricted units	157,664	—	—	2,281	—	2,281		2,281
Equity compensation - subsidiaries	—	—	—	4,628	—	4,628	2,531	7,159
Subsidiary's purchases of the Company's common units	—	(983,175)	(17,323)	(17,323)	—	(17,323)		(17,323)
Purchases of SPLP common units	—	(108,000)	(1,917)	(1,917)	—	(1,917)		(1,917)
Subsidiary's purchases of their common stock	—	—	—	(7,885)	—	(7,885)	(17,703)	(25,588)
Purchases of subsidiary shares from noncontrolling interests	—	—	—	3,583	(1,939)	1,644	(1,737)	(93)
Other, net	—	—	—	146	—	146	117	263
Balance at December 31, 2015	**36,687,913**	**(10,055,224)**	**$ (157,603)**	**$ 612,302**	**$ (54,268)**	**$ 558,034**	**$ 182,328**	**$ 740,362**

See accompanying Notes to Consolidated Financial Statements

(dollars in thousands except per unit data)

1. NATURE OF THE BUSINESS AND BASIS OF PRESENTATION

Nature of the Business

Steel Partners Holdings L.P. ("SPLP" or the "Company") is a global diversified holding company that engages in multiple businesses, including diversified industrial products, energy, defense, supply chain management and logistics, banking, food products and services, sports, training, education, and the entertainment and lifestyle industries.

The Company works with its businesses to increase corporate value for all stakeholders by utilizing Steel Partners Operational Excellence programs, the Steel Partners Purchasing Council, Steel Partners Corporate Services, balance sheet improvements, capital allocation policies and growth initiatives. All of the Company's programs are focused on helping SPLP companies strengthen their competitive advantage and increase their profitability, while enabling them to achieve operational excellence and enhanced customer satisfaction.

Steel Partners Holdings GP Inc. (“SPH GP”), a Delaware corporation, is the general partner of SPLP and is wholly-owned by SPLP. The Company is managed by SP General Services LLC (the “Manager”), pursuant to the terms of an amended and restated management agreement (the “Management Agreement”) discussed in further detail in Note 13 - "Related party Transactions."

Basis of Presentation

Significant inter-company accounts and transactions have been eliminated in consolidation. Certain prior period amounts in the Consolidated Statements of Operations, Balance Sheets and Statement of Cash Flows have been reclassified to conform to the comparable 2015 presentation (see Note 2 - "Summary of Significant Accounting Policies").

During 2015, one of the Company's subsidiaries, Steel Excel Inc. ("Steel Excel"), identified an error related to the manner in which the provision for income taxes had reflected the tax effects related to unrealized gains and losses on available for sale securities during 2014 and 2013. As a result, the Company recorded an adjustment to correct the error in the first quarter of 2015 to its tax provision of approximately $3,500, which is included in the Consolidated Statements of Operations for the twelve months ended December 31, 2015.

The consolidated financial statements include the accounts of the Company and its majority or wholly-owned subsidiaries, which include the following:

	Ownership as of December 31,	
	2015	2014
BNS Holding, Inc. ("BNS") and BNS Liquidating Trust ("BNS Liquidating Trust")	84.9%	84.9%
DGT Holdings Corp. ("DGT") [(a)]	100.0%	82.7%
Handy & Harman Ltd. ("HNH")	70.1%	66.2%
SPH Services, Inc. ("SPH Services")	100.0%	100.0%
Steel Excel	58.3%	57.9%
WebFinancial Holding Corporation ("WFHC") [(b)]	90.7%	100.0%

(a) DGT’s financial statements are recorded on a two-month lag, and as a result the balance sheet and statement of operations as of and for the twelve months ended December 31, 2015 includes DGT’s activity as of and for its twelve months ended October 31, 2015.
(b) WFHC owns 100% of WebBank ("WebBank") and 100% of WebFinancial Holding LLC ("WFH LLC") (formerly known as CoSine Communications, Inc. ("CoSine")), which operates through its subsidiary API Group plc ("API").

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Preparation of Consolidated Financial Statements

The Company's consolidated financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”). The preparation of the consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenues, expenses, unrealized gains and losses during the reporting period. The more significant estimates include: (1) the valuation allowances of accounts receivable and inventory; (2) the valuation of goodwill, indefinite-lived intangible assets, long-lived assets and associated companies; (3) deferred tax assets; (4) environmental liabilities; (5) fair value of derivatives; (6) post-employment benefit liabilities; (7) estimates and assumptions used in the determination of fair value of certain securities, such as whether declines in value of securities are other than temporary; and (8) estimates of loan losses. Actual results may differ from the estimates used in preparing the consolidated financial statements; and, due to substantial holdings in and/or restrictions on certain investments, the value that may be realized could differ from the estimated fair value.

Cash and Cash Equivalents

Cash and cash equivalents include cash and deposits in depository institutions, financial institutions and banks. Cash at December 31, 2015 and 2014 also includes $1,490 and $368, respectively, of WebBank Federal Funds sold. The Company considers all highly liquid debt instruments with maturities of three months or less when purchased to be cash equivalents. Cash and cash equivalents exclude amounts where availability is restricted by loan agreements or other contractual provisions. Cash equivalents are stated at cost, which approximates market value. There is a significant concentration of cash that, during the periods presented, exceeded the federal deposit insurance limits and exposed the Company to credit risk. SPLP does not anticipate any losses due to this concentration of cash at December 31, 2015.

Restricted Cash

Restricted cash at December 31, 2015 and 2014 primarily represents cash collateral for certain short sales of corporate securities (see Note 7 - "Financial Instruments" for additional information).

Marketable Securities and Long-Term Investments

Marketable securities are classified as available-for-sale and consist of short-term deposits, corporate debt and equity instruments, and mutual funds. The Company classifies its Marketable securities as current assets based on the nature of the securities and their availability for use in current operations. Long-term investments consist of available-for-sale securities and equity method investments. Held-to-maturity securities are classified in Other non-current assets. SPLP determines the appropriate classifications of its investments at the acquisition date and re-evaluates the classifications at each balance sheet date.

- Available-for-sale securities are reported at fair value, with unrealized gains and losses recognized in Accumulated other comprehensive income (loss) as a separate component of SPLP's Partners' capital.

- Associated companies represent equity method investments in companies where our ownership is between 20% and 50% of the outstanding equity and the Company has the ability to exercise influence, but not control, over the investee. For equity method investments where the fair value option has been elected, unrealized gains and losses are reported in the consolidated statement of operations as part of income (loss) from equity method investments and includes income (loss) of certain associated companies and income (loss) from other investments - related party. For the equity method investments where the fair value option has not been elected, SPLP records the investment at cost and subsequently increases or decreases the investment by its proportionate share of the net income or losses and other comprehensive income of the investee.

- Held-to-maturity securities are recorded at amortized cost, adjusted for the amortization or accretion of premiums or discounts.

Dividend and interest income is recognized when earned. Realized gains and losses on available-for-sale securities are included in earnings and are derived using the specific-identification method. Commission expense is recorded as a reduction of sales proceeds on investment sales. Commission expense on purchases is included in the cost of investments in the consolidated balance sheets.

Other Than Temporary Impairment

If the Company believes a decline in the market value of any available-for-sale, equity method or held-to-maturity security below cost is other than temporary, a loss is charged to earnings, which establishes a new cost basis for the security.

Impairment losses are included in Asset impairment charges in the consolidated statements of operations. SPLP's determination of whether a security is other than temporarily impaired incorporates both quantitative and qualitative information. The Company considers a number of factors including, but not limited to, the length of time and the extent to which the fair value has been less than cost, the length of time expected for recovery, the financial condition of the issuer, the reason for the decline in fair value, changes in fair value subsequent to the balance sheet date, the ability and intent to hold investments to maturity, and other factors specific to the individual investment. Specifically, for held-to-maturity securities, the Company considers whether it plans to sell the security or it is more-likely-than-not that it will be required to sell the security before recovery of its amortized cost. The credit component of an other-than-temporary impairment loss is recognized in earnings and the non-credit component is recognized in Accumulated other comprehensive (loss) income in situations where the Company does not intend to sell the security and it is more likely-than-not that the Company will not be required to sell the security prior to recovery. If there is an other-than-temporary impairment in the fair value of any individual security classified as held-to-maturity, the Company writes down the security to fair value with a corresponding credit loss portion charged to earnings, and the non-credit portion being charged to Accumulated other comprehensive (loss) income. SPLP's assessment involves a high degree of judgment and accordingly, actual results may differ materially from those estimates and judgments.

Trade Accounts Receivable and Allowance for Doubtful Accounts

The Company recognizes bad debt expense through an allowance account using estimates based primarily on management's evaluation of the financial condition of the customer, historical experience, credit quality, whether any amounts are currently past due, the length of time accounts may be past due, previous loss history and management’s determination of a customer’s current ability to pay its obligations. Trade accounts receivable balances are charged off against the allowance when it is determined that the receivables will not be recovered, and payments subsequently received on such receivables are credited to recovery of accounts written off. The Company believes that the credit risk with respect to trade accounts receivable is limited due to this credit evaluation process. As of December 31, 2015, the top 10 of the Company's largest customer balances accounted for 24% of the Company's trade receivables.

Loans Receivable, Including Loans Held for Sale

WebBank’s loan activities include several lending arrangements with companies where it originates private label credit card and other loans for consumers and small businesses. These loans are classified as Loans receivable and are typically sold after origination. As part of these arrangements WebBank earns origination fees that are recorded in interest income. Fees earned from these lending arrangements are recorded as fee income. WebBank also purchases participations in commercial and industrial loans through loan syndications. Loans that management has the intent and ability to hold for the foreseeable future or until maturity or pay-off generally are reported at their outstanding unpaid principal balances adjusted for charge-offs, the allowance for loan losses, and any deferred fees or costs on originated loans. Interest income is accrued on the unpaid principal balance. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield over the estimated life of the loan.

Loans held for sale are carried at the lower of cost or estimated market value in the aggregate. A valuation allowance is recorded when cost exceeds fair value based on our determination at the time of reclassification and periodically thereafter. Gains and losses are recorded in noninterest income based on the difference between sales proceeds and carrying value and impairments from reductions in carrying value.

Loans are reported as past due when either principal or interest is due and unpaid for a period of 30 days or more. The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the loan is well-secured and in process of collection. In all cases, loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

Loan Impairment and Allowance for Loan Losses

A loan is considered impaired when, based on current information and events, it is probable that WebBank will be unable to collect all amounts due according to the contractual terms of the loan agreement, including schedules interest payments. When a loan has been identified as being impaired, the amount of impairment is measured based on the present value of expected future cash flows discounted at the loan's effective interest rate or, when appropriate, the loan's observable fair value or the fair value of the collateral (less any selling costs) if the loan is collateral-dependent. If the measurement of the impaired loan is less than the recorded investment in the loan (including accrued interest, net of deferred loan fees or costs and unamortized premium or discount), an impairment is recognized by creating or adjusting an existing allocation of the allowance for loan losses, or by charging down the loan to its value determined in accordance with generally accepted accounting principles.

The allowance for loan losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when the uncollectability of a loan or receivable balance is confirmed. Subsequent recoveries, if any, are credited to the allowance. The allowance for loan losses is evaluated on a regular basis and is based upon a periodic review of the collectability of the amounts due in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available. The allowance consists of specific and general components. The specific component relates to loans that are classified as doubtful, substandard, or loss. For such loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers non-classified loans and is based on historical loss experience and is adjusted for qualitative factors to cover uncertainties that could affect the estimate of probable losses. The allowance for loan losses is increased by charges to income and decreased by charge-offs (net of recoveries). The periodic evaluation of the adequacy of the allowance is based on WebBank's past loss experience, known and inherent risks in the portfolio, adverse situations that may affect the debtor's ability to repay, the estimated value of any underlying collateral and current economic conditions.

Inventories

Inventories are generally stated at the lower of cost (determined by the first-in, first-out method or average cost method) or market. Cost is determined by the last-in, first-out ("LIFO") method for certain precious metal inventory held in the United States, and remaining precious metal inventory is primarily carried at fair value. For precious metal inventory, no segregation among raw materials, work in process and finished products is practicable. For other inventory, the cost of work in progress and finished goods comprises the cost of raw materials, direct labor and overhead cats attributable to the production of inventory.

Non-precious metal inventories are evaluated for estimated excess and obsolescence based upon assumptions about future demand and market conditions and are adjusted accordingly. If actual market conditions are less favorable than those projected, future write-downs may be required.

Goodwill and Other Intangible Assets, Net

Goodwill, which is not amortized, represents the difference between the purchase price and the fair value of identifiable net assets acquired in a business combination. We review goodwill for impairment indicators throughout the year and test for impairment annually in the fourth quarter. Under ASC 350, an entity can choose between two testing approaches:

a. Step 0 or Qualitative approach - An entity may assess qualitative factors to determine whether it is more likely than not (that is, a likelihood of more than 50 percent) that the fair value of a reporting unit is less than its carrying amount, including goodwill. In evaluating whether it is more likely than not that the fair value of a reporting unit is less than its carrying amount, an entity shall assess relevant events and circumstances. Examples of such events and circumstances would include pertinent macroeconomic conditions, industry and market considerations, overall financial performance and other factors.

An entity has an unconditional option to bypass this qualitative assessment for any reporting unit in any period and proceed directly to performing the first step of the goodwill impairment test. An entity may resume performing the qualitative assessment in any subsequent period.

b. Step 1 or Quantitative approach - The fair value of a reporting unit is calculated and compared with its carrying amount. There are several methods that may be used to estimate a reporting unit's fair value, including market quotations, asset and liability fair values and other valuation techniques, including, but not limited to, discounted projected future net earnings or net cash flows and multiples of earnings. If the fair value of a reporting unit exceeds its carrying amount, there is no indication of impairment and further testing is not required. If the carrying amount of a reporting unit exceeds its fair value, then a second step of testing is required ("Step 2"). The second step of the goodwill impairment test compares the implied fair value of the reporting unit's goodwill with the carrying amount of that goodwill.

For 2015, the Company utilized a qualitative approach for three of its reporting units to assess its goodwill as of its most recent assessment date and used the quantitative approach to test the goodwill of one of its reporting units, Energy. As a result of the assessment of the Energy reporting unit, we recorded a goodwill impairment in our Energy segment in the fourth quarter of 2015 (see Note 11 - "Goodwill and Intangible Assets" for additional information).

Other intangible assets with indefinite lives are not amortized, while other intangible assets with finite lives are amortized over their estimated useful lives. Intangible assets with finite lives are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable (see "Long-Lived Asset Testing" below). In 2015 and 2014, the adverse effect on the Energy business of declining oil prices resulted in the need for the Company to assess the recoverability of certain of its finite-lived intangible assets and property and equipment in its Energy segment. The undiscounted cash flows expected to be generated by such assets exceeded SPLP's basis their carrying value, and therefore the Company has not recognized any impairment charges on its long-lived assets in its Energy segment. A change in the business climate in the Company's Energy segment in future periods, including an inability to effectively integrate new businesses in which significant investments have been made or a general downturn in the Company's Energy segment could lead to a required assessment of the recoverability of the long-lived assets in its Energy segment, which may subsequently result in an impairment charge.

Intangible assets with indefinite lives, which are only within the Diversified Industrial segment, are tested for impairment at least annually, or when events or changes in circumstances indicate that it is more likely than not that the asset is impaired. ASC 360 affords the same two testing approaches for indefinite lived intangibles as for goodwill. For 2015, the Company utilized a qualitative approach to assess its intangible assets with indefinite lives as of its most recent assessment date, and the results indicated no impairments in 2015.

Derivatives

The Company uses various hedging and swap instruments to reduce the impact of changes in precious metal prices, interest costs on variable interest debt and the effect of foreign currency fluctuations. In accordance with ASC 815, Derivatives and Hedging, these instruments are recorded as either fair value hedges, economic hedges, cash flow hedges or derivatives with no hedging designation.

Precious Metals

H&H's precious metal and commodity inventories are subject to market price fluctuations. H&H enters into commodity futures and forward contracts to mitigate the impact of price fluctuations on its precious and certain non-precious metal inventories that are not subject to fixed price contracts.

Fair Value Hedges. The fair values of these derivatives are recognized as derivative assets and liabilities on the consolidated balance sheet. The net change in fair value of the derivative assets and liabilities and the change in the fair value of the underlying hedged inventory are recognized in the consolidated income statement, and such amounts principally offset each other due to the effectiveness of the hedges. The fair value hedges are associated primarily with HNH's precious metal inventory carried at fair value.

Economic Hedges. As these derivatives are not designated as accounting hedges under ASC 815, they are accounted for as derivatives with no hedge designation. The derivatives are marked to market and both realized and unrealized gains and losses are recorded in current period earnings in the consolidated income statement. The economic hedges are associated primarily with the Company's precious metal inventory valued using the LIFO method.

Interest Rate Swaps

HNH has entered into interest rate swap agreements in order to economically hedge a portion of its debt, which is subject to variable interest rates. As these derivatives are not designated as accounting hedges under U.S. GAAP, they are accounted for as derivatives with no hedge designation. HNH records the gains and losses both from the mark-to-market adjustments and net settlements in interest expense in the consolidated income statement as the hedges are intended to offset interest rate movements.

Foreign Currency Forward Contracts

WFH LLC (formally known as CoSine), through its subsidiary API, enters into foreign currency forward contracts to hedge its receivables and payables denominated in other currencies. In addition, API enters into foreign currency forward contracts to hedge the value of its future sales denominated in Euros and the value of its future purchases denominated in USD. These hedges have settlement dates ranging through June 2016. The forward contracts that are used to hedge the risk of foreign exchange movement on its receivables and payables and are accounted for as fair value hedges under ASC 815. The fair values of these derivatives are recognized as derivative assets and liabilities in the Company's Consolidated Balance Sheets. The net change in fair value of the derivative assets and liabilities are recognized in the consolidated statement of operations. The forward contracts that are used to hedge the value of API's future sales and purchases are accounted for as cash flow hedges in accordance with ASC 815. These hedges are fully effective and accordingly, the changes in fair value are recorded in AOCI and, at maturity, any gain or loss on the forward contract is reclassified from AOCI into the Consolidated Statement of Operations.

Property, Plant and Equipment, Net

Property, plant and equipment is recorded at cost. Depreciation of property, plant and equipment is recorded principally on the straight line method over the estimated useful lives of the assets, which range is as follows: machinery & equipment 3 to 15 years and buildings and improvements 10 to 30 years. Leasehold improvements are amortized over the shorter of the terms of the related leases or the estimated useful lives of the improvements. Interest cost is capitalized for qualifying assets during the assets' acquisition period. Maintenance and repairs are charged to expense and renewals and betterments are capitalized. Gain or loss on dispositions is recorded in other income.

Long-Lived Asset Testing

The Company estimates the depreciable lives of property, plant and equipment, and reviews long-lived assets for impairment whenever events, or changes in circumstances, indicate the carrying amount of such assets may not be recoverable. If the carrying values of the long-lived assets exceed the sum of the undiscounted cash flows, an impairment charge is recognized in the amount by which the carrying values exceeds their fair values. The Company performs such assessments at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities, which is generally at the plant level, operating company level or the reporting unit level, dependent on the level of interdependencies in the Company's operations. Impairment losses are recorded on long-lived assets when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amounts. The impairment loss is measured by comparing the fair value of the asset to its carrying amount.

The Company considers various factors in determining whether an impairment test is necessary, including among other things: a significant or prolonged deterioration in operating results and projected cash flows; significant changes in the extent or manner in which assets are used; technological advances with respect to assets which would potentially render them obsolete; the Company's strategy and capital planning; and the economic climate in the markets it serves. When estimating future cash flows and if necessary, fair value, the Company makes judgments as to the expected utilization of assets and estimated future cash flows related to those assets. The Company considers historical and anticipated future results, general economic and market conditions, the impact of planned business and operational strategies and other information available at the time the estimates are made. The Company believes these estimates are reasonable; however, changes in circumstances or conditions could have a significant impact on its estimates, which might result in material impairment charges in the future.

Business Combinations

When the Company acquires a business, it allocates the purchase price to the assets acquired, liabilities assumed and any noncontrolling interests based on their fair values at the acquisition date. Significant judgment may be used to determine these fair values including the use of appraisals, discounted cash flow models, market value for similar purchases, or other methods applicable to the circumstances. The assumptions and judgments made by the Company when recording business combinations will have an impact on reported results of operations in the future.

Revenue Recognition

Diversified Industrial and Energy Segments

Revenue in our Diversified Industrial and Energy segments is recognized when the title and risk of loss has passed to the customer, the service has been provided to the customer, the price is fixed or determinable and collection is reasonably assured. This condition is normally met when product has been shipped or the service performed. An allowance is provided for estimated returns and discounts based on experience. Revenue is reported net of any sales tax collected. Cash received from customers prior to shipment of goods, or otherwise not yet earned, is recorded as deferred revenue. Rental revenues are derived from the rental of production facilities and certain equipment to the food industry where customers prepay for the rental period - usually 3 to 6 month periods. For prepaid rental contracts, sales revenue is recognized on a straight-line basis over the term of the contract. Service revenues are generated primarily by Steel Excel's energy and sports businesses and HNH's repair and maintenance work performed on equipment used at mass merchants, supermarkets and restaurants. HNH records all shipping and handling fees billed to customers as revenue, and related costs are charged principally to cost of goods sold, when incurred.

Our HNH subsidiary has also entered into rebate agreements with certain customers. These programs are typically structured to incentivize the customers to increase their annual purchases from HNH. The rebates are usually calculated as a percentage of the purchase amount, and such percentages may increase as the customer’s level of purchases rise. Rebates are recorded as a reduction of net sales in the consolidated income statement and are accounted for on an accrual basis. As of December 31, 2015 and 2014, accrued rebates payable totaled $7,600 and $6,100, respectively, and are included in accrued liabilities on the consolidated balance sheet.

Financial Services Segment

WebBank generates revenue through a combination of interest income and non-interest income. Interest income is derived from interest and origination fees earned on loans and investments. Interest income is accrued on the unpaid principal balance, including amortization of premiums and accretion of discounts. Loan origination fees, net of certain direct origination costs, are deferred and recognized as an adjustment of the related loan yield over the estimated life of the loan. Non-interest income is primarily derived from fee income on contractual lending arrangements, premiums on the sale of loans, and loan servicing fees.

Concentration of Revenue

No single customer accounted for 5% or more of the Company's consolidated revenues in 2015, 2014 or 2013. In 2015, 2014 and 2013 the 10 largest customers accounted for approximately 24%, 28% and 20%, respectively, of the Company's consolidated revenues.

Fair Value Measurements

The Company measures certain assets and liabilities at fair value (see Note 6 - "Fair Value Measurements"). Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair values of assets and liabilities are determined based on a three-level measurement input hierarchy. Level 1 inputs are quoted prices in active markets for identical assets or liabilities as of the measurement date. Level 2 inputs are other than quoted market prices that are observable, either directly or indirectly, for an asset or liability. Level 2 inputs can include quoted prices in active markets for similar assets or liabilities, quoted prices in a market that is not active for identical assets or liabilities, or other inputs that can be corroborated by observable market data. Level 3 inputs are unobservable for the asset or liability when there is little, if any, market activity for the asset or liability. Level 3 inputs are based on the best information available, and may include data developed by the Company.

Stock-Based Compensation

The Company accounts for stock options and restricted stock units granted to employees and non-employee directors as compensation expense, which is recognized in exchange for the services received. The compensation expense is based on the fair value of the equity instruments on the grant-date and is recognized as an expense over the service period of the recipients.

Income Taxes

SPLP and certain of its subsidiaries, as limited partnerships, are generally not responsible for federal and state income taxes and their profits and losses are passed directly to their partners for inclusion in their respective income tax returns. SPLP's subsidiaries that are corporate entities are subject to federal and state income taxes and file corporate income tax returns.

SPLP's subsidiaries that are subject to income taxes use the liability method of accounting for such taxes. Under the liability method, deferred tax assets and deferred tax liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and deferred tax liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and deferred tax liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Such subsidiaries evaluate the recoverability of deferred tax assets and establish a valuation allowance when it is more likely than not that some portion of the deferred tax assets will not be realized.

When tax returns are filed, it is highly certain that most positions taken would be sustained upon examination by the taxing authorities, while others are subject to uncertainty about the merits of the position taken or the amount of the position that would be ultimately sustained. The benefit of a tax position is recognized in the consolidated financial statements in the period during which, based on all available evidence, management believes it is more likely than not that the position will be sustained upon examination, including the resolution of appeals or litigation processes, if any. Tax positions taken are not offset or aggregated with other positions. Tax positions that meet the more-likely-than-not recognition threshold are measured as the largest amount of tax benefit that is more than 50% likely of being realized upon settlement with the applicable taxing authority. The portion of the benefits associated with tax positions taken that exceeds the amount measured as described above is provided for and reflected as a liability for unrecognized tax benefits in the accompanying consolidated balance sheets, along with any associated interest and penalties that would be payable to the taxing authorities upon examination.

SPLP's policy is to record estimated interest and penalties related to the underpayment of income taxes as income tax expense in the statements of operations.

Foreign Currency Translation

Assets and liabilities of SPLP's foreign subsidiaries are translated at current exchange rates and related revenues and expenses are translated at average rates of exchange in effect during the year. Resulting cumulative translation adjustments are recorded as a separate component of Accumulated other comprehensive income (loss). Gains and losses arising from transactions denominated in a currency other than the functional currency of the reporting entity are included in earnings.

Advertising Costs

Advertising costs consist of sales promotion literature, samples, cost of trade shows and general advertising costs, and are included in selling, general and administrative expenses on the consolidated statements of operations. Advertising, promotion and trade show costs totaled approximately $3,830, $3,400 and $2,777 for the years ended December 31, 2015, 2014 and 2013, respectively.

Legal Contingencies

The Company provides for legal contingencies when the liability is probable and the amount of the associated loss is reasonably estimable. The Company regularly monitors the progress of legal contingencies and revises the amounts recorded in the period in which a change in estimate occurs.

Environmental Liabilities

The Company accrues for losses associated with environmental remediation obligations when such losses are probable and reasonably estimable. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of the remedial feasibility study.

Such accruals are adjusted as further information develops or circumstances change. Costs of future expenditures for environmental remediation obligations are not discounted to their present value. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable.

Recently Adopted Accounting Standards

In April 2015, the Financial Accounting Standards Board (the "FASB") issued Accounting Standards Update (“ASU”) No. 2015-03, *Interest—Imputation of Interest (Subtopic 835-30)*, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs were not affected by ASU No. 2015-03. ASU No. 2015-03 is effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years, with early adoption permitted for financial statements that have not been previously issued. ASU 2015-03 is required to be applied retrospectively, with the balance sheet of each individual period presented adjusted to reflect the period-specific effects of applying the standard. The Company chose to early adopt ASU No. 2015-03 as of December 31, 2015, since it believes that the adoption provides simplicity and consistency to the presentation of debt issuance costs. The Company retrospectively adjusted its December 31, 2014 balance sheet classification of $632 of debt issuance costs, the effect of which was a decrease in the Other current assets line item from $45,666 to $45,034, a decrease in the Current portion of long-term debt line of from $19,592 to $19,535 and a decrease in the Long-term debt line from $296,282 to $295,707.

In May 2015, the FASB issued ASU No. 2015-07, *Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)*, removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The Company's subsidiaries early adopted ASU No. 2015-07 retrospectively as of December 31, 2015, since it believes that the adoption of this ASU provides more consistency in the classification of investments within the fair value hierarchy. ASU No. 2015-07 applies to certain of the Company's subsidiary pension plan assets disclosed in Note 15 - "Pension and Other Post-Retirement Benefits." Pension plan assets totaling $164,500, which were previously categorized as Level 2 measurements are no longer categorized in the fair value hierarchy based on the adoption of ASU No. 2015-07, but are reflected in the tables in Note 15 - "Pension and Other Post-Retirement Benefits" in order to reconcile the total pension plan assets.

In November 2015, the FASB issued ASU No 2015-17, *Income Taxes (Topic 740): Balance Sheet Classification of Deferred Taxes*, requires that deferred income tax assets and liabilities be classified as non-current on a classified statement of financial position. This ASU retains the requirement that the deferred income taxes of each tax jurisdiction be presented separately. The Company adopted ASU No. 2015-17 retrospectively as of December 31, 2015, since it believes that the adoption provides simplicity and consistency to the presentation of deferred income taxes. As a result of adopting ASU 2015-17, the Company reclassified $30,262 of Deferred tax assets - current and $271 of Deferred tax liabilities - current as follows: $28,486 was reclassified to Deferred tax assets - long term and $1,505 was reclassified to Deferred tax liabilities - long term.

Recently Issued Accounting Standards

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, and the guidance defines a five step process to achieve this core principle. In August 2015, the FASB issued ASU No. 2015-14, which deferred the effective date of ASU 2014-09 by one year. The ASU, as amended, is effective for the Company's 2018 fiscal year and may be applied either (i) retrospectively to each prior reporting period presented with an election for certain specified practical expedients, or (ii) retrospectively with the cumulative effect of initially applying the ASU recognized at the date of initial application, with additional disclosure requirements. The Company is evaluating the potential impact of this new guidance, but does not currently anticipate that the application of ASU No. 2014-09 will have a significant effect on its financial condition, results of operations or its cash flows. We have not yet determined the method by which we will adopt the standard.

In July 2015, the FASB issued ASU No. 2015-11, *Inventory (Topic 330): Simplifying the Measurement of Inventory*, which requires an entity to measure inventory at the lower of cost and net realizable value. Net realizable value is the estimated selling prices in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.

The amendments do not apply to inventory that is measured using the LIFO cost method. The Company is currently evaluating the potential impact of this new guidance, which is effective for the Company's 2017 fiscal year.

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments*, which eliminates the requirement to restate prior-period financial statements for measurement-period adjustments following a business combination. The new guidance requires that the cumulative impact of a measurement-period adjustment (including the impact on prior periods) be recognized in the reporting period in which the adjustment is identified. The prior-period impact of the adjustment should either be presented separately on the face of the income statement or disclosed in the notes. This new guidance is effective for the Company's 2016 fiscal year. The amendments in this ASU will be applied prospectively to adjustments to provisional amounts that occur after the effective date of this ASU.

In January 2016, the FASB issued ASU No. 2016-01, *Financial Instruments—Overall (Subtopic 825-10)*, which eliminates the requirement to classify equity securities with readily determinable market values as either available-for-sale securities and trading securities, and requires that equity investments, other than those accounted for under the traditional equity method of accounting, be measured at their fair value with changes in fair value recognized in net income. Equity investments that do not have readily determinable market values may be measured at cost, subject to an assessment for impairment. ASU No. 2016-01 also requires enhanced disclosures about such equity investments. ASU No. 2016-01 is effective for fiscal years beginning after December 15, 2017, including interim periods within those fiscal years, with early adoption prohibited. Upon adoption, a reporting entity should apply the provisions of ASU No. 2016-01 by means of a cumulative effect adjustment to the balance sheet as of the beginning of the fiscal year of adoption. The Company is evaluating the potential impact on its consolidated financial statements of adopting ASU No. 2016-01.

In February 2016, the FASB issued ASU No. 2016-2, *Leases (Topic 842)*. The new standard establishes a right-of-use ("ROU") model that requires a lessee to record a ROU asset and a lease liability, measured on a discounted basis, on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the income statement. A modified retrospective transition approach is required for capital and operating leases existing at the date of adoption, with certain practical expedients available. The Company is currently evaluating the potential impact of this new guidance, which is effective for the Company's 2019 fiscal year.

3. ACQUISITIONS

2015 Acquisitions

HNH's Acquisition of JPS

Effective July 2, 2015, H&H Group, a wholly owned subsidiary of HNH, completed the acquisition of JPS Industries, Inc. ("JPS") pursuant to an agreement and plan of merger, dated as of May 31, 2015, by and among HNH, H&H Group, HNH Group Acquisition LLC, a Delaware limited liability company and a subsidiary of H&H Group ("H&H Acquisition Sub"), HNH Group Acquisition Sub LLC, a Delaware limited liability company and a wholly owned subsidiary of H&H Acquisition Sub ("Sub"), and JPS. JPS is a manufacturer of mechanically formed glass and aramid substrate materials for specialty applications in a wide expanse of markets requiring highly engineered components. At the effective time of the Merger (as defined below), Sub was merged with and into JPS ("Merger"), with JPS being the surviving corporation in the Merger, and each outstanding share of JPS common stock (other than shares held by HNH and its affiliates, including SPH Group Holdings LLC ("SPH Group Holdings"), a subsidiary of SPLP, and a significant stockholder of JPS, was converted into the right to receive $11.00 in cash. The total merger consideration was $114,493 which represents the aggregate cash merger consideration of $70,255 and the fair value of SPLP's previously held interest in JPS of $44,238. The cash considerations was funded primarily by H&H Group and also by SPH Group Holdings. SPH Group Holding's funding of the aggregate merger consideration totaled approximately $4,510, with the remainder funded by H&H Group financed through additional borrowings under HNH's senior secured revolving credit facility.

(dollars in thousands except per unit data)

As a result of the closing of the Merger, JPS was indirectly owned by both H&H Group and SPH Group Holdings. Following the expiration of the 20-day period provided in Section 262(d)(2) of the Delaware General Corporation Law for JPS stockholders to exercise appraisal rights in connection with the Merger, and in accordance with an exchange agreement, dated as of May 31, 2015, by and between H&H Group and SPH Group Holdings, on July 31, 2015, HNH issued ("Issuance") to H&H Group 1,429,407 shares of HNH's common stock with a value of $48,700 and, following the Issuance, H&H Group exchanged ("Exchange") those shares of HNH common stock for all shares of JPS common stock held by SPH Group Holdings. As a result of the Exchange, H&H Group owned 100% of JPS and merged JPS with and into its wholly-owned subsidiary, HNH Acquisition LLC, a Delaware limited liability company, which was the surviving entity in the merger and was renamed JPS Industries Holdings LLC.

The following table summarizes the assets acquired and liabilities assumed at the acquisition date on a preliminary basis:

	Amount
Assets:	
Cash and cash equivalents	$ 22
Trade and other receivables	21,201
Inventories	27,126
Prepaid expenses and other current assets	4,961
Property, plant & equipment	45,384
Goodwill	32,336
Other intangible assets	9,120
Deferred tax assets - non-current	19,286
Other non-current assets	3,280
Total assets acquired	162,716
Liabilities:	
Accounts payable	10,674
Accrued liabilities	5,533
Long-term debt	1,500
Accrued pension liability	30,367
Other liabilities	149
Total liabilities assumed	48,223
Net assets acquired	$ 114,493

The preliminary purchase price allocation is subject to finalization of valuations of certain acquired assets and liabilities. The goodwill of $32,336 arising from the acquisition consists largely of the synergies expected from combining the operations of HNH and JPS. All of the goodwill is assigned to SPLP's Diversified Industrial segment and is not expected to be deductible for income tax purposes. Other intangible assets consist primarily of acquired trade names of approximately $4,300, customer relationships of approximately $3,100, and unpatented technology of approximately $1,700. These intangible assets have been assigned useful lives ranging from 10 to 15 years based on the long operating history, broad market recognition and continued demand for the associated brands, and the limited turnover and longstanding relationships JPS has with its existing customer base. The valuations of acquired trade names and unpatented technology were performed utilizing a relief from royalty method, and significant assumptions used in the valuation included the royalty rate assumed and the expected level of future sales, as well as the rate of technical obsolescence for the unpatented technology. The acquired customer relationships were valued using an excess earnings approach, and significant assumptions used in the valuation included the customer attrition rate assumed and the expected level of future sales.

CoSine Acquisition

<u>Description of the Transaction</u>

On January 20, 2015 ("CoSine Acquisition Date"), the Company entered into a contribution agreement (the "Contribution Agreement") with CoSine. Pursuant to the Contribution Agreement, the Company contributed (i) 24,807,203 ordinary shares of API and (ii) 445,456 shares of common stock of Nathan's Famous, Inc. ("Nathan's") to CoSine in exchange for 16,500,000 shares of newly issued CoSine common stock and 12,761 shares of newly issued 7.5% series B non-voting preferred stock, which increased SPLP's ownership of CoSine to approximately 80%. Prior to obtaining a controlling interest, SPLP owned approximately 48% of the outstanding shares of CoSine, and its investment was accounted for under the traditional equity method. As a result of the above transaction, CoSine became a majority-owned controlled subsidiary and is consolidated with SPLP from the CoSine Acquisition Date. Prior to CoSine's Acquisition of API, CoSine was included in the

(dollars in thousands except per unit data)

Corporate and Other segment. Beginning in the second quarter of 2015, CoSine is included in the Diversified Industrial segment.

The Contribution Agreement was the first step in a plan for a wholly owned UK subsidiary of CoSine ("BidCo") to make an offer (the “Offer”), which commenced on February 4, 2015, to acquire all of the issued and to be issued shares in API for 60 pence in cash per API share not already owned by BidCo. As a result of the Offer, BidCo owned approximately 98% of API as of March 31, 2015, however CoSine did not obtain control over the operations of API until April 17, 2015 (see the "CoSine's Acquisition of API" section below).

Fair Value of Consideration Paid

As of the CoSine Acquisition Date, the fair value of the Company's previously held equity interest and the noncontrolling interest in CoSine were valued at approximately $2.51 per share. Accordingly, the Company remeasured its previously held equity interest to a fair value of approximately $12,011, resulting in an investment gain, which was recorded in the first quarter of 2015, of approximately $6,900 and is included in Net investment (losses) gains in the Consolidated Statements of Operations. The table below details the consideration paid to acquire the controlling interest in CoSine:

		Fair Value of Consideration Paid
Previously held common equity of CoSine	4,779,721	
Fair Value Per Share (a)	$ 2.51	$ 12,011
Shares of API transferred to CoSine	24,807,203	
Fair Value Per Share (b)	$ 0.92	22,823
Shares of Nathan's transferred to CoSine	445,456	
Fair Value Per Share (c)	$ 70.50	31,405
		$ 66,239

(a) Based on comparable company trading multiples and discounted cash flow analysis.
(b) Represents the Offer price of 60 pence at the U.S. dollar to GBP exchange rate on the CoSine Acquisition Date.
(c) Determined by analysis of other publicly traded companies.

Allocation of Consideration Paid

The following table summarizes the preliminary estimates of the fair values of the assets acquired and liabilities assumed as of the CoSine Acquisition Date as well as the fair value of the noncontrolling interest in CoSine:

	Amount
Assets:	
Cash	$ 17,614
Prepaid expenses and other current assets	7
Investments	54,228
Goodwill	8,295
Total assets acquired	80,144
Liabilities:	
Accounts payable	280
Accrued liabilities	783
Total liabilities assumed	1,063
Fair value of noncontrolling interest	12,842
Net assets acquired	$ 66,239

CoSine's Acquisition of API

Description of the Transaction

As discussed above, CoSine obtained control over the operations of API on April 17, 2015 ("API Acquisition Date"), at which time API became a majority-owned subsidiary of CoSine. API is a manufacturer and distributor of foils, films and laminates used to enhance the visual appeal of products and packaging. API is headquartered in Cheshire, England.

(dollars in thousands except per unit data)

Fair Value of Consideration Paid

The table below details the consideration paid to acquire the controlling interest in API:

	Fair Value of Consideration Paid
Previously held common equity of API	$ 22,861
Cash paid for additional API equity	47,866
	$ 70,727

Allocation of Consideration Paid

The following table summarizes the preliminary estimates of the fair values of the assets acquired and liabilities assumed as of the API Acquisition Date:

	Amount
Assets:	
Cash	$ 5,424
Trade and other receivables	24,160
Inventories	22,900
Prepaid expenses and other current assets	4,838
Property, plant and equipment	41,884
Other non-current assets	4,814
Goodwill	14,117
Other intangible assets	23,664
Total assets acquired	141,801
Liabilities:	
Accounts payable	24,556
Accrued liabilities	7,028
Short-term debt	2,104
Long-term debt	22,784
Accrued pension liability	11,791
Deferred tax liabilities - non-current	2,811
Total liabilities assumed	71,074
Net assets acquired	$ 70,727

The preliminary purchase price allocation is subject to finalization of valuations of certain acquired assets. All of the goodwill is assigned to SPLP's Diversified Industrial segment and is not expected to be deductible for income tax purposes. Other intangible assets consist primarily of acquired trade names of approximately $5,200 and customer relationships of $18,430. Based on our preliminary evaluation, the trade names have been assigned a 10 year useful life based on the long operating history, broad market recognition and continued demand for the associated brands, and customer relationships have been assigned a 7 year life based on the expected turnover of API's existing customer base. The valuation of acquired trade names was performed utilizing a relief from royalty method, and significant assumptions used in the valuation include the royalty rate assumed and the expected level of future sales. The acquired customer relationships were valued using an excess earnings approach, and significant assumptions used in the valuation include the customer attrition rate assumed and the expected level of future sales.

HNH Acquisition of ITW Polymers Sealants North America Inc. (“ITW”)

On March 31, 2015, HNH, through its indirect subsidiary, OMG, Inc. (“OMG”), acquired certain assets and assumed certain liabilities of ITW, which are used in the business of manufacturing two-component polyurethane adhesive for the roofing industry for a cash purchase price of $27,400, reflecting a final working capital adjustment of $400. The assets acquired and liabilities assumed primarily include net working capital of inventories and accrued liabilities; property, plant and equipment; and intangible assets, primarily unpatented technology, valued at $1,700, $100 and $4,400, respectively. In connection with the ITW acquisition, HNH has recorded goodwill totaling approximately $21,268, which is expected to be deductible for income tax purposes.

2014 Acquisitions

There were no significant acquisitions during the year ended December 31, 2014.

2013 Acquisitions

Wolverine Joining Technologies, LLC

On April 16, 2013, HNH and its indirect subsidiary, Lucas-Milhaupt Warwick LLC (collectively, the "Buyer"), entered into an asset purchase agreement ("Purchase Agreement") with Wolverine Tube, Inc. ("Wolverine") and its subsidiary, Wolverine Joining Technologies, LLC ("Wolverine Joining" and, together with Wolverine, "Seller"), pursuant to which the Buyer agreed to purchase substantially all of the assets of the Seller used in the business of Wolverine Joining, consisting of assets used for the development, manufacturing and sale of brazing, flux and soldering products and the alloys for electrical, catalyst and other industrial specialties, other than certain leased real property, and to assume certain liabilities related to such business. The purchase price for the acquisition was approximately $59,700, reflecting a final working capital adjustment and certain other reductions totaling approximately $300 as provided in the Purchase Agreement. The closing of this transaction occurred on April 26, 2013. Funding of the purchase price for the acquisition was from HNH's cash on hand and borrowings under HNH's then existing senior secured credit facility, which was amended in connection with the acquisition. The amount of net sales and operating income of the acquired business, net of sales volume transferred to or from the acquired business unit as part of the Company's integration activities, included in the consolidated income statement for the twelve months ended December 31, 2013 was approximately $43,300 and $1,600, respectively, including $3,500 of intercompany sales which were eliminated in consolidation. The results of operations of the acquired business are reported within the Company's Diversified Industrial segment.

PAM Fastening Technology, Inc.

On November 7, 2013, HNH, through its indirect subsidiary, OMG, Inc., acquired 100% of the stock of PAM Fastening Technology, Inc. ("PAM") for a cash purchase price of $9,200, net of cash acquired. PAM is a distributor of screw guns, collated screws and hot melt systems to the manufacturing and building industries in North America. The amount of net sales and operating income of the acquired business included in the consolidated income statement for the year ended December 31, 2013 was approximately $1,500 and $200, respectively. The results of operations of the acquired business are reported within the Company's Diversified Industrial segment.

Steel Excel - Black Hawk Acquisition

On December 16, 2013, Steel Excel acquired the business and substantially all of the assets of Black Hawk Energy Services, Inc. (“Black Hawk”), a provider of drilling and production services to the oil and gas industry, for approximately $59,600 in cash, subject to a post-closing working capital adjustment. The acquisition was funded with approximately $34,600 from Steel Excel's cash reserves and $25,000 in proceeds from additional borrowings under an existing credit facility (see Note 14 - "Debt and Capital Lease Obligations"). Steel Excel acquired Black Hawk to further solidify its presence in North Dakota in the Bakken basin and to expand its business into other regions, including Texas and New Mexico. Revenues and operating income from Black Hawk Ltd. included in the Company’s consolidated financial statements for the year ended December 31, 2013, totaled $2,500 and $800, respectively. The results of operations of the acquired business are reported within the Company's Energy segment.

Steel Excel - Sports Acquisitions

During 2013, Steel Excel's sports business made two acquisitions totaling $3,250 that were not material to SPLP's operations. Steel Excel has determined that one of these acquisitions is a variable interest entity and that Steel Excel is the primary beneficiary. Accordingly, Steel Excel accounts for its acquisition of its 30% membership interest as a business combination and has consolidated this company in accordance with ASC 805.

Pro Forma Results

The following unaudited pro forma results of operations assumes that the JPS, CoSine, API, Wolverine and Black Hawk acquisitions were made at the beginning of the year prior to acquisition. This unaudited pro forma information does not purport to be indicative of the results that would have been obtained if the acquisitions had actually occurred at the beginning of the year prior to acquisition, nor of the results that may be reported in the future. The 2015 supplemental pro forma earnings reflect adjustments to exclude $8,572 of acquisition-related costs incurred in 2015 and $4,375 of nonrecurring expense related to the fair value adjustment to acquisition-date inventories. As required, the 2014 supplemental pro forma earnings were adjusted to include such charges. The 2013 supplemental pro forma earnings reflect adjustments to exclude $600 of acquisition-related costs incurred in 2013 and $500 of nonrecurring expense related to the fair value adjustment to acquisition-date inventories.

(dollars in thousands except per unit data)

	Year Ended December 31,		
	2015	2014	2013
Revenue	$ 1,136,260	$ 1,194,658	$ 806,517
Net income (loss) from continuing operations attributable to common unitholders	63,455	(15,009)	26,190
Net income (loss) from continuing operations per common unit - basic	2.69	(0.37)	0.88
Net income (loss) from continuing operations per common unit - diluted	2.68	(0.37)	0.85

The amount of net sales of API and JPS included in the Company’s Consolidated Statement of Operations for the year ended December 31, 2015 totaled approximately $113,540 and $59,500, respectively. The amount of operating income or loss of CoSine and its API subsidiary and JPS included in the Company’s Consolidated Statement of Operations for the year ended December 31, 2015 totaled a loss of approximately $1,783 and a loss of $2,200, respectively. The results of operations of CoSine and its API subsidiary and JPS are included within the Diversified Industrial segment.

4. DISCONTINUED OPERATIONS

Assets and Liabilities of discontinued operations at December 31, 2015 include a building owned by DGT, which is held for sale, and a sports business owned by Steel Excel. Amounts at December 31, 2014 include assets and liabilities relating to HNH's discontinued operations, primarily Arlon LLC ("Arlon"), a building owned by DGT, which was held for sale, and a sports business owned by Steel Excel.

	December 31,	
	2015	2014
Assets of discontinued operations:		
Trade and other receivables	$ —	$ 16,044
Inventories	—	8,294
Other current assets	—	811
Goodwill	—	6,582
Other intangibles, net	—	14,230
Property, plant and equipment, net	2,549	30,457
Other assets	—	—
Total assets	$ 2,549	$ 76,418
Liabilities of discontinued operations:		
Trade payables and accrued liabilities	$ 450	$ 6,702
Other current liabilities	—	3,986
Accrued pension liability	—	1,794
Other liabilities	—	719
Total liabilities	$ 450	$ 13,201

Summary results for our discontinued operations included in the Company's Consolidated Statements of Operations are detailed in the table below.

	Year Ended December 31,		
	2015 (a)	2014 (b)	2013 (c)
Sales	$ 5,952	$ 103,392	$ 105,194
Net income (loss) from operations	565	10,262	(227)
Net income (loss) from operations after taxes and noncontrolling interests	(1,111)	6,112	703
Gain on sale of discontinued operations after taxes and noncontrolling interests	56,659	23	3,610

(a) Includes gain on sale of Arlon.
(b) Includes the operations of Arlon.
(c) Includes the operations of Arlon, Continental Industries, Inc. ("Continental"), Canfield Metal Coating Corporation ("CMCC") and Indiana Tube Mexico ("ITM") through their respective sale dates as well as the operations of a sports business owned by Steel Excel.

HNH’s Discontinued Operations

Below is a summary of HNH's discontinued operations which were all part of SPLP's Diversified Industrial segment:

(dollars in thousands except per unit data)

- On December 18, 2014, HNH entered into a contract to sell its Arlon business for $155,500 in cash, net of transaction fees, the final working capital adjustment and certain reductions as provided in the stock purchase agreement. The closing of the sale occurred in January 2015.

- In January 2013, HNH divested substantially all of the assets and existing operations of its Continental business unit for a cash sales price totaling approximately $37,400 less transaction fees.

- In June 2013, HNH divested substantially all of the assets and existing operations of its CMCC business unit for a cash sales price totaling approximately $9,500 less transaction fees.

- In July 2013, HNH divested substantially all of the equipment owned or utilized by ITM for the manufacture of refrigeration condensers for a cash sales price totaling $3,700, less transaction fees.

- HNH completed the final liquidation of its Indiana Tube Denmark A/S subsidiary in July 2013 (which had ceased operations in 2009) and recognized $2,600 in foreign currency translation gains in earnings during the third quarter of 2013, which were previously reported in Accumulated other comprehensive loss on the Consolidated Balance Sheet.

5. INVESTMENTS

A. Short-Term Investments

Marketable Securities

The Company's short-term investments primarily consist of its marketable securities portfolio held by its subsidiary, Steel Excel. These marketable securities as of December 31, 2015, and 2014, were classified as available-for-sale securities.
The classification of marketable securities as a current asset is based on the intended holding period and realizability of the investment. The Company's portfolio of marketable securities at December 31, 2015 and 2014 was as follows:

	December 31, 2015				December 31, 2014			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair value
Available for sale securities								
Short-term deposits	$ 30,118	$ —	$ —	$ 30,118	$ 42,681	$ —	$ —	$ 42,681
Mutual funds	11,835	2,182	—	14,017	17,030	4,262	(322)	20,970
Corporate securities	41,861	250	(549)	41,562	103,761	7,821	(23,732)	87,850
Corporate obligations	25,747	98	(582)	25,263	32,486	592	(3,441)	29,637
Total marketable securities	109,561	2,530	(1,131)	110,960	195,958	12,675	(27,495)	181,138
Amounts classified as cash equivalents	(30,118)	—	—	(30,118)	(42,681)	—	—	(42,681)
Amounts classified as marketable securities	$ 79,443	$ 2,530	$ (1,131)	$ 80,842	$ 153,277	$ 12,675	$ (27,495)	$ 138,457

Proceeds from sales of marketable securities were $43,300, $116,300 and $75,800 in 2015, 2014 and 2013, respectively. The Company determines gains and losses from sales of marketable securities based on specific identification of the securities sold. Gross realized gains and losses from sales of marketable securities, all of which are reported as a component of Other income, net in the consolidated statements of operations, were as follows:

	Year Ended December 31,		
	2015	2014	2013
Gross realized gains	$ 12,053	$ 8,065	$ 6,984
Gross realized losses	(6,806)	(4,300)	(4,376)
Realized gains, net	$ 5,247	$ 3,765	$ 2,608

(dollars in thousands except per unit data)

The fair value of the Company’s marketable securities with unrealized losses at December 31, 2015, all of which had unrealized losses for periods of twelve months or less, were as follows:

	Fair Value	Gross Unrealized Losses
Corporate securities	$ 2,283	$ (549)
Corporate obligations	13,199	(582)
Total	$ 15,482	$ (1,131)

The fair value of marketable securities with unrealized losses at December 31, 2014, all of which had unrealized losses for periods of twelve months or less, were as follows:

	Fair Value	Gross Unrealized Losses
Corporate securities	$ 39,869	$ (23,732)
Corporate obligations	13,530	(3,441)
Mutual funds	4,873	(322)
Total	$ 58,272	$ (27,495)

Gross unrealized losses primarily related to losses on corporate securities and corporate obligations, which primarily consist of investments in equity and debt securities of publicly-traded entities. Based on Steel Excel's evaluation of such securities, it determined that certain unrealized losses represented other-than-temporary impairments. This determination was based on several factors, including adverse changes in the market conditions and economic environments in which the entities operate. Steel Excel recognized impairment charges of approximately $59,800 for the year ended December 31, 2015, respectively, equal to the cost basis of such securities in excess of their fair values. Steel Excel has determined that there was no indication of other-than-temporary impairments on its other investments with unrealized losses as of December 31, 2015. This determination was based on several factors, including the length of time and extent to which fair value has been less than the cost basis, the financial condition and near-term prospects of the entity, and the intent and ability to hold the corporate securities for a period of time sufficient to allow for any anticipated recovery in market value.

The amortized cost and estimated fair value of available-for-sale debt securities and marketable securities with no contractual maturities as of December 31, 2015, by contractual maturity, were as follows:

	Cost	Estimated Fair Value
Mature after one year through three years	$ 7,414	$ 7,512
Mature after three years	18,333	17,751
Total debt securities	25,747	25,263
Securities with no contractual maturities	83,814	85,697
	$ 109,561	$ 110,960

(dollars in thousands except per unit data)

B. Long-Term Investments

The following table summarizes the Company's long-term investments as of December 31, 2015 and 2014. For those investments at fair value, the carrying amount of the investment equals its respective fair value.

			Investment Balance		Income (Loss) Recorded in Statement of Operations		
					Year Ended December 31,		
(A) AVAILABLE-FOR-SALE SECURITIES			**December 31, 2015**	**December 31, 2014**	**2015**	**2014**	**2013**
Fair Value Changes Recorded in Other Comprehensive (Loss) Income:							
Equity securities - U.S. (1)							
Aerospace/Defense			$ 65,474	$ 76,512			
Restaurants			—	35,637			
Other			568	572			
			66,042	112,721			
Fair Value Changes Recorded in Consolidated Statement of Operations:							
API (1)			—	18,373	$ 4,449	$ (12,437)	$ (1,837)
			66,042	**131,094**	**$ 4,449**	**$ (12,437)**	**$ (1,837)**
(B) EQUITY METHOD INVESTMENTS							
Investments in Associated Companies:	**December 31, 2015**	**December 31, 2014**					
At Cost:	**Ownership**						
WFH LLC (formerly CoSine)	90.7%	48.3%	—	5,521	$ (602)	$ (405)	$ (418)
Other (5)			4,166	5,705	(2,844)	(2,634)	(863)
At Fair Value:							
ModusLink Global Solutions, Inc. ("MLNK") (1)	31.5%	27.7%	40,862	54,086	(16,743)	(22,940)	23,154
SL Industries, Inc. ("SLI") (1)	25.1%	24.0%	31,716	38,799	(7,083)	11,838	9,053
JPS Industries, Inc. ("JPS") (1)	100.0%	38.7%	—	38,406	5,831	14,277	9,204
Fox & Hound	—%	—%	—	—	—	—	(11,521)
API Technologies Corp. ("API Tech") (1)	20.6%	20.6%	15,779	24,355	(8,576)	(3,436)	—
Aviat Networks, Inc. ("Aviat") (1)	12.9%	—%	6,175	—	(4,682)	—	—
Other (2)	43.8%	43.8%	1,931	2,163	(232)	(79)	(823)
			100,629	**169,035**	**$ (34,931)**	**$ (3,379)**	**$ 27,786**
Other Investments at Fair Value - Related Party:							
SPII Liquidating Trust - Series B ("Barbican") (2)			—	—	$ —	$ —	$ (16)
SPII Liquidating Trust - Series D ("Fox & Hound") (2)			—	—	—	(3)	(35)
SPII Liquidating Trust - Series G ("SPCA") (2), (3)			—	6,811	447	1,040	(245)
SPII Liquidating Trust - Series H ("SPJSF") (2), (4)			—	2,812	(86)	(146)	60
SPII Liquidating Trust - Series I (2)			—	—	—	—	(35)
			—	**9,623**	**$ 361**	**$ 891**	**$ (271)**
(C) OTHER INVESTMENTS							
ModusLink Warrants (2)			**543**	**2,199**	**$ (1,656)**	**$ (3,632)**	**$ 2,648**
Total Long-Term Investments			**$ 167,214**	**$ 311,951**			

(1) Level 1 investment. Equity securities totaling $66,042 and $112,721 were classified as Level 1 investments as of December 31, 2015 and 2014, respectively.

(2) Level 3 investment (see Note 6 - "Fair Value Measurements" for additional information).

(3) Steel Partners China Access I L.P. Trust H was liquidated during the first quarter of 2015.

(4) Steel Partners Japan Strategic Fund, L.P. Trust G was liquidated during the second quarter of 2015.

(5) Represents Steel Excel's investments in a sports business and iGo, Inc. ("iGo") of 40.0% and 45.7%, respectively and a 50% investment in API Optix s.r.o ("API Optix"), a joint venture investment held by CoSine's API subsidiary.

(dollars in thousands except per unit data)

The following table presents activity for the available-for-sale securities presented in the table above for the years ended December 31, 2015, 2014 and 2013:

	Year Ended December 31,		
	2015	2014	2013
(A) AVAILABLE-FOR-SALE SECURITIES			
Fair Value Changes Recorded in Accumulated Other Comprehensive (Loss) Income:			
Proceeds from sales	$ 33,582	$ 2,394	$ 3,964
Gross gains from sales	$ 27,275	$ 98	$ 1,245
Gross losses from sales	(56)	(16)	—
Net investment gain	$ 27,219	$ 82	$ 1,245
Change in net unrealized holding gains included in Accumulated other comprehensive (loss) income	$ (11,090)	$ 14,273	$ 53,955
Reclassified out of Accumulated other comprehensive (loss) income:			
Unrealized gains	$ 29,663	$ 261	$ 14,217
Unrealized losses	(50)	—	(2,632)
Total	$ 29,613	$ 261	$ 11,585

(A) AVAILABLE-FOR-SALE SECURITIES

Fair Value Changes Recorded in Accumulated Other Comprehensive (Loss) Income

For purposes of determining gross realized gains and losses, the cost of securities sold is based on specific identification. Gross unrealized gains and gross unrealized losses are reported in Accumulated other comprehensive (loss) income ("AOCI") in the Company's Consolidated Balance Sheets. In January 2015 the Company contributed Nathan's, one if its available -for-sale securities, to CoSine in exchange for additional CoSine equity (see Note 3 - "Acquisitions" for additional information). Also, in 2015 Cosine sold all 445,456 shares of Nathan's for proceeds of approximately $33,202 and received a special dividend of approximately $5,500 which is included in Other income, net in the Consolidated Statement of Operations for the year ended December 31, 2015. As a result, management determined there to be an other-than-temporary impairment in the stock price and recorded an impairment charge of approximately $5,500. In 2013 the Company recognized other than temporary impairment losses of approximately $1,010 related to two available-for-sale securities which are included in Asset impairment charges in the Consolidated Statements of Operations.

The cost basis and gross unrealized gains and losses related to our available-for-sale securities which are classified as long-term investments is as follows:

	December 31, 2015				December 31, 2014			
	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Aerospace/Defense	$ 11,675	$ 53,799	$ —	$ 65,474	$ 11,675	$ 64,837	$ —	$ 76,512
Restaurants	—	—	—	—	5,974	29,663	—	35,637
Other	575	—	(7)	568	575	—	(3)	572
	$ 12,250	$ 53,799	$ (7)	$ 66,042	$ 18,224	$ 94,500	$ (3)	$ 112,721

Fair Value Changes Recorded in Consolidated Statement of Operations

Available-for-sale securities that are classified as long-term investments also included the Company's investment in API prior to its acquisition by CoSine. Changes in the fair value of this investment were reported in the Company's Consolidated Statements of Operations as (Loss) Income from investments held at fair value. In January 2015, the Company contributed its investment in API to CoSine in exchange for additional CoSine equity. CoSine subsequently acquired all of the remaining outstanding shares of API which became a consolidated subsidiary in the second quarter of 2015 (see Note 3 - "Acquisitions" for additional information).

(B) EQUITY METHOD INVESTMENTS

Investments in Associated Companies

The Company’s investments in associated companies are accounted for under the equity method of accounting (see Note 2 - "Summary of Significant Accounting Policies" for additional information). Associated companies are included in either the Diversified Industrial, Energy or Corporate and Other segments. Certain associated companies have a fiscal year end that differs from December 31. Additional information for each of SPLP's investments in associated companies that have impacted the Consolidated Statement of Operations during 2015, 2014 or 2013 follows:

Equity Method:

- Prior to acquiring a controlling interest in CoSine in the first quarter of 2015, the Company's investment in CoSine was accounted for under the traditional equity method. For additional information on the acquisition of CoSine and its related tender offer for the shares of API, see Note 3 - "Acquisitions."

- Steel Excel has an investment in a sports business and in iGo, a provider of accessories for mobile devices. These investments are being accounted for under the traditional equity method as associated companies. Steel Excel fully impaired its investment in the sports business in the third quarter of 2015, which resulted in a $2,500 impairment charge. Based on the closing market price of iGo's publicly-traded shares, the value of the investment in iGo was approximately $3,900 and $3,400 at December 31, 2015 and 2014, respectively.

- WFH LLC's API subsidiary has a 50% joint venture in API Optix with IQ Structures s.r.o. API Optix provides development and origination services in the field of micro and nano-scale surface relief technology. The investment, based in Prague, Czech Republic, is being accounted for under the traditional equity method as an associated company.

Equity Method, At Fair Value:

- MLNK provides supply chain and logistics services to companies in consumer electronics, communications, computing, medical devices, software, luxury goods and retail. In March 2013, pursuant to an agreement (“Investment Agreement”) between the Company and MLNK, MLNK also issued the Company warrants to purchase an additional 2,000,000 shares at $5.00 per share. See the "Other Investments" section of this Note for a further description of these warrants and their valuation.

- SLI is a publicly traded company that designs, manufactures and markets power electronics, motion control, power protection, power quality electromagnetic and specialized communication equipment.

- JPS is a U.S. manufacturer of extruded urethanes, ethylene vinyl acetates and mechanically formed glass and aramid substrate materials for specialty applications in a wide expanse of markets requiring highly engineered components. During the third quarter of 2015, the Company exchanged its shares of JPS common stock for shares of common stock of HNH. HNH also acquired all of the remaining shares of JPS through a tender offer, resulting in JPS becoming a wholly owned subsidiary of HNH (see Note 3 - "Acquisitions" for additional information).

- On December 15, 2013, Fox & Hound filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Delaware. The Bankruptcy Court approved a plan to sell the assets of Fox & Hound and the sale closed on March 12, 2014. The Company did not receive a distribution at the conclusion of the chapter 11 process. The investment in Fox & Hound was recorded under the equity method at fair value. During the third quarter of 2013 the Company wrote its investment down to zero.

- In May 2014, Steel Excel increased its holdings of the common stock of API Tech to 20.6%. API Tech is a designer and manufacturer of high performance systems, subsystems, modules, and components. Effective as of that date, the investment in API Tech has been accounted for as an equity method investment using the fair value option. Steel Excel elected the fair value option to account for its investment in API Tech in order to more appropriately reflect the value of API Tech in its financial statements. Prior to such time, the investment in API Tech was accounted for as an available-for-sale security, and upon the change in classification the Company recognized a loss of approximately $600 that had previously been included as a component of AOCI. In February 2016, API Tech announced that it had entered into a merger agreement subject to certain closings conditions, pursuant to which holders of its common stock will receive $2.00 for each share held. Upon consummation of the merger, Steel Excel would receive $22,900 for its investment in API Tech.

(dollars in thousands except per unit data)

- In January 2015, two members of Steel Excel's board of directors were appointed to the eight-member board of directors of Aviat Networks, Inc. ("Aviat"), a global provider of microwave networking solutions. At the time of the appointment, Steel Excel held 8,042,892 shares of Aviat, or approximately 12.9% of the total outstanding common stock. Effective as of the date of the appointment, the investment in Aviat has been accounted for as an equity-method investment as Steel Excel's voting interest and board representation provide it with significant influence over Aviat's operations. Steel Excel elected the fair value option to account for its investment in Aviat, with changes in fair value based on the market price of Aviat's common stock recognized currently as income or loss from equity method investees, in order to more appropriately reflect the value of Aviat in its financial statements. Prior to such time the investment in Aviat was accounted for as an available-for-sale security, and upon the change in classification Steel Excel recognized a loss of approximately $2,800 that had previously been included as a component of AOCI.

- The Other investment represents the Company's investment in a Japanese real estate partnership. In the second quarter of 2013, the Company reclassified this investment to an associated company. During the year ended December 31, 2013 due to declines observed in this business, the Company recorded an impairment of $1,510, which is included in Asset impairment charges in the Consolidated Statements of Operations.

Associated Company Information

The below summary balance sheet amounts are for the nearest practicable period. The below summary income statement amounts include results for associated companies for the periods in which they were accounted for as an associated company, or the nearest practicable corresponding period. This summary data may be derived from unaudited financial statements and may contain a lag.

	December 31,	
	2015	**2014**
Summary of balance sheet amounts:		
Current assets	$ 540,446	$ 556,571
Noncurrent assets	91,840	160,202
Total assets	$ 632,286	$ 716,773
Current liabilities	$ 329,201	$ 257,559
Noncurrent liabilities	98,730	113,217
Total liabilities	427,931	370,776
Parent equity	204,355	345,997
Total liabilities and equity	$ 632,286	$ 716,773

	Year Ended December 31,		
	2015	**2014**	**2013**
Summary income statement amounts:			
Revenue	$ 780,040	$ 1,102,133	$ 922,579
Gross profit	119,148	175,793	152,364
Loss from continuing operations	(20,471)	(170)	(4,262)
Net income (loss) after noncontrolling interests	(16,371)	7,952	(5,663)

Other Investments at Fair Value - Related Party

Other investments - related party, consists of the Company's investment in each series of the SPII Liquidating Trust (see Note 12 - "Related Party Transactions") which have all been liquidated as of December 31, 2015. These investments were accounted for under the equity method. In February 2015, the SPII Liquidating Trust comprising Trust H was fully liquidated and, as a result, the Company received its proportional interest of the cash and investments in Trust H totaling approximately $2,730. Also, in June 2015, the SPII Liquidating Trust comprising Trust G was fully liquidated and, as a result, the Company received its proportional interest of the cash and investments in Trust G totaling approximately $6,913. During the year ended December 31, 2014, the Company received approximately $504 and $992 in cash distributions from Trusts D and H, respectively. There were no gains or losses recorded on any of the liquidations.

(dollars in thousands except per unit data)

Prior to liquidation, the purpose of the SPII Liquidating Trust was to effect the orderly liquidation of certain assets previously held by Steel Partners II, L.P. ("SPII"). SPLP's financial position, financial performance and cash flows were affected by the extent to which the operations of the SPII Liquidating Trust results in realized or unrealized gains (losses) and by distributions it makes in each reporting period. The Company held variable interests in each series of the SPII Liquidating Trust. Each series of the SPII Liquidating Trust was separate and distinct with respect to its assets, liabilities and net assets. Each individual series had no liability or claim with respect to the liabilities or assets of the other series. Each series shared in the costs, assets and liabilities, if any, that were not specifically attributable to a particular series. Each series generally held the securities related to a specific investment and cash for operating expenses of the series. The fair values for the investments in the SPII Liquidating Trust at December 31, 2014 were estimated using the net asset value of such interests as reported by the SPII Liquidating Trust. The following tables provide combined summarized data with respect to the other investments - related party accounted for under the equity method, at fair value:

	December 31, 2015	December 31, 2014
Summary of balance sheet amounts:		
Total assets	$ 937	$ 21,996
Total liabilities	(937)	—
Net Asset Value	$ —	$ 21,996

	Year Ended December 31, 2015	2014	2013
Summary income statement amounts:			
Net increase (decrease) in net assets from operations	$ 826	$ 2,038	$ (1,077)

(C) OTHER INVESTMENTS

In connection with the acquisition of ModusLink common shares in March 2013, the Company received warrants ("ModusLink Warrants") to acquire an additional 2,000,000 shares at an exercise price of $5.00 per share. The ModusLink Warrants are accounted for as an asset at fair value with changes in fair value recognized each period in (Loss) Income from investments at fair value in the Company's Consolidated Statements of operations. The warrants have a life of 5 years and are valued using the Black-Scholes option pricing model. Assumptions used in the current valuation were as follows: 1) volatility of 51.7% 2) term of approximately 2.2 years 3) risk free interest rate of 1.76% based on the U.S. Treasury bill yield, and 4) an expected dividend of $0.

LIMITED PARTNERSHIP INVESTMENT AND PROMISSORY NOTE

At December 31, 2014 Steel Excel had other investments which included a $25,000 cost-method investment in a limited partnership that co-invested with other private investment funds in a public company. The limited partnership was liquidated in August 2015, with Steel Excel receiving its proportionate share of the common stock of the public company investee. Upon liquidation, Steel Excel recognized a gain on the non-monetary exchange of $9,300 based on the fair value of the shares received of $34,300. The shares of common stock of the public company investee received are reported with the Company's marketable securities and are classified as "available-for-sale" securities at December 31, 2015. At December 31, 2014 this investment had an approximate fair value of $28,600, based on the net asset value included in the monthly statement it received from the partnership and it was included in Other non-current assets in the Company's Consolidated Balance Sheet. Steel Excel's other investments at December 31, 2015 and 2014, also include an investment in a venture capital fund totaling $500, preferred stock of an investee of $100 and a promissory note with an amortized cost of $3,000, which is a reasonable approximation of fair value at December 31, 2015 and 2014. These amounts are also included in Other non-current assets in the Company's Consolidated Balance Sheets.

HELD-TO-MATURITY SECURITIES

WebBank holds $6,558 of held-to-maturity securities at December 31, 2015 which are included in Other non-current assets in the Company's Consolidated Balance Sheets. WebBank records these securities at amortized cost. The dollar value of these securities with expected maturities from five years through ten years is $5,716, and after ten years is $842. Actual maturities may differ from expected or contractual maturities because borrowers may have the right to call or prepay obligations with or without call or prepayment penalties. The securities are collateralized by unsecured consumer loans. These securities had an estimated fair value of $6,551 at December 31, 2015.

(dollars in thousands except per unit data)

6. FAIR VALUE MEASUREMENTS

Financial assets and liabilities measured at fair value on a recurring basis in the consolidated financial statements as of December 31, 2015 and 2014 are summarized by type of inputs applicable to the fair value measurements as follows:

December 31, 2015	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities (a)	$ 47,274	$ 6,143	$ 27,425	$ 80,842
Long-term investments (a)	160,574	—	2,474	163,048
Other investments	—	—	555	555
Precious metal and commodity inventories recorded at fair value	10,380	—	—	10,380
Commodity contracts on precious metal and commodity inventories	—	215	—	215
Foreign currency forward exchange contracts	—	325	—	325
Total	$ 218,228	$ 6,683	$ 30,454	$ 255,365
Liabilities:				
Financial instruments	$ 21,639	$ —	$ —	$ 21,639
Interest rate swap agreement	—	30	—	30
Foreign currency forward exchange contracts	—	30	—	30
Total	$ 21,639	$ 60	$ —	$ 21,699

December 31, 2014	Level 1	Level 2	Level 3	Total
Assets:				
Marketable securities (a)	$ 93,768	$ 10,793	$ 33,896	$ 138,457
Long-term investments (a)	286,740	—	13,985	300,725
Other investments	—	—	525	525
Precious metal and commodity inventories recorded at fair value	13,249	—	—	13,249
Commodity contracts on precious metals and commodity inventories	764	—	—	764
Total	$ 394,521	$ 10,793	$ 48,406	$ 453,720
Liabilities:				
Financial instruments	$ 21,311	$ —	$ —	$ 21,311
Interest rate swap agreement	—	138	—	138
Total	$ 21,311	$ 138	$ —	$ 21,449

(a) For additional detail of the marketable securities and long-term investments see Note 5 - "Investments."

There were no transfers of securities among the various measurement input levels during the year ended December 31, 2015.

The fair value of the Company's financial instruments, such as cash and cash equivalents, trade and other receivables and trade payables, approximate carrying value due to the short-term maturities of these assets and liabilities. Carrying cost approximates fair value for long-term debt which has variable interest rates.

The precious metal and commodity inventories associated with HNH's fair value hedges (see Note 7 - "Financial Instruments") are reported at fair value. Fair value of these inventories is based on quoted market prices on commodity exchanges and are considered Level 1 measurements. The derivative instruments that HNH purchases in connection with its precious metal and commodity inventories, specifically commodity futures and forwards contracts, are also valued at fair value. The futures contracts are Level 1 measurements since they are traded on a commodity exchange. The forward contracts are entered into with a counterparty and are considered Level 2 measurements.

Interest rate swap agreements were considered Level 2 measurements as the inputs were observable at commonly quoted intervals.

(dollars in thousands except per unit data)

Following is a summary of changes in financial assets measured using Level 3 inputs:

	Long - Term Investments				
	Investments in Associated Companies (a)	Other Investments - Related Party (b)	ModusLink Warrants (c)	Marketable Securities and Other (d), (e)	Total
Assets					
Balance at December 31, 2012	$ 10,521	$ 11,263	$ —	$ 2,804	$ 24,588
Additions-Fair Value Elections in 2013	3,065	—	—	—	3,065
Purchases	1,000	—	3,184	45,383	49,567
Sales	—	(764)	—	(23,034)	(23,798)
	—	—	—	1,556	1,556
Unrealized gains	—	60	3,578	—	3,638
Unrealized losses	(12,343)	(331)	(930)	(2,500)	(16,104)
Balance at December 31, 2013	$ 2,243	$ 10,228	$ 5,832	$ 24,209	$ 42,512
Purchases	—	—	—	13,294	13,294
Sales	—	(1,496)	—	(5,001)	(6,497)
Realized gain on sale	—	—	—	(129)	(129)
Unrealized gains	—	2,411	99	2,048	4,558
Unrealized losses	(80)	(1,520)	(3,732)	—	(5,332)
Balance at December 31, 2014	2,163	9,623	2,199	34,421	48,406
Purchases	—	—	—	5,183	5,183
Sales	—	(9,985)	—	(2,953)	(12,938)
Realized loss on sale	—	—	—	8	8
Unrealized gains	—	484	—	—	484
Unrealized losses	(232)	(122)	(1,656)	(8,679)	(10,689)
Balance at December 31, 2015	$ 1,931	$ —	$ 543	$ 27,980	$ 30,454

(a) Unrealized losses are recorded in (Loss) Income of associated companies, net of taxes in the Company's Consolidated Statements of Operations.
(b) Unrealized gains and losses are recorded in Income (Loss) from other investments-related party in the Company's Consolidated Statements of Operations.
(c) Unrealized gains and losses are recorded in Income (Loss) from investments held at fair value in the Company's Consolidated Statements of Operations.
(d) Realized gains and losses on sale is recorded in Other income, net in the Company's Consolidated Statements of Operations.
(e) Unrealized gains and losses on marketable securities are recorded in AOCI.

Level 3 Liabilities

During the year ended December 31, 2013, the Company recognized a $184 decrease in fair value for the derivative features of the HNH Subordinated notes. As of December 31, 2015 and 2014, the Company did not hold any financial liabilities that are measured using Level 3 inputs.

Long-Term Investments - Valuation Techniques

The Company primarily uses three valuation methods to estimate the fair value of its equity securities measured using Level 3 inputs. The Company estimates the value of one of its investments in an associated company primarily using a discounted cash flow method adjusted for additional information related to debt covenants, solvency issues, etc. The Company estimated the value of Other investments - related party at December 31, 2014, which represented its interest in the SPII Liquidating Trust, based on the net asset value of each series of the Trust. The ModusLink Warrants are valued using the Black-Scholes option pricing model (for additional information see Note 5 - "Investments").

Marketable Securities and Other - Valuation Techniques

The Company used the net asset value included in quarterly statements it receives in arrears from a venture capital fund to determine the fair value of such fund. The Company determines the fair value of certain corporate securities and corporate obligations by incorporating and reviewing prices provided by third-party pricing services based on the specific features of the underlying securities.

(dollars in thousands except per unit data)

Assets Measured at Fair Value on a Nonrecurring Basis

The Company’s non-financial assets measured at fair value in 2015 and 2014 on a non-recurring basis include the tangible and intangible assets acquired and liabilities assumed in the acquisitions, as well as any related goodwill, described in Note 3 – “Acquisitions”. Significant judgments and estimates are made to determine the acquisition date fair values which may include the use of appraisals, discounted cash flow techniques or other information the Company considers relevant to the fair value measurement. See Note 2 - "Summary of Significant Accounting Policies" for discussion on significant estimates and impairment testing.

As of December 31, 2015 and 2014, WebBank has impaired loans of $423 that are collateral-dependent, and that were measured at fair value of the collateral less estimated selling costs using Level 3 inputs. There were no impaired loans outstanding as of December 31, 2014 that were measured at fair value during 2014. See the Impaired Loans section of Note 8 - "Trade, Other and Loans Receivable" for additional discussion of loan impairment measurements.

7. FINANCIAL INSTRUMENTS

At December 31, 2015 and 2014 financial instrument liabilities and related restricted cash consists of $21,639 and $21,311, respectively, of short sales of corporate securities. Activity is summarized below for financial instrument liabilities and related restricted cash:

	Year Ended December 31,	
	2015	**2014**
Balance, beginning of period	$ 21,311	$ 25,090
Settlement of foreign currency financial instruments	—	(24,429)
Settlement of short sales of corporate securities	(639)	—
Short sales of corporate securities	490	19,467
Net investment losses	477	1,006
Receipt of dividends, net of interest expense	—	177
Balance of financial instrument liabilities and related restricted cash, end of period	$ 21,639	$ 21,311

Short Sales of Corporate Securities

From time to time, Steel Excel enters into short sale transactions on certain corporate securities in which Steel Excel received proceeds from the sale of such securities and incurred obligations to deliver such securities at a later date. Upon initially entering into such short sale transactions Steel Excel recognizes a liability equal to the fair value of the obligation, with a comparable amount of cash and cash equivalents reclassified as restricted cash. Subsequent changes in the fair value of such obligations, determined based on the closing market price of the securities, are recognized currently as gains or losses, with a comparable adjustment made between unrestricted and restricted cash.

Foreign Currency Exchange Rate Risk

Financial instrument activity in 2014 includes activity for amounts that were payable in foreign currencies which were subject to the risk of exchange rate changes. The liabilities were accounted for at fair value on the balance sheet date with changes in fair value reported in the Company's Consolidated Statements of Operations included in Net investment (losses) gains. The liabilities were not designated as hedging instruments and were settled in the fourth quarter of 2014.

CoSine, through its subsidiary API, enters into foreign currency forward contracts to hedge its receivables and payables denominated in other currencies. In addition, API enters into foreign currency forward contracts to hedge the value of its future sales denominated in Euros and the value of its future purchases denominated in USD. These hedges have settlement dates ranging through June 2016. At December 31, 2015 there was a contract in place to buy Sterling and sell Euros in the amount of €2,150. Also, at December 31, 2015 there were contracts in place to hedge the value of future sales denominated in Euros in the amount of €6,425 and the value of future purchases denominated in USD in the amount of $600. For additional information on the Company's accounting policy related to foreign forward currency contracts, see Note 2 - "Summary of Significant Accounting Policies."

(dollars in thousands except per unit data)

Precious Metal and Commodity Inventories

As of December 31, 2015, HNH had the following outstanding forward contracts with settlement dates ranging through to January 2016. There were no futures contracts outstanding at December 31, 2015.

Commodity	Amount	Notional Value	
Silver	635,000 ounces	$	8,900
Gold	500 ounces	$	500
Copper	350,000 pounds	$	800
Tin	35 metric tons	$	500

Of the total forward contracts outstanding, 575,000 ounces of silver and substantially all of the copper contracts are designated and accounted for as fair value hedges. The remaining outstanding futures contracts for silver, and all of the contracts for gold and tin, are accounted for as economic hedges. For additional information on the Company's accounting policy related to these hedges, see Note 2 - "Summary of Significant Accounting Policies."

The forward contracts were made with a counter party rated A+ by Standard & Poors. Accordingly, HNH has determined that there is minimal credit risk of default. HNH estimates the fair value of its derivative contracts through the use of market quotes or broker valuations when market information is not available. HNH maintains collateral on account with the third-party broker. Such collateral consists of both cash that varies in amount depending on the value of open contracts, as well as ounces of precious metal held on account by the broker.

Debt Agreements

As discussed in Note 14 - "Debt and Capital Lease Obligations," Handy & Harman Group Ltd. ("H&H Group") entered into two interest rate swap agreements to reduce its exposure to interest rate fluctuations. For additional information on the Company's accounting policy related to these interest rate swaps, see Note 2 - "Summary of Significant Accounting Policies." HNH's Subordinated Notes had call premiums as well as Warrants associated with them. As discussed in Note 14 - "Debt and Capital lease Obligations," on March 26, 2013, HNH discharged its obligations associated with the Subordinated Notes and Warrants.

The fair value and carrying amount of derivative instruments in the Consolidated Balance Sheets is provided in the table below:

		December 31,			
Derivative	Balance Sheet Location	2015		2014	
Commodity contracts (a), (b)	Prepaid and other current assets	$	197	$	667
Commodity contracts (c)	Prepaid and other current assets/Accrued liabilities	$	18	$	97
Interest rate swap agreements	Other current liabilities	$	(30)	$	(138)
Foreign exchange forward contracts (a), (d)	Accrued liabilities	$	325	$	—
Foreign exchange forward contracts (a), (b)	Accrued liabilities	$	(30)	$	—

(a) Designated as hedging instruments as of December 31, 2015.
(b) Fair value hedge
(c) Economic hedge
(d) Cash flow hedge

(dollars in thousands except per unit data)

Effect of derivative instruments on the Consolidated Statements of Operations:

		Year Ended December 31,		
		2015	2014	2013
Derivative	Statement of Operations Location	Gain (loss)	Gain (loss)	Gain (loss)
Commodity contracts (a), (b)	Cost of goods sold	$ 1,467	$ 2,655	$ 2,620
Commodity contracts (c)	Cost of goods sold	246	131	(92)
Commodity contracts (c)	Realized and unrealized gain on derivatives	588	1,307	1,988
Interest rate swap agreements	Interest expense	(77)	(156)	(328)
Derivative features of subordinated notes	Realized and unrealized (loss) gain on derivatives	—	—	(793)
Foreign exchange forward contracts (a), (d)	Revenue/Cost of goods sold	2,063	—	—
Foreign exchange forward contracts (a), (b)	Other income, net	21	—	—
Total derivatives		$ 4,308	$ 3,937	$ 3,395

(a) Designated as hedging instruments as of December 31, 2015.
(b) Fair value hedge
(c) Economic hedge
(d) Cash flow hedge

Financial Instruments with Off-Balance Sheet Risk

WebBank is a party to financial instruments with off-balance sheet risk. In the normal course of business, these financial instruments include commitments to extend credit in the form of loans as part of WebBank's lending arrangements. Those instruments involve to varying degrees, elements of credit and interest rate risk in excess of the amount recognized on the balance sheet. The contract amounts of those instruments reflect the extent of involvement WebBank has in particular classes of financial instruments.

At December 31, 2015 and 2014, WebBank's undisbursed loan commitments totaled $80,667 and $82,788, respectively. Commitments to extend credit are agreements to lend to a borrower who meets the lending criteria through one of the Bank's lending agreements, provided there is no violation of any condition established in the contract with the counterparty to the lending arrangement.

Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. Since certain of the commitments are expected to expire without the credit being extended, the total commitment amounts do not necessarily represent future cash requirements. WebBank evaluates each prospective borrower's credit worthiness on a case-by-case basis. The amount of collateral obtained if deemed necessary by WebBank upon extension of credit is based on management's credit evaluation of the borrower and WebBank's counterparty.

WebBank's exposure to credit loss in the event of nonperformance by the other party to the financial instrument for commitments to extend credit is represented by the contractual amount of those instruments. WebBank uses the same credit policy in making commitments and conditional obligations as it does for on-balance sheet instruments.

WebBank estimates an allowance for potential losses on off-balance sheet contingent credit exposures related to the guaranteed amount of its SBA and USDA loans and whether or not the SBA/USDA honors the guarantee. WebBank determines the allowance for these contingent credit exposures based on historical experience and portfolio analysis. The allowance is included with other liabilities in the consolidated balance sheet, with any related increases or decreases in the reserve included in the statement of income. The allowance was $188 at December 31, 2015 and 2014, and is included within Other current liabilities in the consolidated balance sheets. Increases or decreases in the allowance are included in Selling, general and administrative expenses in the consolidated statements of operations. The amount included in Selling, general and administrative expenses for credit losses on off-balance sheet contingent credit exposure was a benefit of $147, $277 and $175 for the years ended December 31, 2015, 2014 and 2013, respectively.

8. TRADE, OTHER AND LOANS RECEIVABLE

Trade and Other Receivables, Net

	December 31, 2015	December 31, 2014
Trade accounts receivable (net of allowance for doubtful accounts of $1,945 in 2015 and $2,149 in 2014)	$ 112,369	$ 85,553
Other receivables	1,846	1,887
Total	$ 114,215	$ 87,440

Loans Receivable, Including Loans Held for Sale

Major classification of WebBank's loans receivable, including loans held for sale at December 31, 2015 and 2014 are as follows:

	Total				Current		Non-current	
	December 31, 2015	%	December 31, 2014	%	December 31, 2015	December 31, 2014	December 31, 2015	December 31, 2014
Loans held for sale	$ 159,592		$ 40,886		$ 159,592	$ 40,886	$ —	$ —
Real estate loans:								
Commercial - owner occupied	$ 1,542	2%	$ 1,650	2%	97	96	1,445	$ 1,554
Commercial – other	281	—%	264	—%	—	—	281	264
Total real estate loans	1,823	2%	1,914	2%	97	96	1,726	1,818
Commercial and industrial	66,253	98%	75,706	98%	5,943	1,142	60,310	74,564
Total loans	68,076	100%	77,620	100%	6,040	1,238	62,036	76,382

Less:						
Deferred fees and discounts	(15)	(20)	(15)	(20)	—	—
Allowance for loan losses	(630)	(557)	(630)	(557)	—	—
Total loans receivable, net (a)	$ 67,431	$ 77,043	5,395	661	62,036	76,382
Loans receivable, including loans held for sale (a)			$ 164,987	$ 41,547	$ 62,036	$ 76,382

(a) The carrying value is considered to be representative of fair value because the rates of interest are not significantly different from market interest rates for instruments with similar maturities. The fair value of loans receivable, including loans held for sale, net was $226,541 and $117,346 at December 31, 2015 and 2014, respectively.

Commercial and industrial loans include unamortized premiums of $18 and unaccreted discounts of $311 at December 31, 2015 and unamortized premiums of $57 and unaccreted discounts of $358 at December 31, 2014. Loans with a carrying value of approximately $63,393 and $71,448 were pledged as collateral for potential borrowings at December 31, 2015 and 2014, respectively.

Allowance for Loan Losses

The Allowance for Loan Losses (“ALLL”) represents an estimate of probable and estimable losses inherent in the loan portfolio as of the balance sheet date. Losses are charged to the ALLL when incurred. Generally, commercial loans are charged off or charged down at the point at which they are determined to be uncollectible in whole or in part, or when 180 days past due unless the loan is well secured and in the process of collection. The amount of the ALLL is established by analyzing the portfolio at least quarterly and a provision for or reduction of loan losses is recorded so that the ALLL is at an appropriate level at the balance sheet date. The methodologies used to estimate the ALLL depend upon the impairment status and portfolio segment of the loan. Loan groupings are created for each loan class, and are then graded against historical and industry loss rates.

After applying historic loss experience, the quantitatively derived level of ALLL is reviewed for each segment using qualitative criteria. Various risk factors are tracked that influence judgment regarding the level of the ALLL across the portfolio segments. Primary qualitative factors that may be reflected in the quantitative models include:

- Asset quality trends
- Risk management and loan administration practices

(dollars in thousands except per unit data)

- Risk identification practices
- Effect of changes in the nature and volume of the portfolio
- Existence and effect of any portfolio concentrations
- National economic and business conditions
- Regional and local economic and business conditions
- Data availability and applicability

Changes in these factors are reviewed to ensure that changes in the level of the ALLL are consistent with changes in these factors. The magnitude of the impact of each of these factors on the qualitative assessment of the ALLL changes from quarter to quarter according to the extent these factors are already reflected in historic loss rates and according to the extent these factors diverge from one another. Also considered is the uncertainty inherent in the estimation process when evaluating the ALLL. Changes in the allowance for loan losses are summarized as follows:

	Real Estate			
	Commercial - Owner Occupied	Commercial - Other	Commercial & Industrial	Total
December 31, 2012	$ 187	$ 34	$ 64	$ 285
Charge-offs	—	—	(64)	(64)
Recoveries	22	44	217	283
Provision	(132)	(50)	102	(80)
December 31, 2013	77	28	319	424
Charge-offs	—	—	(3)	(3)
Recoveries	66	40	80	186
Provision	(79)	(56)	85	(50)
December 31, 2014	64	12	481	557
Charge-offs	—	—	—	—
Recoveries	25	44	54	123
Provision	(49)	(48)	47	(50)
December 31, 2015	$ 40	$ 8	$ 582	$ 630

The ALLL and outstanding loan balances according to the Company’s impairment method are summarized as follows:

	Real Estate			
December 31, 2015	Commercial - Owner Occupied	Commercial - Other	Commercial & Industrial	Total
Allowance for loan losses:				
Individually evaluated for impairment	$ 1	$ —	$ 77	$ 78
Collectively evaluated for impairment	39	8	505	552
Total	$ 40	$ 8	$ 582	$ 630
Outstanding Loan balances:				
Individually evaluated for impairment	$ 358	$ —	$ 1,241	$ 1,599
Collectively evaluated for impairment	1,184	281	65,012	66,477
Total	$ 1,542	$ 281	$ 66,253	$ 68,076

	Real Estate			
December 31, 2014	Commercial - Owner Occupied	Commercial - Other	Commercial & Industrial	Total
Allowance for loan losses:				
Individually evaluated for impairment	$ —	$ —	$ 52	$ 52
Collectively evaluated for impairment	64	12	429	505
Total	$ 64	$ 12	$ 481	$ 557
Outstanding Loan balances:				
Individually evaluated for impairment (1)	$ 374	$ —	$ 84	$ 458
Collectively evaluated for impairment	1,276	264	75,622	77,162
Total	$ 1,650	$ 264	$ 75,706	$ 77,620

(1) $4 is guaranteed by the USDA or SBA.

(dollars in thousands except per unit data)

Nonaccrual and Past Due Loans

Loans past due 90 days or more and still accruing interest were $0 and $52 at December 31, 2015 and 2014, respectively. Nonaccrual loans are summarized as follows:

	December 31, 2015	December 31, 2014
Real Estate Loans:		
Commercial - Owner Occupied	$ 341	$ 374
Total Real Estate Loans	341	374
Commercial and Industrial	2	16
Total Loans	$ 343	$ 390

Past due loans (accruing and nonaccruing) are summarized as follows:

December 31, 2015	Current	30-89 days past due	90+ days past due	Total past due	Total loans	Recorded investment in accruing loans 90+ days past due	Nonaccrual loans that are current (1)
Real Estate Loans:							
Commercial - Owner Occupied	$ 714	$ 487	$ 341	$ 828	$ 1,542	$ —	$ —
Commercial - Other	281	—	—	—	281	—	—
Total Real Estate Loans	995	487	341	828	1,823	—	—
Commercial and Industrial	66,251	—	2	2	66,253	—	—
Total Loans	$ 67,246	$ 487	$ 343	$ 830	$ 68,076	$ —	$ —

(1) Represents nonaccrual loans that are not past due more than 30 days; however, full payment of principal and interest is still not expected.

December 31, 2014	Current	30-89 days past due	90+ days past due	Total past due (2)	Total loans	Recorded investment in accruing loans 90+ days past due	Nonaccrual loans that are current (1)
Real Estate Loans:							
Commercial - Owner Occupied	$ 1,228	$ 49	$ 373	$ 422	$ 1,650	$ —	$ —
Commercial - Other	264	—	—	—	264	—	—
Total Real Estate Loans	1,492	49	373	422	1,914	—	—
Commercial and Industrial	75,635	3	68	71	75,706	52	—
Total Loans	$ 77,127	$ 52	$ 441	$ 493	$ 77,620	$ 52	$ —

(1) Represents nonaccrual loans that are not past due more than 30 days; however, full payment of principal and interest is still not expected.
(2) $4 is guaranteed by the USDA or SBA.

Credit Quality Indicators

In addition to the past due and nonaccrual criteria, loans are analyzed using a loan grading system. Generally, internal grades are assigned to loans based on the performance of the loans, financial/statistical models and loan officer judgment. WebBank reviews and grades loans with unpaid principal balances of $100 or more once per year. Grades follow definitions of Pass, Special Mention, Substandard, and Doubtful which are consistent with published definitions of regulatory risk classifications. The definitions of Pass, Special Mention, Substandard, and Doubtful are summarized as follows:

- *Pass*: A Pass asset is a higher quality asset and does not fit any of the other categories described below. The likelihood of loss is considered remote.
- *Special Mention*: A receivable in this category has a specific weakness or problem but does not currently present a significant risk of loss or default as to any material term of the loan or financing agreement.
- *Substandard*: A substandard receivable has a developing or currently minor weakness or weaknesses that could result in loss or default if deficiencies are not corrected or adverse conditions arise.
- *Doubtful*: A doubtful receivable has an existing weakness or weaknesses that have developed into a serious risk of significant loss or default with regard to a material term of the financing agreement.

(dollars in thousands except per unit data)

Outstanding loan balances (accruing and nonaccruing) categorized by these credit quality indicators are summarized as follows:

December 31, 2015	Pass	Special Mention	Sub-standard	Doubtful	Total loans
Real Estate Loans:					
Commercial - Owner Occupied	$ 1,184	$ —	$ 358	—	$ 1,542
Commercial - Other	281	—	—	—	281
Total Real Estate Loans	1,465	—	358	—	1,823
Commercial and Industrial	61,310	3,702	1,241	—	66,253
Total Loans	$ 62,775	$ 3,702	$ 1,599	$ —	$ 68,076

December 31, 2014	Pass	Special Mention	Sub-standard (1)	Doubtful	Total loans
Real Estate Loans:					
Commercial - Owner Occupied	1,258	19	373	—	1,650
Commercial - Other	264	—	—	—	264
Total Real Estate Loans	1,522	19	373	—	1,914
Commercial and Industrial	74,439	1,183	84	—	75,706
Total Loans	$ 75,961	$ 1,202	$ 457	$ —	$ 77,620

(1) $4 is guaranteed by the USDA or SBA.

Impaired Loans

Loans are considered impaired when, based on current information and events, it is probable that WebBank will be unable to collect all amounts due according to the contractual terms of the loan agreement, including scheduled interest payments. When loans are impaired, an estimate of the amount of the balance that is impaired is made and a specific reserve is assigned to the loan based on the estimated present value of the loan’s future cash flows discounted at the loan’s effective interest rate, the observable market price of the loan, or the fair value of the loan’s underlying collateral less the cost to sell. When the impairment is based on the fair value of the loan’s underlying collateral, the portion of the balance that is impaired is charged off, such that these loans do not have a specific reserve in the ALLL. Payments received on impaired loans that are accruing are recognized in interest income, according to the contractual loan agreement. WebBank recognized $86, $60, and $121 in interest income on impaired loans for the years ended December 31, 2015, 2014, and 2013, respectively. Payments received on impaired loans that are on nonaccrual are not recognized in interest income, but are applied as a reduction to the principal outstanding. Payments are recognized when cash is received.

Information on impaired loans is summarized as follows:

		Recorded investment				
December 31, 2015	Unpaid principle balance	with no allowance	with allowance	Total recorded investment	Related Allowance	Average recorded investment
Real Estate Loans:						
Commercial - Owner Occupied	$ 372	$ 341	$ 17	$ 358	$ 1	$ 370
Total Real Estate Loans	372	341	17	358	1	370
Commercial and Industrial	1,320	12	1,229	1,241	77	569
Total Loans	$ 1,692	$ 353	$ 1,246	$ 1,599	$ 78	$ 939

		Recorded investment				
December 31, 2014	Unpaid principal balance	with no allowance	with allowance	Total recorded investment (1)	Related Allowance	Average recorded investment
Real Estate Loans:						
Commercial - Owner Occupied	$ 430	$ 374	$ —	$ 374	$ —	$ 750
Total Real Estate Loans	430	374	—	374	—	750
Commercial and Industrial	193	28	56	84	52	131
Total Loans	$ 623	$ 402	$ 56	$ 458	$ 52	$ 881

(1) $4 is guaranteed by the USDA or SBA.

(dollars in thousands except per unit data)

9. INVENTORIES, NET

A summary of Inventories, net is as follows:

	December 31, 2015	December 31, 2014
Finished products	$ 39,405	$ 24,424
In – process	20,814	10,310
Raw materials	28,893	12,346
Fine and fabricated precious metal in various stages of completion	13,155	17,094
	102,267	64,174
LIFO reserve	—	(90)
Total	$ 102,267	$ 64,084

Inventories, net at December 31, 2015 include $22,843 and $19,432 from HNH's acquisition of JPS and CoSine's acquisition of API as discussed in Note 3 - "Acquisitions."

Fine and Fabricated Precious Metal Inventory

In order to produce certain of its products, HNH purchases, maintains and utilizes precious metal inventory. HNH records certain precious metal inventory at the lower of LIFO cost or market, with any adjustments recorded through cost of goods sold. Remaining precious metal inventory is accounted for primarily at fair value.

Certain customers and suppliers of HNH choose to do business on a “pool” basis. Such customers or suppliers furnish precious metal to HNH for return in fabricated form or for purchase from or return to the supplier. When the customer's precious metal is returned in fabricated form, the customer is charged a fabrication charge. The value of pooled precious metal is not included in the Company’s Consolidated Balance Sheets. To the extent HNH is able to utilize customer precious metal in its production process, such customer metals replaces the need for HNH to purchase its own inventory. As of December 31, 2015, customer metal in H&H's custody consisted of 160,363 ounces of silver, 535 ounces of gold, and 1,391 ounces of palladium. As of December 31, 2014, HNH’s customer metal consisted of 191,217 ounces of silver, 518 ounces of gold, and 1,392 ounces of palladium.

	December 31, 2015	December 31, 2014
Supplemental inventory information:		
Precious metals stated at LIFO cost	$ 3,536	$ 4,839
Precious metals stated under non-LIFO cost methods, primarily at fair value	9,619	12,165
Market value per ounce:		
Silver	13.86	15.75
Gold	1,062.25	1,199.25
Palladium	547.00	798.00

(dollars in thousands except per unit data)

10. PROPERTY, PLANT AND EQUIPMENT, NET

A summary of property, plant and equipment, net is as follows:

	December 31, 2015	December 31, 2014
Land	$ 20,434	$ 9,523
Buildings and improvements	62,061	53,742
Machinery, equipment and other	276,599	194,356
Construction in progress	10,538	4,738
	369,632	262,359
Accumulated depreciation and amortization	(114,230)	(78,045)
Net property, plant and equipment	$ 255,402	$ 184,314

Depreciation expense was $32,302, $24,745 and $20,036 for the twelve months ended December 31, 2015, 2014 and 2013, respectively.

11. GOODWILL AND OTHER INTANGIBLE ASSETS, NET

A reconciliation of the change in the carrying value of goodwill is as follows:

	December 31, 2015			
	Diversified	Energy	Corporate	Total
Balance at beginning of year				
Gross Goodwill	$ 26,299	$ 64,790	$ 81	$ 91,170
Accumulated impairments	—	(45,219)	—	(45,219)
Net Goodwill	26,299	19,571	81	45,951
Acquisitions (a)	76,016	—	—	76,016
Impairment	—	(19,571)	—	(19,571)
Currency translation adjustment	—	—	—	—
Other adjustments	(543)	—	—	(543)
Balance at end of period				
Gross Goodwill	101,772	64,790	81	166,643
Accumulated impairments	—	(64,790)	—	(64,790)
Net Goodwill	$ 101,772	$ —	$ 81	$ 101,853

(a) Goodwill from acquisitions relates to HNH's acquisitions of ITW and JPS, as well as the acquisitions of CoSine and API. These balances are subject to adjustment during the finalization of the purchase price allocation for these acquisitions. For additional information, see Note 3 - "Acquisitions".

	December 31, 2014			
	Diversified	Energy	Corporate	Total
Balance at beginning of year				
Gross Goodwill	$ 26,260	$ 64,790	$ 81	$ 91,131
Accumulated impairments	—	(3,769)	—	(3,769)
Net Goodwill	26,260	61,021	81	87,362
Acquisitions	—	—	—	—
Impairment	—	(41,450)	—	(41,450)
Currency translation adjustment	(37)	—	—	(37)
Other adjustments	76	—	—	76
Balance at end of year				
Gross Goodwill	26,299	64,790	81	91,170
Accumulated impairments	—	(45,219)	—	(45,219)
Net Goodwill	$ 26,299	$ 19,571	$ 81	$ 45,951

In connection with its annual goodwill impairment tests and the adverse effects of the recent developments in the oil services industry, the Company recognized impairment charges of $19,571 and $41,450 in the fourth quarter of 2015 and 2014, respectively, related to the goodwill associated with its Energy segment. The impairments resulted from the adverse effects the decline in energy prices had on the oil services industry and the projected future results of operations of the Energy segment. The fair values of the reporting units used in determining the goodwill impairment were based on valuations using a combination of the income approach (discounted cash flows) and the market approach (guideline public company method and guideline transaction method).

(dollars in thousands except per unit data)

A summary of other intangible assets is as follows:

	December 31, 2015			December 31, 2014		
	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Product and customer relationships	$ 134,814	$ 41,153	$ 93,661	$ 113,952	$ 29,726	$ 84,226
Trademarks	38,157	8,361	29,796	28,803	5,856	22,947
Patents and technology	17,010	7,379	9,631	16,773	6,023	10,750
Other	8,480	2,605	5,875	2,426	1,799	627
	$ 198,461	$ 59,498	$ 138,963	$ 161,954	$ 43,404	$ 118,550

Trademarks with indefinite lives as of December 31, 2015 and 2014 were $8,020. Amortization expense related to intangible assets was $16,258, $13,693 and $10,954 for the twelve months ended December 31, 2015, 2014 and 2013, respectively. The estimated amortization expense for each of the five succeeding years and thereafter is as follows:

	Products and Customer Relationships	Trademarks	Patents and Technology	Other
2016	$ 12,062	$ 2,808	$ 1,319	$ 839
2017	11,632	2,252	1,319	725
2018	11,221	1,697	1,319	771
2019	8,957	1,539	1,312	734
2020	8,944	1,539	907	734
Thereafter	40,845	11,941	3,455	2,072
Total	$ 93,661	$ 21,776	$ 9,631	$ 5,875

12. BANK DEPOSITS

A summary of WebBank deposits is as follows:

	December 31, 2015	December 31, 2014
Time deposits year of maturity:		
2015	$ —	$ 27,001
2106	71,691	50,386
2017	46,182	26,671
2018	50,878	—
Total time deposits	168,751	104,058
Money market deposits	83,421	60,802
Total deposits (a)	$ 252,172	$ 164,860
Current	$ 155,112	$ 87,804
Long-term	97,060	77,056
Total deposits	$ 252,172	$ 164,860

(a) All time deposits accounts are under $250. The carrying value is considered to be representative of fair value because the rates of interest are not significantly different from market interest rates for instruments with similar maturities. The fair value of Deposits was $250,862 and $165,381 at December 31, 2015 and 2014, respectively.

13. RELATED PARTY TRANSACTIONS

Management Agreement with SP General Services LLC

The Manager receives a fee, pursuant to the terms of the Management Agreement, at an annual rate of 1.5% of total partner's capital ("Management Fee"), payable on the first day of each quarter and subject to quarterly adjustment. In addition, SPLP may issue to the Manager partnership profits interests in the form of incentive units, which will be classified as Class C common units of SPLP, upon the attainment of certain specified performance goals by SPLP which are determined as of the last day of each fiscal year (see Note 16 - "Capital and Accumulated other Comprehensive Income" for additional information on the incentive units).

The Management Agreement is automatically renewed each December 31 for successive one-year terms unless otherwise determined at least 60 days prior to each renewal date by a majority of the independent directors. The Management Fee was $8,150, $8,775 and $8,178 for the twelve months ended December 31, 2015, 2014 and 2013, respectively. The Management Fee is recorded in Selling, general and administrative expenses ("SG&A") in the Company's Consolidated Statements of Operations. Unpaid amounts for management fees included in Payable to related parties were $0 at December 31, 2015 and 2014.

SPLP will bear (or reimburse the Manager with respect to) all its reasonable costs and expenses of the managed entities, the Manager, SPH GP or their affiliates, including but not limited to: legal, tax, accounting, auditing, consulting, administrative, compliance, investor relations costs related to being a public entity rendered for SPLP or SPH GP as well as expenses incurred by the Manager and SPH GP which are reasonably necessary for the performance by the Manager of its duties and functions under the Management Agreement and certain other expenses incurred by managers, officers, employees and agents of the Manager or its affiliates on behalf of SPLP. Reimbursable expenses incurred by the Manager in connection with its provision of services under the Management Agreement were approximately $2,906, $3,100 and $1,310 during the twelve months ended December 31, 2015, 2014 and 2013, respectively. Unpaid amounts for reimbursable expenses were approximately $695 and $1,504 at December 31, 2015 and 2014, respectively, and are included in Payable to related parties in the Company's Consolidated Balance Sheets.

In 2015, SPLP issued units to WGL Capital Corp. (the "Investment Manager"), an affiliate of the Manager. The units issued were for the final settlement of the additional liability due to the Investment Manager of approximately $1,800 (see Note 16 - "Capital and Accumulated Other Comprehensive (Loss) Income").

Corporate Services

SPH Services, a subsidiary of SPLP, was created to consolidate the executive and corporate functions of SPLP and certain of its affiliates, and to provide such services to other portfolio companies. SP Corporate Services LLC ("SP Corporate"), through management services agreements with these companies, provides services which include assignment of C-Level management personnel, as well as a variety of services including legal, tax, accounting, treasury, consulting, auditing, administrative, compliance, environmental health and safety, human resources, marketing, investor relations and other similar services. The fees payable under these agreements are initially based on the level of services expected to be provided. They are subject to annual review and adjustment and are approved by the respective company's board of directors. The agreements automatically renew for successive one-year periods unless and until terminated in accordance with the agreement. Under certain circumstances, the termination may result in payment of a termination fee to SP Corporate.

Consolidated companies that have agreements with SP Corporate include HNH, Steel Excel, SPLP, WFHC, DGT, WebBank, BNS and WFH LLC, as a successor in interest to CoSine. Annual amounts to be billed to these companies are $9,996, $8,150, $3,000, $4,200, $476 $500, $204 and $1,200, respectively. In addition to its servicing agreements with SPLP and its consolidated subsidiaries, SP Corporate has management services agreements with other companies considered to be related parties, including, NOVT Corporation, Ore Holdings, Inc., J. Howard Inc., SL Industries, Inc., Steel Partners, Ltd., iGo and MLNK. In total, SP Corporate will charge approximately $4,121 annually to these companies. All amounts billed under these service agreements are classified as a reduction within Selling, general and administrative expenses.

SPII Liquidating Trust

SPLP held interests in the SPII Liquidating Trust, an entity that held certain investments which it acquired in connection with an exchange transaction, which the Manager and its affiliate served as the manager and liquidating trustee, respectively, without compensation other than reimbursement for out-of-pocket expenses. The SPII Liquidating Trust has been fully liquidated during 2015. See Note 5 - "Investments" for additional information. In 2013, the SPII Liquidating Trust sold its remaining investments comprising Trust I to a related party, Steel Partners Ltd. The Company received proceeds of $764 representing its proportionate interest in the Trust. There was no gain or loss on the transaction.

Mutual Securities

Pursuant to the Management Agreement, the Manager was responsible for selecting executing brokers. Securities transactions for SPLP are allocated to brokers on the basis of reliability and best price and execution. The Manager has selected Mutual Securities as an introducing broker and may direct a substantial portion of the managed entities’ trades to such firm among others. An officer of the Manager and SPH GP is affiliated with Mutual Securities. The Manager only uses Mutual

Securities when such use would not compromise the Manager's obligation to seek best price and execution. SPLP has the right to pay commissions to Mutual Securities, which are higher than those that can be obtained elsewhere, provided that the Manager believes that the rates paid are competitive institutional rates. Mutual Securities also served as an introducing broker for SPLP's trades. The commissions paid by SPLP to Mutual securities were approximately $180, $352 and $310 for the twelve months ended December 31, 2015, 2014 and 2013, respectively. Such commissions are included in the net investment gains (losses) in the consolidated statements of operations. The portion of the commission paid to Mutual Securities ultimately received by such officer is net of clearing and other charges.

Other

SPLP had an arrangement whereby it held an asset on behalf of a related party in which it had an investment. The investment was liquidated during the second quarter of 2015. The asset had a fair value of $34,280 at December 31, 2014.

The Company's non-management directors receive an annual retainer of $150, of which $75 is paid in cash and $75 is paid in restricted common units of SPLP. The restricted units vest over a three year period. These directors are also paid fees of $1 for each board committee meeting attended. The chairmen of the Audit Committee, Corporate Governance and Nominating Committee and Compensation Committee are paid an additional annual fee of $60, $5 and $5, respectively. Non-management directors' fees expensed were $950, $931 and $855 for the twelve months ended December 31, 2015, 2014 and 2013, respectively. Unpaid non-management directors' fees are included in Payable to related parties in the Company's Consolidated Balance Sheets and were $43 and $46 at December 31, 2015 and 2014, respectively.

At December 31, 2015 and 2014, several related parties and consolidated subsidiaries had deposits totaling $3,135 and $14,875, respectively, in WebBank. $1,298 and $12,391 of these deposits have been eliminated in consolidation as of December 31, 2015 and 2014, respectively. The deposits held at WebBank earned $57, $104 and $159 in interest for the years ended December 31, 2015, 2014 and 2013, respectively. The amount of interest that has been eliminated in consolidation was
$46, $89 and $150 for the years ended December 31, 2015, 2014 and 2013, respectively.

(dollars in thousands except per unit data)

14. DEBT AND CAPITAL LEASE OBLIGATIONS

Debt and capital lease obligations consists of the following:

	December 31, 2015	December 31, 2014
Short term debt:		
CoSine - Foreign	$ 527	$ —
HNH - Foreign	742	602
Total short-term debt	1,269	602
Long-term debt:		
Steel Excel Term Loan [(a)]	42,666	78,653
CoSine Term Loans	2,664	—
HNH Revolving Facilities	90,613	193,375
SPLP Revolving Facility	75,140	33,788
CoSine Revolving Facilities	18,793	—
Other debt - domestic	6,936	8,014
Foreign loan facilities	1,277	1,412
Subtotal	238,089	315,242
Less portion due within one year [(b)]	2,176	19,535
Long-term debt	235,913	295,707
Total debt	$ 239,358	$ 315,844
Capital lease facility		
Current portion of capital lease	$ 1,028	$ 486
Long-term portion of capital lease	1,899	288
	$ 2,927	$ 774

(a) Net of unamortized debt issuance costs of $280 and $632 at December 31, 2015 and 2014, respectively.
(b) Net of unamortized debt issuance costs of $57 at 2014, respectively.

Long-term debt obligations as of December 31, 2015 matures in each of the next five years as follows:

	Total	Less: Unamortized debt issuance costs	2016	2017	2018	2019	2020	Thereafter
Long-term debt	$ 238,089	$ (280)	$ 2,176	$ 97,099	$ 42,991	$ 91,339	$ 3,997	$ 767

SPLP Revolving Credit Facility

On September 28, 2015 the Company amended its Credit Agreement (the “Amended Credit Facility”) with PNC Bank, National Association (“PNC”), as administrative agent for the lenders thereunder. The Amended Credit Facility provides for a revolving credit facility with borrowing availability of up to $105,000 and increased the applicable the applicable margin from 1.50% to 1.625%. Amounts outstanding under the Amended Credit Facility bear interest at SPLP's option at either the Base Rate, as defined, plus 0.625% or LIBOR plus 1.625%, and are collateralized by first priority security interests of certain of the Company's deposit accounts and publicly traded securities. The pledged collateral of approximately $371,300 includes SPLP's investments in publicly traded securities, including investments in majority-owned, consolidated subsidiaries. The average interest rate on the Amended Credit Facility was 2.15% as of December 31, 2015. The Amended Credit Facility requires a commitment fee to be paid on unused borrowings and also contains customary affirmative and negative covenants, including a minimum cash balance covenant, restrictions against the payment of dividends and customary events of default. Any amounts outstanding under the Amended Credit Facility are due and payable in full on October 23, 2017. The Amended Credit Facility also includes provisions for the issuance of letters of credit up to $10,000, with any such issuances reducing total borrowing availability. The Company has an outstanding letter of credit of approximately $893 at December 31, 2015.

In April 2014, the Company borrowed $47,500 under the Amended Credit Facility in connection with a tender offer for its common units (see Note 16 - "Capital and Accumulated Other Comprehensive Income") and in the first quarter of 2015, the Company borrowed an additional $37,000 to fund CoSine's tender offer for API (see Note 3 - "Acquisitions" for additional information).

HNH Debt

Senior Credit Facility

On August 29, 2014, H&H Group, a wholly owned subsidiary of HNH, entered into an amended and restated senior credit facility ("Senior Credit Facility") which provides for an up to $365,000 senior secured revolving credit facility, including a $20,000 sublimit for the issuance of letters of credit and a $20,000 sublimit for the issuance of swing loans. Borrowings under the Senior Credit Facility bear interest at H&H Group's option, at either LIBOR or the Base Rate, as defined, plus an applicable margin as set forth in a the loan agreement (2.00% and 1.00%, respectively, for LIBOR and Base Rate borrowings at December 31, 2015), and the revolving facility provides for a commitment fee to be paid on unused borrowings. The weighted average interest rate on the revolving facility was 2.47% at December 31, 2015. At December 31, 2015, letters of credit totaling $4,800 had been issued under the Senior Credit Facility, including $3,400 of the letters of credit guaranteeing various insurance activities, and $1,400 for environmental and other matters. H&H Group's availability under the Senior Credit Facility was $183,200 as of December 31, 2015.

On January 22, 2015, H&H Group, and certain subsidiaries of H&H Group, entered into an amendment to its Senior Credit Facility to, among other things, provide for the consent of the administrative agent and the lenders, subject to compliance with certain conditions, for the tender offer by H&H Acquisition Sub for the shares of JPS, including the use of up to $71,000 under the Senior Credit Facility to purchase such shares, and certain transactions related thereto. In addition, H&H Acquisition Sub and HNH Acquisition LLC became guarantors under the Senior Credit Facility pursuant to the amendment. See further discussion regarding the JPS transaction in Note 3 - "Acquisitions."

The Senior Credit Facility will expire, with remaining outstanding balances due and payable, on August 29, 2019. The Senior Credit Facility is guaranteed by substantially all existing and thereafter acquired or created domestic and Canadian wholly-owned subsidiaries of H&H Group, and obligations under the Senior Credit Facility are collateralized by first priority security interests in and liens upon all present and future assets of H&H Group and these subsidiaries, which approximated $465,000 at December 31, 2015. The Senior Credit Facility restricts H&H Group's ability to transfer cash or other assets to HNH, subject to certain exceptions including required pension payments to the WHX Corporation Pension Plan ("WHX Pension Plan"). The Senior Credit Facility is subject to certain mandatory prepayment provisions and restrictive and financial covenants, which include a maximum ratio limit on Total Leverage and a minimum ratio limit on Fixed Charge Coverage, as defined, as well as a minimum liquidity level. HNH was in compliance with all debt covenants at December 31, 2015.

HNH's prior senior credit facility, as amended, consisted of a revolving credit facility in an aggregate principal amount not to exceed $110,000 and a senior term loan. On August 5, 2014, this agreement was further amended to, among other things permit a new $40,000 term loan and permit H&H Group to make a distribution to HNH of up to $80,000. The revolving facility provided for a commitment fee to be paid on unused borrowings. Borrowings under the prior senior credit facility bore interest, at H&H Group's option, at a rate based on LIBOR or the Base Rate, as defined, plus an applicable margin as set forth in the loan agreement. On August 29, 2014, all amounts outstanding under this agreement were repaid.

Interest Rate Swap Agreements

H&H Group entered into an interest rate swap agreement in February 2013 to reduce its exposure to interest rate fluctuations. Under the interest rate swap, HNH received one-month LIBOR in exchange for a fixed interest rate of 0.569% over the life of the agreement on an initial $56,400 notional amount of debt, with the notional amount decreasing by $1,100, $1,800 and $2,200 per quarter in 2013, 2014 and 2015, respectively. The agreement expired in February 2016. In connection with the amendments made to the Senior Credit Facility in connection with the Wolverine Joining acquisition, H&H Group entered into a second interest rate swap agreement in June 2013 to reduce its exposure to interest rate fluctuations. Under the interest rate swap, HNH received one-month LIBOR in exchange for a fixed interest rate of 0.598% over the life of the agreement on an initial $5,000 notional amount of debt, with the notional amount decreasing by $100, $200 and $200 per quarter in 2013, 2014 and 2015, respectively. The agreement expired in February 2016.

WHX CS Loan

On June 3, 2014, WHX CS Corp., a wholly-owned subsidiary of HNH, entered into a credit agreement ("WHX CS Loan"), which provided for a term loan facility with borrowing availability of up to a maximum aggregate principal amount of $15,000. The amounts outstanding under the WHX CS Loan bore interest at LIBOR plus 1.25%. On August 29, 2014, the WHX CS Loan was terminated and all outstanding amounts thereunder were repaid.

Subordinated Notes

On March 26, 2013, H&H Group instructed Wells Fargo Bank, National Association ("Wells Fargo"), as trustee and collateral agent, to deliver an irrevocable notice of H&H Group's election to redeem all of its outstanding 10% Subordinated Secured Notes ("Subordinated Notes") to the holders of the Subordinated Notes. Pursuant to the terms of that certain amended and restated indenture, dated as of December 13, 2010, as amended ("Indenture"), by and among H&H Group, the guarantors named therein and Wells Fargo, as trustee and collateral agent, H&H Group has instructed Wells Fargo to redeem, on April 25, 2013, approximately $31,800 principal amount of Subordinated Notes, representing all of the outstanding Subordinated Notes, at a redemption price equal to 112.6% of the principal amount and accrued but unpaid payment-in-kind-interest thereof, plus accrued and unpaid cash interest. The Subordinated Notes were part of a unit ("Unit"), and each Unit consisted of (i) Subordinated Notes and (ii) warrants to purchase shares of common stock of the Company ("Warrants"). The Subordinated Notes and Warrants which comprised the Unit were not detachable until October 14, 2013. Accordingly, all Units were also redeemed. On March 26, 2013, H&H Group irrevocably deposited with Wells Fargo funds totaling $36,900 for such redemption and interest payment in order to satisfy and discharge its obligations under the Indenture from both a legal and accounting perspective. Approximately $25,000 of this deposit related to SPLP's holdings of the Subordinated Notes. SPLP received the proceeds on April 26, 2013. Interest expense in 2013 included a $5,700 loss associated with the redemption of the Subordinated Notes, including the redemption premium and the write-off of remaining deferred finance costs and unamortized debt discounts. The obligations outstanding under the Subordinated Notes bore interest at a rate of 10% per annum, 6% of which was payable in cash and 4% of which was payable in-kind.

Other Debt

A subsidiary of H&H has two mortgage agreements, each collateralized by real property. On October 5, 2015, a subsidiary of H&H refinanced one of the outstanding mortgage notes, which had an original maturity in October 2015. Under the terms of the revised agreement, the subsidiary paid down $700 of the original outstanding principal balance. The remaining outstanding principal balance of $5,400 was refinanced and will be repaid in equal monthly installments totaling $400 per year over the next
5 years, with a final principal payment of $3,600 due at maturity of the loan in October 2020. The mortgage bears interest at LIBOR plus a margin of 2.00%, or 2.28% at December 31, 2015. The mortgage on the second facility was approximately $1,600 and $1,700 at December 31, 2015 and 2014, respectively. This mortgage bears interest at LIBOR plus a margin of 2.70%, or 3.12% at December 31, 2015, and matures in 2017.

Steel Excel Term Loan

Steel Excel's energy business has a credit agreement, as amended (“Amended Credit Agreement”) with Wells Fargo Bank National Association, RBS Citizens, N.A., and Comerica Bank that provides for a borrowing capacity of $105,000 consisting of a $95,000 secured term loan (the “Term Loan”) and up to $10,000 in revolving loans (the “Revolving Loans”) subject to a borrowing base of 85% of the eligible accounts receivable. The Company incurred fees totaling approximately $1,400 in connection with the Amended Credit Agreement that are being amortized over the life of the arrangement as a component of interest expense.

Borrowings under the Amended Credit Agreement are collateralized by substantially all the assets of Steel Excel's wholly-owned subsidiary, Steel Energy Ltd. ("Steel Energy") and its wholly-owned subsidiaries Sun Well Service, Inc. ("Sun Well"), Rogue Pressure Services, LLC ("Rogue"), and Black Hawk Energy Services Ltd. (Black Hawk Ltd.), and a pledge of all of the issued and outstanding shares of capital stock of Sun Well, Rogue and Black Hawk Ltd. Borrowings under the Amended Credit Agreement are fully guaranteed by Sun Well, Rogue and Black Hawk Ltd. The carrying value as of December 31, 2015 of the assets pledged as collateral by Steel Energy and its subsidiaries under the Amended Credit Agreement was $138,218.

The Amended Credit Agreement has a term that runs through July 2018, with the Term Loan amortizing in quarterly installments of $3,300 and a balloon payment due on the maturity date. In December 2015, Steel Excel made a prepayment of $23,100 on the Term Loan, with the prepayment applied to the next seven quarterly installments. Steel Excel recognized a loss on extinguishment of $100 in connection with the prepayment from the write-off of unamortized debt issuance costs, which was reported as a component of Other income, net in the Consolidated Statement of Operations for the year ended December 31, 2015. At December 31, 2015, $42,666 was outstanding under the Term Loan and no amount was outstanding under the Revolving Loans.

Borrowings under the Amended Credit Agreement bear interest at annual rates of either (i) the Base Rate plus an applicable margin of 1.50% to 2.25% or (ii) LIBOR plus an applicable margin of 2.50% to 3.25%. The “Base Rate” is the greatest of (i) the prime lending rate, (ii) the Federal Funds Rate plus 0.5%, and (iii) the one-month LIBOR plus 1.0%. The applicable margin for both Base Rate and LIBOR is determined based on the leverage ratio calculated in accordance with the Amended Credit Agreement.

LIBOR-based borrowings are available for interest periods of one, three, or six months. In addition, Steel Excel is required to pay commitment fees of between 0.375% and 0.50% per annum on the daily unused amount of the Revolving Loans. The interest rate on the borrowings under the Amended Credit Agreement was 3.1% at December 31, 2015. For the years ended December 31, 2015 and 2014 and 2013, Steel Excel incurred interest expense of $2,400, $3,100 and $1,400, respectively, in connection with the Amended Credit Agreement.

The Amended Credit Agreement contains certain financial covenants, including (i) a leverage ratio not to exceed 2.75:1 for quarterly periods through June 30, 2017, and 2.50:1 thereafter and (ii) a fixed charge coverage ratio of 1.15:1 for quarterly periods through December 31, 2016, and 1.25:1 thereafter. Steel Excel was in compliance with all financial covenants as of December 31, 2015.

The Amended Credit Agreement also contains representations, warranties and covenants, including, among other things, covenants relating to (i) financial reporting and notification, (ii) payment of obligations, (iii) compliance with law, (iv) maintenance of properties and (v) payment of restricted payments. The repayment of the Term Loan can be accelerated upon (i) a change in control, which would include Steel Energy owning less than 100% of the equity of Sun Well, Rogue, or Black Hawk Ltd. or SPLP owning, directly or indirectly, less than 35% of Steel Excel's energy business or (ii) other events of default, including payment failure, false representations, covenant breaches, and bankruptcy.

CoSine Long-Term Debt Facilities

CoSine's API subsidiary in the United Kingdom has a multi-currency revolving agreement of £13,500 (approximately $19,980) with HSBC Bank plc ("HSBC") that expires on December 31, 2017. At December 31, 2015, approximately $16,280 was outstanding under the facility. The interest rate on the borrowings under the UK facility was 2.60% at December 31, 2015. These borrowings are secured by certain UK assets which totaled approximately $56,388 at December 31, 2015 and include certain debt covenants including leverage and interest cover. API was in compliance with all covenants at December 31, 2015.

API also has a number of revolving facilities with HSBC in the U.S. that expires in June 2018, with availability up to approximately $4,635 as of December 31, 2015. At December 31, 2015, $2,513 was outstanding under the facility at an interest rate of 3.24%. The facility is secured against certain property, plant & equipment, inventories and receivables which totaled approximately $18,100 at December 31, 2015. API received a temporary waiver after failing to meet one of the debt covenants under this facility as of December 31, 2015. The facility was amended in October 2015 to modify and add certain covenants and provisions that will be in place until June 30, 2016. In addition, API has certain term loans for equipment with HSBC and Wells Fargo Bank for approximately $2,664. The loan with Wells Fargo Bank had an interest rate of 4.26% at December 31, 2015. This loan is secured over the related equipment.

15. PENSION AND OTHER POST-RETIREMENT BENEFITS

HNH maintains several qualified and non-qualified pension plans and other post-retirement benefit plans. HNH's significant pension, health care benefit and defined contribution plans are discussed below. HNH's other pension and post-retirement plans are not significant individually or in the aggregate.

Qualified Pension Plans

HNH sponsors a defined benefit pension plan, the WHX Pension Plan, covering many of H&H's employees and certain employees of H&H's former subsidiary, Wheeling-Pittsburgh Corporation ("WPC"). The WHX Pension Plan was established in May 1998 as a result of the merger of the former H&H plans, which covered substantially all H&H employees, and the WPC plan. The WPC plan, covering most USWA-represented employees of WPC, was created pursuant to a collective bargaining agreement ratified on August 12, 1997. Prior to that date, benefits were provided through a defined contribution plan, the Wheeling-Pittsburgh Steel Corporation Retirement Security Plan ("RSP Plan"). The assets of the RSP Plan were merged into the WPC plan as of December 1, 1997. Under the terms of the WHX Pension Plan, the benefit formula and provisions for the WPC and H&H participants continued as they were designed under each of the respective plans prior to the merger.

The qualified pension benefits under the WHX Pension Plan were frozen as of December 31, 2015 and April 30, 2006 for hourly and salaried non-bargaining participants, respectively, with the exception of a single operating unit. In 2011, the benefits were frozen for the remainder of the participants. WPC employees ceased to be active participants in the WHX Pension Plan effective July 31, 2003, and as a result such employees no longer accrue benefits under the WHX Pension Plan.

(dollars in thousands except per unit data)

JPS sponsors a defined benefit pension plan ("JPS Pension Plan"), which was assumed in connection with HNH's JPS acquisition. Under the JPS Pension Plan, substantially all of JPS's employees who were employed prior to April 1, 2005 have benefits. The JPS Pension Plan was frozen effective December 31, 2015. Employees no longer earned additional benefits after that date. Benefits earned prior to December 31, 2015 will be paid out to eligible participants following retirement. The JPS Pension Plan was "unfrozen" for employees who were active employees on or after June 1, 2012. This new benefit, calculated based on years of service and a capped average salary, will be added to the amount of any pre-2005 benefit. The JPS Pension Plan was again frozen for all future accruals effective December 31, 2015, although unvested participants may still vest in accrued but unvested benefits.

Bairnco had several pension plans, which covered substantially all of its employees. In 2006, Bairnco froze the Bairnco Corporation Retirement Plan and initiated employer contributions to its 401(k) plan. On June 2, 2008, two Bairnco plans (Salaried and Kasco) were merged into the WHX Pension Plan.

Some of the Company's foreign subsidiaries provide retirement benefits for their employees through defined contribution plans or otherwise provide retirement benefits for employees consistent with local practices. The foreign plans are not significant in the aggregate and therefore are not included in the following disclosures.

Pension benefits under the WHX Pension Plan are based on years of service and the amount of compensation earned during the participants' employment. However, as noted above, the qualified pension benefits have been frozen for all participants.

Pension benefits for the WPC bargained participants include both defined benefit and defined contribution features, since the plan includes the account balances from the RSP Plan. The gross benefit, before offsets, is calculated based on years of service and the benefit multiplier under the plan. The net defined benefit pension plan benefit is the gross amount offset for the benefits payable from the RSP Plan and benefits payable by the Pension Benefit Guaranty Corporation from previously terminated plans. Individual employee accounts established under the RSP Plan are maintained until retirement. Upon retirement, participants who are eligible for the WHX Pension Plan and maintain RSP Plan account balances will normally receive benefits from the WHX Pension Plan. When these participants become eligible for benefits under the WHX Pension Plan, their vested balances in the RSP Plan becomes assets of the WHX Pension Plan. Although these RSP Plan assets cannot be used to fund any of the net benefit that is the basis for determining the defined benefit plan's net benefit obligation at the end of the year, the HNH has included the amount of the RSP Plan accounts of $13,300 and $17,700 on a gross basis as both assets and liabilities of the plan as of December 31, 2015 and 2014, respectively.

Certain current and retired employees of H&H are covered by post-retirement medical benefit plans, which provide benefits for medical expenses and prescription drugs. Contributions from a majority of the participants are required, and for those retirees and spouses, HNH's payments are capped.

Actuarial losses for the WHX Pension Plan are being amortized over the average future lifetime of the participants, which is expected to be approximately 20 years. HNH believes that use of the future lifetime of the participants is appropriate because the WHX Pension Plan is completely inactive.

API maintains pension plans in the United Kingdom and in the U.S. The disclosures below only include the significant UK pension plan.

The following table presents the components of pension expense and other post-retirement benefit (income) expense for the HNH and API UK benefit plans:

	Pension Benefits			Other Post-Retirement Benefits		
	Year Ended December 31,			Year Ended December 31,		
	2015	2014	2013	2015	2014	2013
Service cost	$ 54	$ —	$ —	$ —	$ —	$ —
Interest cost	24,870	20,518	18,447	46	49	98
Expected return on plan assets	(29,253)	(24,157)	(23,900)	—	—	—
Amortization of prior service cost	—	—	—	(103)	(103)	—
Amortization of actuarial loss	6,229	1,878	5,026	37	34	8
Total	$ 1,900	$ (1,761)	$ (427)	$ (20)	$ (20)	$ 106

(dollars in thousands except per unit data)

Actuarial assumptions used to develop the components of pension expense and other post-retirement benefit (income) expense were as follows:

	Pension Benefits			Other Post-Retirement Benefits		
	2015	2014	2013	2015	2014	2013
Discount rates:						
WHX Pension Plan	3.70%	4.40%	3.50%	N/A	N/A	N/A
JPS Pension Plan	4.00%	N/A	N/A	N/A	N/A	N/A
API Pension Plan	3.70%	N/A	N/A	N/A	N/A	N/A
Other post-retirement benefit plans	N/A	N/A	N/A	3.55%	4.10%	3.65%
Expected return on assets	7.00%	7.00%	7.50%	N/A	N/A	N/A
API expected return on assets	4.61%	N/A	N/A	N/A	N/A	N/A
Health care cost trend rate - initial	N/A	N/A	N/A	6.75%	7.00%	7.25%
Health care cost trend rate - ultimate	N/A	N/A	N/A	5.00%	5.00%	5.00%
Year ultimate reached	N/A	N/A	N/A	2022	2022	2022

The measurement date for plan obligations is December 31. The discount rate is the rate at which the plans' obligations could be effectively settled and is based on high quality bond yields as of the measurement date.

Summarized below is a reconciliation of the funded status for HNH's and API's qualified defined benefit pension plans and other post-retirement benefit plan:

	HNH Plans		API Plan		
	Pension Benefits		Pension Benefits	Other Post-Retirement Benefits	
	2015	2014	2015	2015	2014
Change in benefit obligation:					
Benefit obligation at January 1	$ 531,824	$ 494,272	$ —	$ 1,356	$ 1,084
JPS and API pension plan acquisitions	117,688	—	142,164	—	—
Service cost	54	—	—	—	—
Interest cost	21,286	20,518	3,444	46	49
Actuarial (gain) loss	(19,814)	51,274	(3,175)	159	293
Participant contributions	—	—	—	1	1
Plan change	—	—	—	—	—
Benefits paid	(37,644)	(34,276)	(3,394)	(349)	(71)
Transfer from Canfield Salaried SEPP	—	36	—	—	—
Benefit obligation at December 31	$ 613,394	$ 531,824	$ 139,039	$ 1,213	$ 1,356
Change in plan assets:					
Fair value of plan assets at January 1	$ 323,493	$ 351,869	$ —	$ —	$ —
JPS and API pension plan acquisition	87,321	—	131,973	—	—
Actual returns on plan assets	(43,273)	(14,676)	(34)	—	—
Participant contributions	—	—	—	1	1
Benefits paid	(37,644)	(34,276)	(3,394)	(349)	(71)
Company contributions	18,024	20,540	690	348	70
Transfer from Canfield Salaried SEPP	—	36	—	—	—
Fair value of plan assets at December 31	347,921	323,493	129,235	—	—
Funded status	$ (265,473)	$ (208,331)	$ (9,804)	$ (1,213)	$ (1,356)
Accumulated benefit obligation ("ABO") for qualified					
defined benefit pension plans :					
ABO at January 1	$ 531,824	$ 494,272	$ —	$ 1,356	$ 1,084
ABO at December 31	$ 613,394	$ 531,824	$ 139,039	$ 1,213	$ 1,356
Amounts recognized in the statement of financial position:					
Current liability	$ —	$ —	$ —	$ (119)	$ (124)
Non-current liability	(265,473)	(208,331)	(9,804)	(1,094)	(1,232)
Total	$ (265,473)	$ (208,331)	$ (9,804)	$ (1,213)	$ (1,356)

(dollars in thousands except per unit data)

The weighted average assumptions used in the valuations at December 31 were as follows:

	Pension Benefits		Other Post-Retirement Benefits	
	2015	2014	2015	2014
Discount rates:				
WHX Pension Plan	4.01%	3.70%	N/A	N/A
JPS Pension Plan	3.93%	N/A	N/A	N/A
API Pension Plan	3.80%	N/A	N/A	N/A
Other post-retirement benefit plans	N/A	N/A	3.89%	3.55%
Health care cost trend rate - initial	N/A	N/A	6.50%	6.75%
Health care cost trend rate - ultimate	N/A	N/A	5.00%	5.00%
Year ultimate reached	N/A	N/A	2022	2022

The effect of a 1% increase (decrease) in health care cost trend rates on other post-retirement benefits obligations is not significant.

Pretax amounts included in “Accumulated other comprehensive income” at December 31, 2015 and 2014 were as follows:

	HNH Plans		API Plan		
	Pension Benefits		Pension Benefits	Other Post-Retirement Benefits	
	2015	2014	2015	2015	2014
Prior service credit	$ —	$ —	$ —	$ (1,299)	$ (1,402)
Net actuarial loss	226,296	183,927	903	820	698
Accumulated other comprehensive loss (income)	$ 226,296	$ 183,927	$ 903	$ (479)	$ (704)

The pretax amount of actuarial losses included in “Accumulated other comprehensive loss” at December 31, 2015 that is expected to be recognized in net periodic benefit cost in 2015 is $8,500.

Other changes in plan assets and benefit obligations recognized in “Comprehensive (loss) income" are as follows:

	HNH Plans			API Plan			
	Pension Benefits			Pension Benefits	Other Post-Retirement Benefits		
	2015	2014	2013	2015	2015	2014	2013
Current year actuarial (income) loss	$ (48,505)	$ 90,106	$ (54,111)	$ 903	$ 159	$ 293	$ (1,403)
Amortization of actuarial loss	(6,229)	(1,878)	(5,026)	—	(37)	(34)	(8)
Current year prior service credit	—	—	—	—	—	—	(1,506)
Amortization of prior service cost (credit)	—	—	—	—	103	103	—
Total recognized in comprehensive (income) loss	$ (54,734)	$ 88,228	$ (59,137)	$ 903	$ 225	$ 362	$ (2,917)

The actuarial loss in 2015 occurred principally because the investment returns on the assets of the WHX Pension Plan were lower than actuarial assumptions, partially offset by an increase in discount rates based on changes in corporate bond yields.

Benefit obligations were in excess of plan assets for both the pension plan and the other post-retirement benefit plan at both December 31, 2015 and 2014. Additional information for the plans with accumulated benefit obligations in excess of plan assets:

	HNH Plans		API Plan		
	Pension Benefits		Pension Benefits	Other Post-Retirement Benefits	
	2015	2014	2015	2015	2014
Projected benefit obligation	$ 613,394	$ 531,824	$ 139,039	$ 1,213	$ 1,356
Accumulated benefit obligation	$ 613,394	$ 531,824	$ 139,039	$ 1,213	$ 1,356
Fair value of plan assets	$ 347,921	$ 323,493	$ 129,235	$ —	$ —

In determining the expected long-term rate of return on assets, HNH evaluated input from various investment professionals. In addition, HNH considered its historical compound returns as well as HNH’s forward-looking expectations. HNH determines its actuarial assumptions for its pension and other post-retirement benefit plans on December 31 of each year to calculate liability information as of that date and pension and other post-retirement benefit expense for the following year. The discount rate assumption is derived from the rate of return on high-quality bonds as of December 31 of each year.

HNH's investment policy is to maximize the total rate of return with a view to long-term funding objectives of the pension plan to ensure that funds are available to meet benefit obligations when due. Pension plan assets are diversified to the extent necessary to minimize risk and to achieve an optimal balance between risk and return. There are no target allocations. The WHX Pension Plan's assets are diversified as to type of assets, investment strategies employed and number of investment managers used. Investments may include equities, fixed income, cash equivalents, convertible securities, and private investment funds. Derivatives may be used as part of the investment strategy. HNH may direct the transfer of assets between investment managers in order to re-balance the portfolio in accordance with asset allocation guidelines established by the HNH.

The fair value of pension investments is defined by reference to one of three categories (Level 1, Level 2 or Level 3) based on the reliability of inputs, as such terms are defined in Note 2 - "Summary of Significant Accounting Policies."

(dollars in thousands except per unit data)

HNH's pension plans assets at December 31, 2015 and 2014, by asset category, are as follows:

Fair Value Measurements as of December 31, 2015:

	Assets at Fair Value as of December 31, 2015			
Asset Class	Level 1	Level 2	Level 3	Total
Fixed income security:				
Credit contract	$ —	$ 3,100	$ —	$ 3,100
Pension assets subject to leveling	$ —	$ 3,100	$ —	3,100
Pension assets measured at net asset value (1)				
Hedge funds (2)				
Equity long/short				2,706
Event driven				45,660
Funds of funds - international large cap growth (3)				4,531
Common trust funds (2)				
Large cap equity				35,081
Mid-cap equity				9,040
Small-cap equity				5,158
International equity				4,664
Intermediate bond fund				6,492
Other				662
Insurance separate account (4)				15,013
Total pension assets measured at net asset value				129,007
Cash and cash equivalents				166,503
Net receivables				49,311
Total pension assets				$ 347,921

Fair Value Measurements as of December 31, 2014:

	Assets at Fair Value as of December 31, 2014			
Asset Class	Level 1	Level 2	Level 3	Total
Equity securities:				
U.S. large cap	$ 9,548	$ —	$ —	$ 9,548
U.S. mid-cap growth	36,771	—	—	36,771
U.S. small-cap value	18,207	2,626	—	20,833
International large cap value	10,058	—	—	10,058
Emerging markets growth	375	—	—	375
Equity contracts	240	2,330	—	2,570
Fixed income securities:				
Corporate bonds and loans	—	50,895	—	50,895
Shorts	(46,909)	(206)	—	(47,115)
Pension assets subject to leveling	$ 28,290	$ 55,645	$ —	83,935
Pension assets measured at net asset value (1)				
Hedge funds: (2)				
Equity long/short				72,497
Event driven				50,131
Funds of funds: (3)				
Equity long/short				34,705
Global opportunities				7,126
Total pension assets measured at net asset value				164,459
Cash & cash equivalents				75,099
Total pension assets				$ 323,493

(1) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy.
(2) Hedge funds and common trust funds are comprised of shares or units in commingled funds that may not be publicly traded. The underlying assets in these funds are primarily publicly traded equity securities, fixed income securities and commodity-related securities and are valued at their net asset values which are calculated by the investment manager or sponsor of the fund and have daily or monthly liquidity.
(3) Fund of funds consist of fund-of-fund LLC or commingled fund structures. The underlying assets in these funds are primarily publicly traded equity securities, fixed income securities and commodity-related securities. The LLCs are valued based on net asset values calculated by the fund and are not publicly available.
(4) The JPS Pension Plan holds a deposit administration group annuity contract with an immediate participation guarantee from Transamerica Life Insurance

Company ("TFLIC"). The TFLIC contract unconditionally guarantees benefits to certain salaried JPS Pension Plan participants earned through June 30, 1984 in the plan of a predecessor employer. The assets deposited under the contract are held in a separate custodial account ("TFLIC Assets"). If the TFLIC Assets decrease to the level of the trigger point (as defined in the contract), which represents the guaranteed benefit obligation representing the accumulated plan benefits as of June 30, 1984, TFLIC has the right to cause annuities to be purchased for the individuals covered by these contract agreements. Since the TFLIC Assets have remained in excess of the trigger point, no annuities have been purchased for the individuals covered by these contract arrangements.

(dollars in thousands except per unit data)

API's pension plans assets at December 31, 2015 by asset category, are as follows:

Fair Value Measurements as of December 31, 2015:

	Assets at Fair Value as of December 31, 2015			
Asset Class	Level 1	Level 2	Level 3	Total
Equities	$ 62,549	$ —	$ —	$ 62,549
Bonds	—	29,661		29,661
Index-linked government bonds	—	8,721		8,721
Property	—	12,795		12,795
Hedge fund	—	15,035		15,035
Cash and cash equivalents	474	—		474
Total pension assets	$ 63,023	$ 66,212	$ —	$ 129,235

There were no assets for which fair value was determined using significant unobservable inputs (Level 3) during 2015. Changes in Level 3 assets were as follows during 2014:

Changes in Fair Value Measurements Using Significant Unobservable Inputs (Level 3)

Year Ended December 31, 2014	**Corporate Bonds and Loans**
Beginning balance as of January 1, 2014	$ 500
Transfers into Level 3	—
Transfers out of Level 3	—
Gains or losses included in changes in net assets	73
Purchases, issuances, sales and settlements	
Purchases	—
Issuances	—
Sales	(573)
Settlements	—
Ending balance as of December 31, 2014	$ —

HNH's policy is to recognize transfers in and transfers out of Level 3 as of the date of the event or change in circumstances that caused the transfer.

The following table presents the category, fair value, redemption frequency, and redemption notice period for those assets whose fair value is estimated using the net asset value per share (or its equivalents), as well as plan assets which have redemption notice periods, as of December 31, 2015 and 2014:

Class Name	**Description**	**Fair Value December 31, 2015**	**Redemption Frequency**	**Redemption Notice Period**
Hedge funds	Event driven hedge funds	$ 45,660	Monthly	90 day notice
Fund of funds	International large cap growth	$ 4,531	(1)	(1)
Hedge funds	Equity long/short hedge funds	$ 2,706	(1)	(1)
Common trust funds	Collective equity investment funds	$ 61,097	Daily	0-2 days
Insurance separate account	Insurance separate account	$ 15,013	(2)	(2)

(1) Request for redemption has been submitted.
(2) Except for benefit payments to participants and beneficiaries and related expenses, withdrawals are restricted for substantially all of the assets in the account, as defined in the contract. However, a suspension or transfer can be requested with 30 day notice. When funds are exhausted either by benefit payments, purchase of annuity contracts, or transfer, the related contract terminates.

(dollars in thousands except per unit data)

Class Name	Description	Fair Value December 31, 2014		Redemption Frequency	Redemption Notice Period
Fund of funds	Equity long/short hedge funds	$	5,479	Quarterly	45 day notice
Fund of funds	Fund of fund composites	$	36,352	Quarterly	65 day notice
Hedge funds	Equity long/short hedge funds	$	59,727	Annually	45 day notice
Hedge funds	Event driven hedge funds	$	50,131	Monthly	90 day notice
Hedge funds	Equity long/short hedge funds	$	12,770	Annually	90 day notice
Separately managed fund	Separately managed fund	$	28,917	Monthly	30 day notice
Separately managed fund	Separately managed fund	$	66,851	Quarterly	45 day notice

Contributions

Employer contributions consist of funds paid from employer assets into a qualified pension trust account. HNH's funding policy is to contribute annually an amount that satisfies the minimum funding standards of the Employee Retirement Income Security Act.

HNH expects to have required minimum contributions for 2016, 2017, 2018, 2019, 2020, and for the five years thereafter of $16,500, $34,300, $42,000, $38,800, $35,300, and $92,500, respectively. API expects to have required minimum contributions of $1,036 for 2016, 2017, 2018, 2019, 2020, and for the five years thereafter. Required future contributions are estimated based upon assumptions such as discount rates on future obligations, assumed rates of return on plan assets and legislative changes. Actual future pension costs and required funding obligations will be affected by changes in the factors and assumptions described in the previous sentence, as well as other changes such as any plan termination or other acceleration or other acceleration events.

Benefit Payments

Estimated future benefit payments for the benefit plans over the next ten years are as follows:

	Pension Benefits				Other Post-Retirement	
Years	HNH Plan		API Plan		Benefits	
2016	$	44,406	$	5,269	$	119
2017		44,062		5,535		107
2018		43,590		5,831		105
2019		43,095		6,098		106
2020		42,513		6,320		89
2021-2025		200,531		36,156		385

401(k) Plans

Beginning January 1, 2012, certain employees participate in a SPLP sponsored savings plan which qualifies under Section 401(k) of the Internal Revenue Code. SPLP presently makes a contribution to match 50% if the first 6% of the employees contribution. The charge to expense for SPLP's matching contributions totaled $283, $243 and $220 for the years ended December 31, 2015, 2014 and 2013, respectively.

In addition, certain employees participate in a HNH sponsored savings plan which qualifies under Section 401(k) of the Internal Revenue Code. This savings plan allows eligible employees to contribute from 1% to 75% of their income on a pretax basis. HNH presently makes a contribution to match 50% of the first 6% of the employee's contribution. The charge to expense for HNH's matching contributions amounted to $1,900 in 2015, $2,000 in 2014 and $1,600 in 2013.

16. CAPITAL AND ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

As of December 31, 2015 the Company has two classes of common units which include 26,502,425 Class A units and 130,264 Class B units. The Class B units were issued in the first quarter of 2015 to the Investment Manager, an affiliate of the Manager. The units issued were for the final settlement of the additional liability due to the Investment Manager of approximately $1,800. Instead of receiving the amount in cash, the Investment Manager elected for the total amount to be paid in common units of the Company. The Class B common units are identical to the regular common units in all respects except that net tax losses are not allocated to a holder of Class B common units, liquidating distributions made by the Company to such holder may not exceed the amount of its capital account allocable to such common units, and such holder may not sell such common units in the public market. At such time that that the amount of the capital account allocable to a Class B common unit is equal to the amount of the capital account allocable to a regular common unit, such Class B common unit convert automatically into a regular common unit. As of December 31, 2014, the Company had only one class of common units, totaling 27,566,200 outstanding.

WFHC Ownership Change

In December 2015, the Company and its CoSine and WFHC subsidiaries entered into a series of transactions that impacted SPLP's ownership interest in both entities. Prior to these transactions SPLP owned 100% of WFHC and 80.6% of CoSine.

- On December 17, 2015 WFHC issued a combination of common and preferred stock to SPLP in exchange for SPLP's existing common stock of WFHC.
- On December 28, 2015 CoSine completed a reverse-forward stock split in which CoSine stockholders holding fewer than 80,000 shares had their shares canceled and converted into a right to receive a cash payment for all of their outstanding shares based on the effective date of the stock split. As a result of the reverse forward split, the noncontrolling interest ownership percentage decreased from 19.4% to 11.9%.
- On December 31, 2015 WFHC issued new common and preferred shares to all of the previous holders of CoSine common and preferred equity, including the noncontrolling interest holders. As a result, Cosine was merged with and into WFH LLC, which is 100% owned by WFHC, and SPLP's ownership interest in WFHC decreased from 100% to 90.7%. In accordance with the accounting standard on consolidation, a change in a parent's ownership interest while the parent retains a controlling financial interest in its subsidiary is accounted for as an equity transaction. SPLP accounted for its decrease in ownership by recording a noncontrolling interest amount representing the carrying amount of the noncontrolling shareholders' ownership in the new consolidated equity of WFHC at December 31, 2015. The recording of the noncontrolling interest's carrying amount in the consolidated equity of WFHC was recorded as an equity transaction, resulting in a decrease in Partner's capital.

DGT Ownership Increase

On October 28, 2015 DGT shareholders approved an amendment to DGT's certificate of incorporation in order to complete a 1-for-100,000 reverse stock split of DGT's common stock. No fractional shares were issued and shareholders owning fewer than 100,000 shares of common stock had their shares canceled and converted into the right to receive $18.30, resulting in a payable to shareholders of approximately $8,500 at December 31, 2015. After the reverse stock split, SPLP owned 100% of DGT's common stock. In accordance with the accounting standard on consolidation, a change in a parent's ownership interest while the parent retains a controlling financial interest in its subsidiary is accounted for as an equity transaction. As a result, SPLP accounted for its increase in ownership by adjusting the carrying amount of its noncontrolling interest in DGT. The difference between the consideration paid to the noncontrolling interest holders by DGT and the amount by which the carrying value of the noncontrolling interest was adjusted has been recognized in Partner's capital.

Tender Offer for SPLP Units

On March 25, 2014, the Company commenced a modified "Dutch Auction" tender offer to purchase for cash up to $49,000 in value of its common units, no par value, at a price per unit of not less than $16.50 nor greater than $17.50 per unit. At the Purchase Price selected by SPLP of $16.50 per unit, SPLP purchased 2,969,696 common units. The Company funded the Offer with $1,500 cash on hand and $47,500 of borrowings under its existing credit facility with PNC (see Note 14 – "Debt and Capital Lease Obligations").

Common Unit Repurchase Program

On December 24, 2013, the Board of Directors of the general partner of the Company, approved the repurchase of up to an aggregate of $5,000 of the Company's common units (the "Repurchase Program"). Any purchases made under the Repurchase Program will be made from time to time on the open market at prevailing market prices or in negotiated transactions off the market, in compliance with applicable laws and regulations. In connection with the Repurchase Program, the Company has entered into a Stock Purchase Plan which will continue through March 26, 2014. The Repurchase Program has no termination date. In total, the company has purchased 262,073 units for a total purchase price of approximately $4,488 under the Repurchase Program.

(dollars in thousands except per unit data)

Common Units Issuance - Directors

The Company's non-management directors receive annual equity compensation in the amount of $75 in the form of restricted common units of the Company. The restrictions vest over a 3 year period, with one-third of the units vesting on the anniversary date of the grants. The total value of the unvested restricted units granted was $531 in as of December 31, 2015. Total expense for the vesting of the restricted common units issued was approximately $427, $490 and $344 for the twelve months ended December 31, 2015, 2014 and 2013, respectively.

Accumulated Other Comprehensive (Loss) Income

Changes, net of tax, in Accumulated other comprehensive (loss) income are as follows:

	Unrealized gain on available-for-sale securities	Unrealized loss on derivative financial instruments	Cumulative translation adjustment	Change in net pension and other benefit obligations	Total
Balance at December 31, 2014	$ 83,137	$ —	$ (4,691)	$ (75,641)	$ 2,805
Other comprehensive (loss) income, net of tax - before reclassifications (a)	(22,792)	(1,415)	(2,966)	(18,266)	(45,439)
Reclassification adjustments, net of tax (b)	(9,695)		—	—	(9,695)
Net other comprehensive loss attributable to common unit holders (c)	(32,487)	(1,415)	(2,966)	(18,266)	(55,134)
Other changes	—	—	(1,939)	—	(1,939)
Balance at December 31, 2015	$ 50,650	$ (1,415)	$ (9,596)	$ (93,907)	$ (54,268)

(a) Net of tax benefit of approximately $20,343.
(b) Net of tax provision of approximately $11,207.
(c) Does not include amounts attributable to noncontrolling interests for unrealized gain on available-for sale securities and derivative financial instruments of $5,756, cumulative translation adjustment loss of $984 and a loss from the change in net pension and other benefit obligations of $7,573.

Noncontrolling Interests in Consolidated Entities

Noncontrolling interests in consolidated entities at December 31, 2015 and 2014 represent the interests held by the noncontrolling shareholders of HNH, Steel Excel, WFHC and the BNS Liquidating Trust.

Incentive Unit Expense

Effective January 1, 2012, SPLP issued to the Manager partnership profits interests in the form of incentive units, a portion of which will be classified as Class C common units of SPLP upon the attainment of certain specified performance goals by SPLP which are determined as of the last day of each fiscal year. If the performance goals are not met for a fiscal year, no portion of the incentive units will be classified as Class C common units for that year. The number of outstanding incentive units is equal to 100% of the common units outstanding, including common units held by non-wholly owned subsidiaries. The performance goals and expense related to the classification of a portion of the incentive units as Class C units is measured on an annual basis, but is accrued on a quarterly basis. Accordingly, the expense accrued is adjusted to reflect the fair value of the Class C common units on each interim calculation date. In the event the cumulative incentive unit expense calculated quarterly or for the full year is an amount less than the total previously accrued, the Company would record a negative incentive unit expense in the quarter when such over accrual is determined. The expense is recorded in SG&A expenses in the Company's Consolidated Statement of Operations. Incentive unit expense of approximately $0, $0 and $26,600, representing the classification of approximately 0, 0 and 1,534,000 Class C common units with respect to the incentive units, was recorded for the twelve months ended December 31, 2015, 2014 and 2013, respectively.

Subsidiary Purchases of the Company's Common Units

During the twelve months ended December 31, 2015, 2014 and 2013 , two subsidiaries of the Company purchased 983,175, 473,054 and 1,212,855, respectively, of the Company's common units at a total cost of $17,323, $7,921 and $15,690, respectively. The purchases of these units are reflected as treasury unit purchases in the Company's consolidated financial statements.

(dollars in thousands except per unit data)

17. NET INCOME (LOSS) PER COMMON UNIT

The following data was used in computing net income (loss) per common unit shown in the consolidated statements of operations:

	Year Ended December 31,		
	2015	2014	2013
Net income (loss) from continuing operations	$ 70,311	$ (17,572)	$ 38,374
Net loss (income) from continuing operations attributable to noncontrolling interests in consolidated entities	10,875	3,882	(23,227)
Net income (loss) from continuing operations attributable to common unit holders	81,186	(13,690)	15,147
Net income from discontinued operations	86,257	10,304	6,446
Net income from discontinued operations attributable to noncontrolling interests in consolidated entities	(30,708)	(4,169)	(2,133)
Net income from discontinued operations attributable to common unit holders	55,549	6,135	4,313
Net income (loss) attributable to common unitholders	$ 136,735	$ (7,555)	$ 19,460
Net income (loss) per common unit - basic			
Net income (loss) from continuing operations	$ 2.97	$ (0.48)	$ 0.51
Net income from discontinued operations	2.03	0.21	0.14
Net income (loss) attributable to common unitholders	$ 5.00	$ (0.27)	$ 0.65
Net income (loss) per common unit – diluted			
Net income (loss) from continuing operations	$ 2.96	$ (0.48)	$ 0.49
Net income from discontinued operations	2.02	0.21	0.14
Net income (loss) attributable to common unitholders	$ 4.98	$ (0.27)	$ 0.63
Weighted average common units outstanding - basic	27,317,974	28,710,220	29,912,993
Incentive units	112,127	—	826,986
Unvested restricted units	12,207	—	58,134
Denominator for net income per common unit - diluted (a)	27,442,308	28,710,220	30,798,113

(a) For the year ended December 31, 2014, the diluted (loss) income per unit calculation was based on the basic weighted average units only since the impact of 32,566 common units in 2014, assuming a common unit settlement of the deferred fee liability and 13,728 of unvested restricted stock units would have been anti-dilutive.

18. SEGMENT INFORMATION

The following table presents the composition of our segments. Our segments are managed separately and offer different products and services. No single customer accounted for 10% or more of the Company's consolidated revenues during the years ended December 31, 2015, 2014 and 2013.

Diversified Industrial	% Owned at December 31, 2015	Energy	% Owned at December 31, 2015	Financial Services	% Owned at December 31, 2015	Corporate and Other	% Owned at December 31, 2015
Handy & Harman Ltd. ("HNH") (1)	70.1%	Steel Excel Inc. ("Steel Excel") (1)	58.3%	WebBank (1), (3)	90.7%	SPH Services, Inc. ("SPH Services") (1)	100%
WebFinancial Holding LLC ("WFH LLC")(1), (2), (3)	90.7%	Aviat Networks, Inc. ("Aviat") (4)	12.9%			DGT Holdings Corp. ("DGT") (1)	100%
SL Industries, Inc. ("SLI") (4)	25.1%	API Technologies Corp. ("API Tech") (4)	20.6%			BNS Holdings Liquidating Trust ("BNS Liquidating Trust") (1)	84.9%
		iGo Inc. ("IGo") (4)	45.7%			ModusLink Global Solutions, Inc. ("MLNK") (4)	31.5%
						Other Investments	Various

(1) Consolidated subsidiary.
(2) WFH LLC was formerly known as CoSine Communications, Inc. ("CoSine") and consists of the operations of API Group plc ("API").
(3) Wholly owned by WFHC, a subsidiary of SPLP. On December 31, 2015 SPLP's ownership in WFHC decreased from 100.0% to 90.7%.
(4) Equity method investment.

Diversified Industrial

The Diversified Industrial segment consists of the operations of HNH, a diversified holding company that owns a variety of manufacturing operations encompassing joining materials, tubing, building materials, performance materials and cutting replacement products and services businesses. The performance materials operation is currently comprised solely of the operations of JPS, which was acquired on July 2, 2015 as discussed in Note 3 - "Acquisitions." The Diversified Industrial segment also includes the operations of WFH LLC's (formerly known as CoSine) API subsidiary beginning in the second quarter of 2015. API, is a manufacturer and distributor of foils, films and laminates used to enhance the visual appeal of products and packaging.

Energy

Steel Excel's Energy business provides drilling and production services to the oil and gas industry. Through its wholly owned subsidiary Steel Sports Inc., Steel Excel's sports business is a social impact organization that strives to provide a first-class youth sports experience emphasizing positive experiences and instilling the core values of discipline, teamwork, safety, respect, and integrity. Steel Excel also continues to identify other new business acquisition opportunities. The operations of Steel Sports are not considered material and are included in the Energy segment.

Financial Services

The Financial Services segment activity during 2015 primarily consists of our subsidiary WFHC, which conducted its financial operations during 2015 through its wholly owned subsidiary WebBank. WebBank originates and funds consumer and small business loans through lending programs with unaffiliated companies that market and service the programs (“Marketing Partners”), where the Marketing Partners subsequently purchase the loans (or interests in the loans) that are originated by WebBank. WebBank also has private-label financing programs that are branded for a specific retailer, manufacturer, dealer channel, or proprietary network and bank card programs. WebBank also participates in syndicated commercial and industrial as well as asset based credit facilities and asset based securitizations through relationships with other financial institutions. Interest income is primarily derived from interest and origination fees earned on loans and investments. Non-interest income is primarily derived from fee income on contractual lending arrangements, premiums on the sale of loans, and loan servicing fees. WebBank’s deposits are insured by the Federal Deposit Insurance Corporation ("FDIC") up to the current limits, and the bank is examined and regulated by the FDIC and the State of Utah Department of Financial Institutions (“UDFI”).

(dollars in thousands except per unit data)

Corporate and Other

Corporate assets, revenues and overhead expenses are not allocated to the segments. Corporate revenues primarily consist of investment and other income, investment gains and losses and rental income. SPH services provides legal, tax, accounting, treasury, consulting, auditing, administration, compliance, environmental health and safety, human resources, marketing, investor relations and similar services, to other affiliated companies. SPH Services charged the Diversified Industrial, Energy and Financial services segments approximately $10,200, $8,150 and $3,167, respectively for these services for the year ended December 31, 2015. In 2014 and 2013 SPH Services charged the Diversified Industrial, Energy and Financial services segments approximately $8,900, $8,000 and $250 respectively for these services. These amounts are eliminated in consolidation. The Corporate and Other segment also includes the operations of the BNS Liquidating Trust and DGT. DGT's operations currently consist of investments, and general and administrative expenses and one building which is held for sale at December 31, 2015.

Segment information is presented below:

	Year Ended December 31,		
Revenue:	**2015**	**2014**	**2013**
Diversified industrial	$ 763,009	$ 600,468	$ 571,164
Energy	132,620	210,148	120,029
Financial services	69,430	36,647	28,185
Corporate and other	32,978	2,267	1,736
Total	$ 998,037	$ 849,530	$ 721,114
Income (loss) from continuing operations before income taxes:			
Diversified industrial	$ 42,281	$ 65,543	$ 51,900
Energy	(95,112)	(26,254)	12,641
Financial services	46,314	24,251	17,668
Corporate and other	(1,891)	(56,824)	(37,358)
(Loss) Income from continuing operations before income taxes	(8,408)	6,716	44,851
Income tax (benefit) provision	(78,719)	24,288	6,477
Net income (loss) from continuing operations	$ 70,311	$ (17,572)	$ 38,374
Income (loss) from equity method investments:			
Diversified industrial	$ (1,252)	$ 26,115	$ 18,257
Energy	(16,102)	(6,070)	(863)
Corporate and other	(17,216)	(22,533)	10,121
Total	$ (34,570)	$ (2,488)	$ 27,515

	Year ended December 31, 2015		
	Interest expense	**Capital expenditures**	**Depreciation and amortization**
Diversified industrial	$ 5,238	$ 17,212	$ 27,340
Energy	2,455	4,785	20,629
Financial services	1,450	1,153	170
Corporate and other	1,169	102	421
Total	$ 10,312	$ 23,252	$ 48,560

	Year ended December 31, 2014		
	Interest expense	**Capital expenditures**	**Depreciation and amortization**
Diversified industrial	$ 7,544	$ 12,658	$ 17,659
Energy	3,177	15,939	19,992
Financial services	638	40	117
Corporate and other	529	132	670
Total	$ 11,888	$ 28,769	$ 38,438

	Year ended December 31, 2013		
	Interest expense	**Capital Expenditures**	**Depreciation and Amortization**
Diversified industrial	$ 8,593	$ 11,744	$ 16,197
Energy	1,725	8,932	13,492
Financial services	496	57	125
Corporate and other	338	152	1,176
Total	$ 11,152	$ 20,885	$ 30,990

(dollars in thousands except per unit data)

	December 31, 2015	December 31, 2014
Identifiable Assets Employed:		
Diversified industrial	$ 805,620	$ 518,035
Energy	332,661	443,491
Financial services	331,714	228,264
Corporate and other	212,229	224,289
Segment totals	1,682,224	1,414,079
Discontinued operations	2,549	76,418
Total	$ 1,684,773	$ 1,490,497

The following table presents geographic revenue and long-lived asset information as of and for the year ended December 31, 2015 and 2014. In addition to property, plant and equipment, the amounts in 2015 and 2014 include $7,300 and $8,400, respectively, of inactive properties from previous operating businesses, and other non-operating assets that are carried at the lower of cost or fair value less cost to sell and are included in other non-current assets in the consolidated balance sheets. Neither net sales nor long-lived assets from any single foreign country was material to the consolidated financial statements of the Company.

	2015		2014		2013
	Revenue	Long-lived assets	Revenue	Long-lived assets	Revenue
Geographic information:					
United States	$ 857,341	$ 215,619	$ 798,663	$ 171,582	$ 668,131
Foreign	140,696	39,783	50,867	12,732	52,983
Total	$ 998,037	$ 255,402	$ 849,530	$ 184,314	$ 721,114

Foreign revenue is based on the country in which the legal subsidiary is domiciled. Neither revenue nor long-lived assets from any single foreign country was material to the consolidated revenues of the Company.

19. INCOME TAXES

Details of the provision for income taxes are follows:

	Year Ended December 31, 2015	2014	2013
Income from continuing operations before income taxes and equity method income (loss):			
Domestic	$ 22,107	$ 25,137	$ 16,648
Foreign	1,262	136	(123)
Total	$ 23,369	$ 25,273	$ 16,525
Income taxes:			
Current:			
Federal	$ 20,220	$ 7,706	$ 4,178
State	5,841	1,912	3,940
Foreign	995	1,360	(6,709)
Total income taxes, current	27,056	10,978	1,409
Deferred:			
Federal	(105,928)	13,208	1,834
State	1,530	419	1,982
Foreign	(1,377)	(317)	1,252
Total income taxes, deferred	(105,775)	13,310	5,068
Income tax (benefit) provision	$ (78,719)	$ 24,288	$ 6,477

(dollars in thousands except per unit data)

The following is a reconciliation of income tax (benefit) expense computed at the federal statutory rate to the provision for income taxes:

	Year Ended December 31,		
	2015	**2014**	**2013**
Income from continuing operations before income taxes and equity method income (loss)	$ 23,369	$ 25,273	$ 16,525
Federal income tax provision at statutory rate	$ 8,179	$ 8,846	$ 5,771
Loss passed through to common unitholders (a)	7,177	5,842	12,268
	15,356	14,688	18,039
State income taxes	4,277	3,189	2,180
Change in valuation allowance	(91,052)	(7,730)	(7,320)
Foreign tax rate differences	(235)	605	171
Uncertain tax positions	(440)	(116)	(6,110)
Permanent differences and other (b)	(6,625)	13,652	(483)
Income tax (benefit) provision	$ (78,719)	$ 24,288	$ 6,477

(a) Represents taxes at statutory rate on loss for which no tax benefit is recognizable by SPLP and certain of its subsidiaries which are taxed as pass-through entities. Such loss is allocable directly to SPLP's common unitholders and taxed when realized.
(b) Amounts in 2015 and 2014 include the tax effect of the non-deductible portion of the goodwill impairments recorded in the fourth quarters of 2015 and 2014 (see Note 11 - "Goodwill and Other Intangible Assets, Net").

Deferred income taxes result from temporary differences in the financial basis and tax basis of assets and liabilities. The amounts shown on the following table represent the tax effect of temporary differences between the consolidated tax return basis of assets and liabilities and the corresponding basis for financial reporting, as well as tax credit and operating loss carryforwards.

	December 31,	
	2015	**2014**
Deferred Tax Assets:		
Operating loss carryforwards (a)	$ 211,045	$ 90,958
Postretirement and postemployment employee benefits	108,316	84,628
Tax credit carryforwards	48,380	37,220
Accrued costs	8,801	7,131
Investment impairments and unrealized losses	19,266	5,265
Inventories	299	2,168
Foreign tax credits	1,827	201
Environmental costs	1,013	913
Impairment of long-lived assets	551	529
Other	16,431	11,216
Gross deferred tax assets	415,929	240,229
Deferred Tax Liabilities:		
Intangible assets	(36,528)	(39,321)
Fixed assets	(39,362)	(37,010)
Unremitted foreign earnings	(256)	(903)
Other	(7,093)	(870)
Gross deferred tax liabilities	(83,239)	(78,104)
Valuation allowance (a)	(124,555)	(91,766)
Net deferred tax assets	$ 208,135	$ 70,359
Classified in the Consolidated Balance Sheets as follows:		
Deferred tax assets - non-current	$ 212,894	$ 74,155
Deferred tax liabilities - non-current	4,759	3,796
	$ 208,135	$ 70,359

(a) The ability for certain subsidiaries to utilize its net operating loss and other credit carryforwards would be subject to limitation upon changes in control.
(b) Certain subsidiaries of Company establish valuation allowances when they determine, based on their assessment, that it is more likely that not that certain deferred tax assets will not be fully realized. This assessment is based on, but not limited to, historical operating results, uncertainty in projections of taxable income, and other uncertainties that may be specific to a particular business.

During 2015, 2014 and 2013, the Company changed its judgment about the realizability of its deferred tax assets at certain subsidiaries. In accordance with U.S. GAAP under ASC 740, the effect of a change in the beginning-of-the-year balance of a valuation allowance that results from a change in circumstances that causes a change in judgment about the realizability of the related deferred tax asset in future years should be included in income from continuing operations in the period of the change. In 2015, 2014 and 2013, the Company recorded tax benefits in continuing operations of approximately $111,881, $7,730 and $7,320 associated with the reversal of its deferred tax valuation allowances at certain subsidiaries.

HNH

At December 31, 2015, HNH has federal net operating loss carryforwards ("NOLs") of approximately $71,300 (approximately $25,000 tax-effected), as well as, certain state NOLs. Included in these amounts is approximately $47,000 of U.S. federal NOLs resulting from the JPS acquisition. The utilization of the JPS NOL is subject to certain annual limitations under the ownership change rules of Section 382 of the Internal Revenue Code. The federal NOLs expire between 2020 and 2031. Also included in deferred income tax assets are tax credit carryforwards of $7,400. HNH's 2015 tax provision from continuing and discontinued operations reflect the utilization of approximately $57,300 of federal NOLs.

In 2005, HNH experienced an ownership change as defined by Section 382 of the Internal Revenue Code. Section 382 imposes annual limitations on the utilization of NOLs post-ownership change. HNH believes it qualifies for the bankruptcy exception to the general Section 382 limitations. Under this exception, the annual limitation imposed by Section 382 resulting from an ownership change will not apply; instead the NOLs must be reduced by certain interest expense paid to creditors who became stockholders as a result of the bankruptcy reorganization. Thus, HNH's federal NOLs of $71,300 as of December 31, 2015 include a reduction of $31,000 ($10,800 tax-effect).

HNH provides income taxes on the undistributed earnings of non-U.S. corporate subsidiaries except to the extent that such earnings are permanently invested outside the United States. As of December 31, 2015, $6,200 of accumulated undistributed earnings of non-U.S. corporate subsidiaries were permanently invested. At existing applicable income tax rates, additional taxes of approximately $2,500 would need to be provided if such earnings were remitted.

Steel Excel

At December 31, 2015, Steel Excel had federal net operating loss carryforwards of approximately $139,100 that expire in 2022 through 2035, and domestic state net operating loss carryforwards of approximately $156,100 that will expire in 2016 through 2035. Steel Excel also has federal research and development credit carryforwards of approximately $30,300 that expire in 2018 through 2029, and domestic state research and development credit carryforwards of approximately $17,700 that do not expire. Of the total federal net operating loss carryforwards, approximately $10,500 related to deductions for stock-based compensation, the tax benefit of which will be credited to additional paid-in capital when realized. Federal income taxes and foreign withholding taxes associated with the repatriation of earnings of foreign subsidiaries have been fully provided. Steel Excel has a valuation allowance to reserve its net deferred tax assets at December 31, 2015 and 2014.

WFHC

As discussed in Note 16 - "Capital and Accumulated Other Comprehensive (Loss) Income " WFHC and Cosine entered into a series of transactions whereby CoSine was merged with and into WFH LLC, a newly formed wholly owned subsidiary of WFHC, which is disregarded for income tax purposes. This merger was a tax-free transaction which was completed and declared effective on December 31, 2015. WFHC is also the parent company of WebBank. The transaction is characterized as a reverse acquisition for federal income tax purposes. As a result, WFHC will elect to file a consolidated federal income tax return, which will include WebBank and the newly merged CoSine business (the "WFHC U.S. Consolidated Group"), with CoSine considered to be the parent of the consolidated group. Accordingly, the tax attributes acquired in the merger can be utilized against the taxable income of the affiliated group, generally without limitation.

At December 31, 2015, the WFHC U.S. Consolidated Group had federal NOLs of approximately of $329,600 that expire between 2018 and 2034, and state NOLs of approximately $77,500 that expire between 2016 and 2025, as well as federal and state tax credit carryforwards of $7,540. As noted above, the Company recorded tax benefits in continuing operations of approximately $111,881 associated with the reversal of its deferred tax valuation allowances. Such amount was attributable against the deferred tax asset related to the aforementioned federal NOLs. However, the Company continues to maintain a full valuation allowance (approximately $12,900) against the deferred tax assets related to the state NOLs and tax credit carryforwards given its judgment about the realizability of the associated deferred tax assets.

(dollars in thousands except per unit data)

API

As discussed in Note 3 - "Acquisitions", CoSine obtained control over the operations of API on April 17, 2015 and SPLP began consolidating the operations of API. As of December 31, 2015 API had approximately $7,533 of non-U.S. NOLs that do not expire, of which a valuation allowance to reserve of a significant portion of the associated deferred tax assets exists at December 31, 2015. In addition, U.S. subsidiaries of API had approximately $8,563 of federal NOLs that are scheduled to expire between 2022 and 2035. Included in the federal net operating loss carryforwards is approximately $7,665 that are subject to certain annual limitations under the change of ownership rules of Internal Revenue Section 382. API has a valuation allowance to reserve the entire amount of the deferred tax assets associated with the federal NOLs at December 31, 2015.

DGT

As of October 31, 2015 DGT had approximately $31,961 of federal net operating loss carryforwards that are scheduled to expire from 2020 to 2035. DGT also had various state net operating loss carryforwards of $25,807 that expire at various times between 2018 and 2035. DGT has a valuation allowance to reserve the entire amount of the deferred tax assets associated with its federal and state NOLs at December 31, 2015. As described in Note 1 - “Nature of the Business and Basis of Presentation,” the Consolidated Balance Sheet as of and for the twelve months ended December 31, 2015 includes DGT’s activity as of and for its twelve months ended October 31, 2015.

Unrecognized Tax Benefits

U.S. GAAP provides that the tax effects from an uncertain tax position can be recognized in the financial statements only if the position is more likely than not of being sustained on audit, based on the technical merits of the position. The change in the amount of unrecognized tax benefits (related solely to HNH and Steel Excel) for 2015 and 2014 was as follows:

Balance at December 31, 2013	$	20,465
Additions for tax positions related to current year		144
Additions due to interest accrued		61
Reductions due to lapsed statute of limitations		(320)
Balance at December 31, 2014		20,350
Additions for tax positions related to current year		9,056
Additions due to interest accrued		85
Payments		(57)
Reductions due to lapsed statute of limitations		(362)
Balance at December 31, 2015	$	29,072

HNH Unrecognized Tax Benefits

At December 31, 2015 and 2014, HNH had approximately $1,786 and $1,274, respectively, of unrecognized tax benefits, all of which would affect the Company's effective tax rate if recognized.

HNH recognizes interest and penalties related to uncertain tax positions in its income tax expense. As of December 31, 2015 and 2014, approximately $100 of interest related to uncertain tax positions was accrued. No penalties were accrued. It is reasonably possible that the total amount of unrecognized tax benefits will decrease by as much as $300 during the next year as a result of the lapse of the applicable statutes of limitations in certain taxing jurisdictions.

HNH is generally no longer subject to federal, state or local income tax examinations by tax authorities for any year prior to 2012. However, NOLs generated in prior years are subject to examination and potential adjustment by the Internal Revenue Service ("IRS") upon their utilization in future years' tax returns. HNH is not currently under examination by the IRS. In 2014, the IRS conducted a limited review of HNH's 2012 federal consolidated income tax return, accepting the return as filed. An IRS examination of our federal consolidated income tax return for 2010 was settled during 2013 with minor adjustments. HNH was under examination by the State of New York for 2009 to 2011, which resulted in an assessment of $57 paid during 2015. An examination by the State of New York for tax years 2012 to 2013 has not yet commenced.

Steel Excel Unrecognized Tax Benefits

Steel Excel's total gross unrecognized tax benefits were $27,300 and $19,076 at December 31, 2015 and 2014, respectively, of which $300, if recognized, would affect the provision for income taxes. In 2015, Steel Excel reversed approximately $100 of reserves for for foreign taxes upon the expiration of the statute of limitations. Steel Excel recognizes interest and penalties related to uncertain tax positions in its income tax provision. For the years ended December 31, 2015, 2014 and 2013, the amount of such interest and penalties recognized was immaterial.

Steel Excel is subject to U.S. federal income tax as well as income taxes in many domestic states and foreign jurisdictions in which they operate or formerly operated in. As of December 31, 2015, fiscal years 1999 onward remain open to examination by the U.S. taxing authorities. In 2014, tax examinations were completed for fiscal years 2009 through 2013 in Singapore, resulting in a refund to the Company of $1,700. The Company is not currently under tax examination in any foreign jurisdictions.

Other Subsidiaries

SPLP's other subsidiaries file federal tax returns as well as state, local and foreign tax returns in various jurisdictions. Federal tax returns for all other consolidated subsidiaries remain open and subject to examination by the Internal Revenue Service for all tax years after 2011. In addition, net operating losses generated in prior years are subject to examination and potential adjustment by the Internal Revenue Service upon their utilization in future years' tax returns. State income tax returns for most jurisdictions remain open generally for all tax years after 2011.

20. REGULATORY MATTERS

WebBank

WebBank is subject to various regulatory capital requirements administered by federal banking agencies. Failure to meet minimum capital requirements can initiate certain actions by regulators that, if undertaken, could have a direct material effect on WebBank's financial statements. Under capital adequacy guidelines and the regulatory framework for prompt corrective action, WebBank must meet specific capital guidelines that involve quantitative measures of its assets, liabilities, and certain off-balance sheet items as calculated under regulatory accounting practices. WebBank's capital amounts and classification are also subject to qualitative judgments by the regulators about components, risk weightings, and other factors.

In July 2013, the FDIC approved the final rules implementing the Basel Committee on Banking Supervision's capital guidelines for U.S. banks ("Basel III"). Under the final rules, which began for WebBank on January 1, 2015 and are subject to a phase-in period through January 1, 2019, minimum requirements will increase for both the quantity and quality of capital held by WebBank. The rules include a new common equity Tier 1 capital to risk-weighted assets ratio ("CET1 Ratio") of 4.5% and a capital conservation buffer of 2.5% of risk-weighted assets, which when fully phased-in, effectively results in a minimum CET1 Ratio of 7.0%. Basel III raises the minimum ratio of Tier 1 capital to risk-weighted assets from 4.0% to 6.0% (which, with the capital conservation buffer, effectively results in a minimum Tier 1 capital ratio of 8.5% when fully phased-in), effectively results in a minimum total capital to risk-weighted assets ratio of 10.5% (with the capital conservation buffer fully phased-in), and requires a minimum leverage ratio of 4.0%. Basel III also makes changes to risk weights for certain assets and off-balance-sheet exposures. WebBank expects that its capital ratios under Basel III will continue to exceed the well capitalized minimum capital requirements and such amounts are disclosed in the table below:

(dollars in thousands except per unit data)

	Actual			Amount of Capital Required: For capital adequacy purposes			Amount of Capital Required: To be well capitalized under prompt corrective provisions		
As of December 31, 2015	**Amount**		**Ratio**	**Amount**		**Ratio**	**Amount**		**Ratio**
Total Capital									
(to risk-weighted assets)	$	65,353	22.66%	$	23,076	8.00%	$	28,845	10.00%
Tier 1 Capital									
(to risk-weighted assets)	$	64,535	22.37%	$	17,307	6.00%	$	23,076	8.00%
Common Equity Tier 1 Capital									
(to risk-weighted assets)	$	64,535	22.37%	$	12,980	4.50%	$	18,749	6.50%
Tier 1 Capital									
(to average assets)	$	64,535	19.68%	$	13,116	4.00%	$	16,395	5.00%
As of December 31, 2014									
Total Capital									
(to risk-weighted assets)	$	42,861	24.99%	$	13,720	8.00%	$	17,150	10.00%
Tier 1 Capital									
(to risk-weighted assets)	$	42,116	24.56%	$	6,860	4.00%	$	10,290	6.00%
Tier 1 Capital									
(to average assets)	$	42,116	19.53%	$	8,627	4.00%	$	10,784	5.00%

SPLP

The Company historically has conducted its business, and continues to conduct its business and operations, in such a manner so as not to be deemed an investment company under the Investment Company Act of 1940, as amended (the “Act”). Under the Act, the Company is required to meet certain quantitative tests related to the Company’s assets and/or income, and to refrain from trading for short-term speculative purposes. The Company has taken actions, including liquidating certain of our assets and acquiring additional interests in existing or new subsidiaries or controlled companies, to comply with these tests, or a relevant exception. Also, since the Company operates as a diversified holding company engaged in a variety of operating businesses, we do not believe we are primarily engaged in an investment company type business, nor do we propose to primarily engage in such a business. If we were deemed to be an investment company under the Act, we may need to further adjust our business strategy and assets, including divesting certain desirable assets immediately to fall outside of the definition or within an exemption, to register as an investment company or to cease operations.

21. COMMITMENTS AND CONTINGENCIES

Operating Lease Commitments

The Company has certain facilities under non-cancelable operating lease arrangements. Rent expense recognized in the consolidated statement of operations for the years ended December 31, 2015, 2014 and 2013 was $10,026 and $8,501, $7,631 respectively. Future minimum operating lease and rental commitments under non-cancelable operating leases for SPLP consolidated operations are as follows:

Payments due by period	**Amount**	
Less than 1 year	$	8,075
1-3 years		12,030
3-5 years		8,881
More than 5 years		9,355
Total	$	38,341

Environmental Matters

As discussed in more detail below, HNH and BNS have been designated as potentially responsible parties ("PRPs") by federal and state agencies with respect to certain sites with which they may have had direct or indirect involvement. These claims are in various stages of administrative or judicial proceedings and include demands for recovery of past governmental costs and for future investigations and remedial actions. In many cases, the dollar amounts of the claims have not been specified and, with respect to a number of the PRP claims, have been asserted against a number of other entities for the same cost recovery or other relief as was asserted against the HNH and BNS. The Company accrues costs associated with environmental matters, on an undiscounted basis, when they become probable and reasonably estimable. As of December 31, 2015, and 2014, on a consolidated basis, the Company has accrued $3,922 and $3,822, respectively, which represents its current estimate of the probable cleanup liabilities, including remediation and legal costs. Expenses relating to these costs, and any recoveries, are included in Selling, general and administrative expenses. In addition, the Company has insurance coverage available for several of these matters and believes that excess insurance coverage may be available as well.

Estimates of the Company's liability for remediation of a particular site and the method and ultimate cost of remediation require a number of assumptions that are inherently difficult to make, and the ultimate outcome may be materially different from current estimates.

HNH Environmental Matters

Certain H&H Group subsidiaries have existing and contingent liabilities relating to environmental matters, including capital expenditures, costs of remediation and potential fines and penalties relating to possible violations of national and state environmental laws. Those subsidiaries have remediation expenses on an ongoing basis, although such costs are continually being readjusted based upon the emergence of new techniques and alternative methods. HNH had approximately $2,500 accrued related to estimated environmental remediation costs as of December 31, 2015. HNH also has insurance coverage available for several of these matters and believes that excess insurance coverage may be available as well. During the years ended December 31, 2015 and 2014, HNH recorded insurance reimbursements of $2,900 and $3,100, respectively, for previously incurred remediation costs.

In addition, certain H&H Group subsidiaries have been identified as PRPs under the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA") or similar state statutes at sites and are parties to administrative consent orders in connection with certain properties. Those subsidiaries may be subject to joint and several liabilities imposed by CERCLA on PRPs. Due to the technical and regulatory complexity of remedial activities and the difficulties attendant in identifying PRPs and allocating or determining liability among them, the subsidiaries are unable to reasonably estimate the ultimate cost of compliance with such laws.

Based upon information currently available, however, the H&H Group subsidiaries do not expect that their respective environmental costs, including the incurrence of additional fines and penalties, if any, will have a material adverse effect on them or that the resolution of these environmental matters will have a material adverse effect on the financial position, results of operations or cash flows of such subsidiaries or HNH, but there can be no such assurances. HNH anticipates that the H&H Group subsidiaries will pay any such amounts out of their respective working capital, although there is no assurance that they will have sufficient funds to pay them. In the event that the H&H Group subsidiaries are unable to fund their liabilities, claims could be made against their respective parent companies, including H&H Group and/or HNH, for payment of such liabilities.

Among the sites where certain H&H Group subsidiaries may have more substantial environmental liabilities are the following:

H&H has been working with the Connecticut Department of Energy and Environmental Protection ("CTDEEP") with respect to its obligations under a 1989 consent order that applies to a property in Connecticut that H&H sold in 2003 ("Sold Parcel") and an adjacent parcel ("Adjacent Parcel") that together with the Sold Parcel comprises the site of a former H&H manufacturing facility. Remediation of all soil conditions on the Sold Parcel was completed on April 6, 2007. On September 11, 2008, the CTDEEP advised H&H that it had approved H&H's December 28, 2007 Soil Remediation Action Report, as amended, thereby concluding the active remediation of the Sold Parcel. The remaining remediation, monitoring and regulatory administrative costs for the Sold Parcel are expected to approximate $100. With respect to the Adjacent Parcel, an ecological risk assessment has been completed and the results, along with proposed clean up goals will be submitted to the CTDEEP for their review and approval. The total remediation costs for the Adjacent Parcel cannot be reasonably estimated at this time. Accordingly, there can be no assurance that the resolution of this matter will not be material to the financial position, results of operations or cash flows of H&H or HNH.

In 1986, Handy & Harman Electronic Materials Corporation ("HHEM"), a subsidiary of H&H, entered into an administrative consent order ("ACO") with the New Jersey Department of Environmental Protection ("NJDEP") with regard to certain property that it purchased in 1984 in New Jersey. The ACO involves investigation and remediation activities to be performed with regard to soil and groundwater contamination. Thereafter, in 1998, HHEM and H&H settled a case brought by the local municipality in regard to this site and also settled with certain of its insurance carriers. HHEM is actively remediating the property and continuing to investigate effective methods for achieving compliance with the ACO. A remedial investigation report was filed with the NJDEP in December 2007. By letter dated December 12, 2008, the NJDEP issued its approval with respect to additional investigation and remediation activities discussed in the December 2007 remedial investigation report. HHEM anticipates entering into discussions with the NJDEP to address that agency's potential natural resource damage claims, the ultimate scope and cost of which cannot be estimated at this time. Pursuant to a settlement agreement with the former owner/operator of the site, the responsibility for site investigation and remediation costs, as well as any other costs, as defined in the settlement agreement, related to or arising from environmental contamination on the property (collectively, "Costs") are contractually allocated 75% to the former owner/operator (with separate guaranties by the two joint venture partners of the former owner/operator for 37.5% each) and 25% jointly to HHEM and H&H after the first $1,000. The $1,000 was paid solely by the former owner/operator. As of December 31, 2015, over and above the $1,000, total investigation and remediation costs of approximately $4,900 and $1,600 have been expended by the former owner/operator and HHEM, respectively, in accordance with the settlement agreement. Additionally, HHEM is currently being reimbursed indirectly through insurance coverage for a portion of the Costs for which HHEM is responsible. HHEM believes that there is additional excess insurance coverage, which it intends to pursue as necessary. HHEM anticipates that there will be additional remediation expenses to be incurred once a final remediation plan is agreed upon. There is no assurance that the former owner/operator or guarantors will continue to timely reimburse HHEM for expenditures and/or will be financially capable of fulfilling their obligations under the settlement agreement and the guaranties. The final Costs cannot be reasonably estimated at this time, and accordingly, there can be no assurance that the resolution of this matter will not be material to the financial position, results of operations or cash flows of HHEM or HNH.

HHEM is continuing to comply with a 1987 consent order from the Massachusetts Department of Environmental Protection ("MADEP") to investigate and remediate the soil and groundwater conditions at a commercial/industrial property in Massachusetts. On June 30, 2010, HHEM filed a Response Action Outcome report to close the site since HHEM's licensed site professional concluded that groundwater monitoring demonstrated that the groundwater conditions have stabilized or continue to improve at the site. On June 20, 2013, HHEM received the MADEP's Notice of Audit Findings and Notice of Noncompliance ("Notice"). HHEM and its consultant held meetings with the MADEP to resolve differences identified in the Notice. As a result of those meetings and subsequent discussions, HHEM initiated additional sampling, testing, and well installations. The additional work was completed in the third quarter of 2015, and we expect to submit a follow-up response report to the MADEP in the first quarter of 2016. The cost of the follow up response report and subsequent decommissioning is estimated at $100. Additional costs could result from the final review of the remediation plan by the MADEP, which cannot be reasonably estimated at this time.

BNS Sub Environmental Matters

On June 4, 2013 BNS LLC, a wholly-owned subsidiary of the BNS Liquidating Trust, was identified by the U.S. Environmental Protection Agency ("EPA") as a PRP as an allegedly disposing of wastes at the Operable Unit Two of the Peterson/Puritan, Inc. Superfund Site which includes the J.M. Mills Landfill in Cumberland, Rhode Island. BNS LLC has joined a group of other alleged PRPs, which have incurred and will continue to incur costs associated with the investigation. The liability accrual is part of the BNS Liquidating Trust.

On August 12, 2008, a then-subsidiary of BNS ("BNS Sub") was identified as a PRP by the EPA as an alleged drum reconditioning customer of New England Container Corp. ("NECC"). BNS Sub is presently investigating the matter and has joined a group of other alleged NECC drum reconditioning customers. The NECC drum reconditioning PRP group has incurred and will continue to incur costs in the investigation and each PRP has been assessed a fee for its pro-rata share of the costs of performing the assessment. The liability accrual is part of the BNS Liquidating Trust.

Based upon information currently available, BNS Liquidating Trust and and BNS Sub do not expect that their respective environmental costs or that the resolution of these environmental matters will have a material adverse effect on the financial position, results of operations or cash flows of the Company, but there can be no such assurances to this effect.

Litigation Matters

HNH Litigation Matters

In the ordinary course of business, HNH is subject to periodic lawsuits, investigations, claims and proceedings, including, but not limited to, contractual disputes, employment, environmental, health and safety matters, as well as claims associated with HNH's historical acquisitions and divestitures. There is insurance coverage available for many of the foregoing actions. Although HNH cannot predict with certainty the ultimate resolution of lawsuits, investigations, claims and proceedings asserted against it, they do not believe any currently pending legal proceeding to which they are a party will have a material adverse effect on their business, prospects, financial condition, cash flows, results of operations or liquidity.

BNS Litigation Matters

BNS Sub has been named as a defendant in 1,348 and 1,326 alleged asbestos-related toxic-tort claims as of December 31, 2015 and 2014, respectively. The claims were filed over a period beginning 1994 through December 31, 2015. In many cases these claims involved more than 100 defendants. Of the claims filed, 1,191 and 1,108 were dismissed, settled or granted summary judgment and closed as of December 31, 2015 and 2014, respectively. Of the claims settled, the average settlement was less than $3. There remained 157 and 218 pending asbestos claims as of December 31, 2015 and 2014, respectively. There can be no assurance that the number of future claims and the related costs of defense, settlements or judgments will be consistent with the experience to date of existing claims.

BNS Sub has insurance policies covering asbestos-related claims for years beginning 1974 through 1988 with estimated aggregate coverage limits of $183,000, with $1,543 and $2,102 at December 31, 2015 and 2014, respectively, in estimated remaining self insurance retention (deductible). There is secondary evidence of coverage from 1970 to 1973 although there is no assurance that the insurers will recognize that the coverage was in place. Policies issued for BNS Sub beginning in 1989 contained exclusions related to asbestos. Under certain circumstances, some of the settled claims may be reopened. Also, there may be a significant delay in receipt of notification by BNS Sub of the entry of a dismissal or settlement of a claim or the filing of a new claim. BNS Sub believes it has significant defenses to any liability for toxic-tort claims on the merits. None of these toxic-tort claims has gone to trial and, therefore, there can be no assurance that these defenses will prevail. In addition, there can be no assurance that the number of future claims and the related costs of defense, settlements or judgments will be consistent with the experience to date of existing claims, and that BNS Sub will not need to increase significantly its estimated liability for the costs to settle these claims to an amount that could have a material effect on the consolidated financial statements.

BNS Sub annually receives retroactive billings or credits from its insurance carriers for any increase or decrease in claims accruals as claims are filed, settled or dismissed, or as estimates of the ultimate settlement and defense costs for the then-existing claims are revised. As of December 31, 2015 and 2014, BNS Sub has accrued $1,422 relating to the open and active claims against BNS Sub. This accrual represents the Company's best estimate of the likely costs to defend against or settle these claims by BNS Sub beyond the amounts accrued by the insurance carriers and previously funded, through the retroactive billings by BNS Sub. However, there can be no assurance that BNS Sub will not need to take additional charges in connection with the defense, settlement or judgment of these existing claims or that the costs of future claims and the related costs of defense, settlements or judgments will be consistent with the experience to date relating to existing claims. These claims are now being managed by the BNS Liquidating Trust.

(dollars in thousands except per unit data)

22. SUPPLEMENTAL CASH FLOW INFORMATION

A summary of supplemental cash flow information for each of the three years ending December 31, 2015 is presented in the following table.

	Year Ended December 31,		
	2015	2014	2013
Cash paid during the period for:			
Interest	$ 9,213	$ 11,471	$ 12,103
Taxes	$ 24,221	$ 12,194	$ 16,720
Non-cash investing activities:			
Reclassification of investment in associated company to cost of an acquisition	$ 66,239	$ —	$ —
Reclassification of investment in associated company to investment in consolidated subsidiaries	$ 48,748	$ —	$ —
Reclassification of available-for-sale securities to equity method investment	$ 10,857	$ 27,647	$ —
Partnership interest exchanged for marketable securities	$ 25,000	$ —	$ —
Sales of marketable securities not settled	$ 23,229	$ —	$ —
Securities received in exchange for financial instrument obligations	$ 76	$ 20,007	$ —
Securities delivered in exchange for settlement of financial instrument obligations	$ 76	$ 520	$ —
Net decrease (increase) in restricted cash from purchase of foreign currency financial instruments	$ —	$ 25,090	$ (377)
Net transfers between loans and other assets	$ —	$ —	$ 119
Non-cash financing activities:			
Repurchase of common stock by subsidiary not paid	$ (8,557)	$ —	$ —
Subsidiary restricted stock awards surrendered to satisfy tax withholding obligations	$ 85	$ 120	$ —
Note receivable exchanged for preferred stock	$ 75	$ —	$ —
Contribution of note payable by non-controlling interest	$ —	$ 268	$ —

23. QUARTERLY FINANICIAL DATA (unaudited)

			Net Income (Loss) From Continuing Operations Attributable to Common Unit Holders			Net Income (Loss) Attributable to Common Unit Holders	
Quarter	Revenue	Net Income (Loss) From Continuing Operations	Per Common Unit Basic	Per Common Unit Diluted	Net Income (Loss) Attributable to Common Unit Holders	Per Common Unit Basic	Per Common Unit Diluted
2015							
First [(a)]	$ 214,581	$ 18,807	$ 0.81	$ 0.80	$ 78,431	$ 2.84	$ 2.80
Second [(a)]	251,654	9,154	0.39	0.39	10,579	0.39	0.38
Third [(a)]	276,390	(14,792)	(0.38)	(0.38)	(12,143)	(0.44)	(0.44)
Fourth [(a), (b), (c)]	255,412	57,142	2.19	2.19	59,868	2.24	2.24
	$ 998,037	$ 70,311			$ 136,735		
2014							
First	$ 187,857	$ (14,357)	$ (0.46)	$ (0.46)	$ (12,706)	$ (0.41)	$ (0.41)
Second	228,003	17,573	0.27	0.27	9,795	0.34	0.34
Third	234,523	18,545	0.46	0.46	14,027	0.50	0.50
Fourth [(c)]	199,147	(39,333)	(0.72)	(0.72)	(18,671)	(0.68)	(0.68)
	$ 849,530	$ (17,572)			$ (7,555)		

(a) The Company recorded impairment charges of approximately $5,598, $22,740, $9,202 and $30,552 in the first, second, third and fourth quarters of 2015, respectively. Theses charges were primarily related to other-than-temporary impairments on certain available-for-sale securities (see Note 5 - "Investments").

(b) In the fourth quarter of 2015, the Company recorded tax benefits in continuing operations of approximately $111,881 associated with the reversal of deferred tax valuation allowances at its WFHC LLC (formerly CoSine) subsidiary (see Note 19 - "Income Taxes").

(c) In the fourth quarter of 2015 and 2014, the Company recorded goodwill impairments of $19,571 and $41,450, respectively, related to the goodwill associated with its Energy segment (see Note 11 - "Goodwill and Other Intangible Assets, Net").

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

As required by Rule 13a-15(b) under the Exchange Act, we conducted an evaluation under the supervision and with the participation of our management, including the Chief Executive Officer and the Chief Financial Officer, of the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that as of December 31, 2015 our disclosure controls and procedures are effective in ensuring that all information required to be disclosed in reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner that allows timely decisions regarding required disclosure.

Management's Report on Internal Control Over Financial Reporting

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Our internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Company's consolidated financial statements for external reporting purposes in accordance with U.S. generally accepted accounting principles.

The Company's subsidiary, HNH, completed the acquisition of JPS on July 2, 2015 and the acquisitions of CoSine and API were completed on January 20, 2015 and April 17, 2015, respectively. The Company's management has excluded the operations of these business from its evaluation of, and conclusion on, the effectiveness of managements internal control over financial reporting as of December 31, 2015. These businesses represents approximately 21.7% of the Company's total assets as of December 31, 2015, and approximately 17.4% of net sales for the year then ended. The Company's management plans to fully integrate the operations of this business into its assessment of the effectiveness of its internal control over financial reporting in 2016.

Under the supervision and with the participation of the Company's management, including the Company's Chief Executive Officer and Chief Financial Officer, the Company conducted an evaluation of the effectiveness of the internal control over financial reporting of the Company as referred to above as of December 31, 2015 as required by Rule 13a-15(c) under the Exchange Act. In making this assessment, the Company used the criteria set forth in the framework in Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission. Based on its evaluation under the framework in Internal Control - Integrated Framework (2013), management concluded that the Company's internal control over financial reporting was effective as of December 31, 2015.

BDO USA, LLP, the independent registered public accounting firm who audited the Company's 2015 consolidated financial statements included in this Annual Report on Form 10-K, has issued a report on the effectiveness of the Company's internal control over financial reporting as of December 31, 2015, which is included herein.

Changes in Internal Control over Financial Reporting

No change in internal control over financial reporting occurred during the quarter ended December 31, 2015 that has materially affected, or is reasonably likely to materially affect, the Company ’s internal control over financial reporting, except for the changes in internal control over financial reporting associated with integrating the acquisitions of CoSine, API and JPS.

Inherent Limitations Over Controls

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers and Corporate Governance

The Company’s definitive proxy statement which will be filed with the SEC pursuant to Registration 14A within 120 days of the end of the Company's fiscal year is incorporated herein by reference.

Item 11. Executive Compensation

The Company’s definitive proxy statement which will be filed with the SEC pursuant to Registration 14A within 120 days of the end of the Company's fiscal year is incorporated herein by reference.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The Company’s definitive proxy statement which will be filed with the SEC pursuant to Registration 14A within 120 days of the end of the Company's fiscal year is incorporated herein by reference.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The Company’s definitive proxy statement which will be filed with the SEC pursuant to Registration 14A within 120 days of the end of the Company's fiscal year is incorporated herein by reference.

Item 14. Principal Accountant Fees and Services

The Company’s definitive proxy statement which will be filed with the SEC pursuant to Registration 14A within 120 days of the end of the Company's fiscal year is incorporated herein by reference.

PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) *Financial Statements* - The following financial statements of Steel Partners Holdings L.P., and subsidiaries, are included in Part II, Item 8 of this report:

Consolidated Balance Sheets as of December 31, 2015 and 2014

Consolidated Statements of Operations for the years ended December 31, 2015, 2014 and 2013

Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2015, 2014 and 2013

Consolidated Statements of Cash Flows for the years ended December 31, 2015, 2014 and 2013

Consolidated Statements of Changes in Capital for the years ended December 31, 2015, 2014 and 2013

Notes to Consolidated Financial Statements

(b) *Exhibits* - The following documents are filed as exhibits hereto:

Exhibit No.	**Description**
2.1	Share Acquisition Agreement, dated as of April 30, 2012, by and among Steel Excel Inc., BNS Holding, Inc., SWH, Inc. and SPH Group Holdings LLC. (incorporated by reference to Exhibit 2.1 of Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed June 6, 2012).
2.2	Asset Purchase Agreement between F&H Acquisition Corp. and Cerberus Business Finance, LLC (incorporated by reference to Exhibit 2.1 of Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed March 14, 2014).
2.3	Stock Purchase Agreement, dated December 18, 2014, by and among Handy & Harman Group Ltd., Bairnco Corporation and Rogers Corporation (incorporated by reference to Exhibit 2.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed January 27, 2015).
2.4	Amendment No. 1 to Stock Purchase Agreement, dated January 22, 2015, by and among Handy & Harman Group Ltd., Bairnco, LLC and Rogers Corporation (incorporated by reference to Exhibit 2.2 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed January 27, 2015).

2.5	Agreement and Plan of Merger, dated as of May 31, 2015, by and among Handy & Harman Ltd., Handy & Harman Group, Ltd., HNH Group Acquisition LLC, HNH Group Acquisition Sub LLC and JPS Industries, Inc. (incorporated by reference to Exhibit 2.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed June 1, 2015).
3.1	Certificate of Limited Partnership (incorporated by reference to Exhibit 3.1 to Steel Partners Holdings L.P.'s Registration Statement on Form 10 filed December 15, 2011).
3.2	Amendment to the Certificate of Limited Partnership, dated April 2, 2009 (incorporated by reference to Exhibit 3.2 to Steel Partners Holdings L.P.'s Registration Statement on Form 10 filed December 15, 2011).
3.3	Amendment to the Certificate of Limited Partnership, dated January 20, 2010 (incorporated by reference to Exhibit 3.3 to Steel Partners Holdings L.P.'s Registration Statement on Form 10 filed December 15, 2011).
3.4	Amendment to the Certificate of Limited Partnership, dated October 15, 2010 (incorporated by reference to Exhibit 3.4 to Steel Partners Holdings L.P.'s Registration Statement on Form 10 filed December 15, 2011).
4.1	Credit Agreement, dated as of October 23, 2013, by and among SPH Group Holdings LLC, Steel Partners Holdings L.P., the lenders thereunder and PNC Bank, National Association, in its capacity as administrative agent for the lenders thereunder (incorporated by reference to Exhibit 99.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed October 28, 2013).
4.2	First Amendment, dated as of December 15, 2014, to the Credit Agreement. dated as of October 13, 2013 by and among SPH Group Holdings LLC, Steel Partners Holdings L.P., the lenders thereunder and PNC Bank, National Association, in its capacity as administrative agent for the lenders thereunder (incorporated by reference to Exhibit 4.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed December 15, 2014).
4.3	Second Amendment, dated as of March 27, 2015, to the Credit Agreement, dated as of October 23, 2013, by and among SPH Group Holdings LLC, Steel Partners Holdings L.P., the lenders thereunder and PNC Bank, National Association, in its capacity as administrative agent for the lenders thereunder. (incorporated by reference to Exhibit 99.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K filed March 30, 2015).
4.4	Third Amendment, dated as of September 28, 2015, to the Credit Agreement, dated as of October 23, 2013, by and among SPH Group Holdings LLC, Steel Partners Holdings L.P., the lenders thereunder and PNC Bank, National Association, in its capacity as administrative agent for the lenders thereunder (incorporated by reference to Exhibit 99.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed September 29, 2015).
10.1	License Agreement by and between Steel Partners LLC and Steel Partners Holdings L.P., dated January 1, 2009 (incorporated by reference to Exhibit 10.3 to Steel Partners Holdings L.P.'s Registration Statement on Form 10 filed December 15, 2011).
10.2	Assignment and Assumption Agreement by and among Steel Partners II (Offshore) Ltd., WGL Capital Corp. and Steel Partners Holdings L.P., dated July 15, 2009 (incorporated by reference to Exhibit 10.4 to Amendment No. 1 of Steel Partners Holdings L.P.'s Registration Statement on Form 10 filed January 20, 2012).
10.3	Second Amended and Restated Deferred Fee Agreement, dated as of October 31, 2002, as amended and restated as of January 1, 2005, and as further amended and restated as of July 15, 2009, by and between Steel Partners Holdings L.P. and WGL Capital Corp (incorporated by reference to Exhibit 10.5 to Amendment No. 1 of Steel Partners Holdings L.P.'s Registration Statement on Form 10 filed January 20, 2012).
10.4	Investor Services Agreement by and among Steel Partners Holdings L.P., Steel Partners LLC and WGL Capital Corp., dated July 15, 2009 (incorporated by reference to Exhibit 10.6 to Steel Partners Holdings L.P.'s Registration Statement on Form 10 filed December 15, 2011).
10.5	Advance Agreement by and between Steel Partners Holdings L.P. and Steel Partners II Master Fund L.P., dated June 28, 2009 (incorporated by reference to Exhibit 10.7 to Steel Partners Holdings L.P.'s Registration Statement on Form 10 filed December 15, 2011).
10.6	Amended and Restated Services Agreement by and between Steel Partners Holdings L.P. and SP Corporate Services, LLC, effective as of dated July 15, 2009 (incorporated by reference to Exhibit 10.8 to Amendment No. 1 of Steel Partners Holdings L.P.'s Registration Statement on Form 10 filed January 20, 2012).
10.7	Letter Agreement by and between Steel Partners Holdings L.P. and Steel Partners II GP LLC, dated July 15, 2009 (incorporated by reference to Exhibit 10.9 to Steel Partners Holdings L.P.'s Registration Statement on Form 10 filed December 15, 2011).
10.8	Management Services Agreement by and between SP Corporate Services LLC and Handy & Harman Ltd. and Handy & Harman Group Ltd., dated as of January 1, 2012 (incorporated by reference to Exhibit 10.10 to Amendment No. 1 of Steel Partners Holdings L.P.'s Registration Statement on Form 10 filed January 20, 2012).
10.9***	Employment Agreement by and among WHX Corporation, Handy & Harman, and James McCabe, Jr. dated as of February 1, 2007 (incorporated by reference to Exhibit 10.1 of Steel Partners Holdings L.P.'s Form 10-Q, filed May 15, 2012).

10.10***	Amendment to Employment Agreement by and among WHX Corporation, Handy & Harman, and James F. McCabe, Jr., effective January 1, 2009 (incorporated by reference to Exhibit 10.2 of Steel Partners Holdings L.P.'s Form 10-Q, filed May 15, 2012).
10.11***	Second Amendment to Employment Agreement by and among WHX Corporation, Handy & Harman, and James F. McCabe, Jr., effective January 4, 2009 (incorporated by reference to Exhibit 10.3 of Steel Partners Holdings L.P.'s Form 10-Q, filed May 15, 2012).
10.12	First Amendment to Management Services Agreement between Handy & Harman Ltd., Handy & Harman Group Ltd. and SP Corporate Services LLC (incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K filed April 2, 2013).
10.13	Management Services Agreement between SP Corporate Services LLC and iGo, Inc. effective October 1, 2013. (incorporated by reference to Exhibit 10.3 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed October 15, 2013).
10.14	Pledge Agreement, dated as of October 23, 2013, by and among SPH Group Holdings LLC, Steel Partners Holdings L.P., and PNC Bank, National Association, as agent for the benefit of the lenders (incorporated by reference to Exhibit 99.2 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed October 28, 2013).
10.15	Amended and Restated Management Services Agreement between SP Corporate Services LLC and Steel Excel Inc. (incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed January 14, 2014).
10.16	Amendment No. 1 to Amended and Restated Management Services Agreement between SP Corporate Services LLC and Steel Excel Inc. (incorporated by reference to Exhibit 10.2 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed January 14, 2014).
10.17	Amendment No. 2 to Amended and Restated Management Services Agreement between SP Corporate Services LLC and Steel Excel Inc. (incorporated by reference to Exhibit 10.3 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed January 14, 2014).
10.18	Amendment No. 3 to the Amended and Restated Management Services Agreement between Steel Excel Inc. and SP Corporate Services LLC, dated as of January 1, 2014 (incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Quarterly Report on Form 10-Q, filed November 6, 2014).
10.19	Sixth Amended and Restated Management Agreement by and between SP Corporate Services LLC and SP General Services LLC, effective as of January 1, 2015 (incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed January 13, 2015).
10.20***	Incentive Unit Agreement by and between Steel Partners Holdings L.P. and SPH SPV-I LLC, effective as of May 11, 2012 (incorporated by reference to Exhibit 10.2 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed January 13, 2015).
10.21	Fifth Amended and Restated Agreement of Limited Partnership of Steel Partners Holdings L.P., dated as of July 14, 2009 (incorporated by reference to Exhibit 10.3 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed January 13, 2015).
10.22	Second Amendment to Management Services Agreement, dated as of May 3, 2015, by and among SP Corporate Services LLC, Handy & Harman Ltd. and Handy & Harman Group Ltd. (incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed May 5, 2015).
10.23	Exchange Agreement, dated as of May 31, 2015, by and between Handy & Harman Group, Ltd. and SPH Group Holdings LLC (incorporated by reference to Exhibit 10.1 to Steel Partners Holdings L.P.'s Current Report on Form 8-K, filed June 1, 2015).
21*	Subsidiaries of Steel Partners Holdings L.P.
24*	Power of Attorney (included in the signature page)
31.1*	Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2*	Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1*	Certification by the Chief Executive Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
32.2*	Certification by the Chief Financial Officer Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
99.1**	Financial Statements of SL Industries, Inc.
99.2	Financial Statements of JPS Industries, Inc. for the years ended November 1, 2014 and November 2, 2013 (incorporated by reference to Exhibit 99.3 of Steel Partners Holdings L.P.'s Form 10-K filed March 16, 2015).
99.3	Financial Statements of JPS Industries, Inc. for the six months ended May 2, 2015 and May 3, 2014 (incorporated by reference to Exhibit 99.2 of Steel Partners Holdings L.P.'s Form 8-K filed September 3, 2015).
99.4*	Financial Statements of ModusLink Global Solutions, Inc.

Exhibit 101.INS*	XBRL Instance Document
Exhibit 101.SCH*	XBRL Taxonomy Extension Schema
Exhibit 101.CAL*	XBRL Taxonomy Extension Calculation Linkbase
Exhibit 101.DEF*	XBRL Taxonomy Extension Definition Linkbase
Exhibit 101.LAB*	XBRL Taxonomy Extension Label Linkbase
Exhibit 101.PRE*	XBRL Taxonomy Extension Presentation Linkbase

* Filed herewith

** To be filed by amendment

*** Management contract or compensatory plan or arrangement

SIGNATURES

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

Dated:
March 11, 2016

STEEL PARTNERS HOLDINGS L.P.

By: Steel Partners Holdings GP Inc.
Its General Partner

By: /s/ Warren G. Lichtenstein
Warren G. Lichtenstein
Executive Chairman

POWER OF ATTORNEY

Steel Partners Holdings L.P. and each of the undersigned do hereby appoint Warren G. Lichtenstein and James F. McCabe, Jr., and each of them severally, its or his true and lawful attorney to execute on behalf of Steel Partners Holdings L.P. and the undersigned any and all amendments to this Annual Report on Form 10-K and to file the same with all exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission; each of such attorneys shall have the power to act hereunder with or without the other.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons in the capacities indicated with respect to Steel Partners Holdings GP Inc., the general partner of Steel Partners Holdings L.P., and on behalf of the registrant and on the dates indicated below by the following persons in the capacities and on the dates indicated.

By:	/s/ Warren G. Lichtenstein	March 11, 2016
	Warren G. Lichtenstein, Executive Chairman (Principal Executive Officer)	Date
By:	/s/ James F. McCabe, Jr.	March 11, 2016
	James F. McCabe, Jr., Chief Financial Officer (Principal Accounting Officer)	Date
By:	/s/ Jack L. Howard	March 11, 2016
	Jack L. Howard, Director	Date
By:	/s/ Anthony Bergamo	March 11, 2016
	Anthony Bergamo, Director	Date
By:	/s/ John P. McNiff	March 11, 2016
	John P. McNiff, Director	Date
By:	/s/ Joseph L. Mullen	March 11, 2016
	Joseph L. Mullen, Director	Date
By:	/s/ General Richard I. Neal	March 11, 2016
	General Richard I. Neal, Director	Date
By:	/s/ Allan R. Tessler	March 11, 2016
	Allan R. Tessler, Director	Date

EXHIBIT 21

Schedule of Subsidiaries
(as of December 31, 2015)

STEEL PARTNERS HOLDINGS GP INC., a Delaware corporation.

SPH GROUP LLC, a Delaware limited liability company.

SPH GROUP HOLDINGS LLC, a Delaware limited liability company.

SPH SERVICES, INC., a Delaware Corporation.

SP CORPORATE SERVICES LLC, a Delaware limited liability company.

STEEL PARTNERS LLC, a Delaware limited liability company.

BNS LIQUIDATING TRUST, a Delaware company.

SP ASSET MANAGEMENT LLC, a Delaware limited liability company.

STEEL PARTNERS II L.P., a Delaware limited partnership.

CHINA ACCESS PAPER INVESTMENT COMPANY LIMITED, a corporation organized under the laws of Mauritius.

WF ASSET CORP., a Delaware corporation.

WEBFINANCIAL HOLDING CORPORATION, a Delaware corporation.

DGT HOLDINGS CORP., a Delaware corporation.

HANDY & HARMAN LTD., a Delaware corporation.

STEEL EXCEL INC., a Delaware corporation.

WEBFINANCIAL HOLDING CORPORATION SUBSIDIARIES

WEBBANK, a Utah chartered industrial bank.

WORKING CAPITAL SOLUTIONS, INC., a Delaware corporation.

WEBFINANCIAL HOLDING LLC, a Delaware limited liability company.

API GROUP plc, a corporation organized under the laws of England and Wales.

API GROUP SERVICES LIMITED, a corporation organized under the laws of England and Wales.

API HOLOGRAPHICS LIMITED, a corporation organized under the laws of England and Wales.

API LAMINATES LIMITED, a corporation organized under the laws of England and Wales.

API OVERSEAS HOLDINGS LIMITED, a corporation organized under the laws of England and Wales.

API-STACE LIMITED, a corporation organized under the laws of England and Wales.

API FOILS HOLDINGS LIMITED, a corporation organized under the laws of England and Wales.

API (USA) HOLDINGS LIMITED, a Delaware corporation.

API FOILS, INC., a Delaware corporation.

API DEUTSCHLAND GMBH, a corporation organized under the laws of Germany.

API FOILS ASIA LIMITED, a corporation organized under the laws of China.

API FOILS ITALIA SRL, a corporation organized under the laws of Italy.

API FOILS LIMITED, a corporation organized under the laws of Scotland.

API FOILS NEW ZEALAND LIMITED, a corporation organized under the laws of New Zealand.

API FOILS PTY LIMITED, a corporation organized under the laws of Australia.

API FOILS SAS, a corporation organized under the laws of France.

API FOLIE POLSKA Sp. Z o.o., a corporation organized under the laws of Poland.

DGT HOLDINGS CORP. SUBSIDIARIES

DM IMAGING CORP., a Delaware corporation.

VILLA IMMOBILIARE SRL, Italy

RFI CORPORATION, a Delaware corporation.

HANDY & HARMAN LTD.

WHX CS CORPORATION, a Delaware corporation.

HANDY & HARMAN GROUP, LTD., a Delaware corporation (“HHG”).

HANDY & HARMAN, a New York corporation (“HANDY & HARMAN”), a direct subsidiary of HHG.

BAIRNCO LLC, a Delaware limited liability company (“BAIRNCO”), a direct subsidiary of HHG.

HANDY & HARMAN HOLDING CORPORATION, a Delaware corporation, a direct subsidiary of HHG.

HANDY & HARMAN SUBSIDIARIES

DANIEL RADIATOR CORPORATION, a Texas corporation.

EAST 74th STREET HOLDINGS, INC., an Oklahoma corporation (formerly known as Continental Industries, Inc.).

H&H LTD., a corporation organized under the laws of Bermuda.

Handy & Harman (Asia) S.A., a corporation organized under the laws of Panama.

HANDY & HARMAN AUTOMOTIVE GROUP, INC., a Delaware corporation.

HANDY & HARMAN OF CANADA, LIMITED, a Province of Ontario Canada corporation.

HANDY & HARMAN ELE (ASIA) SND BHD., a corporation organized under the laws of Malaysia.

HANDY & HARMAN ELECTRONIC MATERIALS CORPORATION, a Florida corporation.

HANDY & HARMAN (EUROPE) LIMITED, a corporation organized under the laws of England and Wales. (1)

HANDY & HARMAN INTERNATIONAL, LTD., a Delaware corporation.

HANDY & HARMAN MANAGEMENT HOLDINGS (HK) LIMITED, a corporation organized under the laws of Hong Kong. (1)

HANDY & HARMAN MANUFACTURING (SINGAPORE) PTE. LTD., a corporation organized under the laws of Malaysia.

HANDY & HARMAN NETHERLANDS, BV., a corporation organized under the laws of the Netherlands. (1)

HANDY & HARMAN TUBE COMPANY, INC., a Delaware corporation.

HANDY & HARMAN UK HOLDINGS LIMITED, a corporation organized under the laws of England and Wales. (1)

HANDYTUBE CORPORATION, a Delaware corporation (formerly known as Camdel Metals Corporation).

INDIANA TUBE CORPORATION, a Delaware corporation.

INDIANA TUBE SOLUTIONS, S. De R.L. de C.V., a corporation organized under the law of Mexico. (1)

INTERNATIONAL FABRICS INC., a Delaware corporation.

JPS AUTO INC., a Delaware corporation.

JPS CAPRPET CORPORATION, a Delaware corporation.

JPS COMPOSITE MATERIALS CORPORATION, a Delaware corporation.

JPS ELASTOMETRICS CORPORATION, a Delaware corporation.

JPS INDUSTRIES HOLDINGS LLC, a Delaware limited liability corporation.

LUCAS-MILHAUPT, INC., a Wisconsin corporation.

LUCAS-MILHAUPT BRAZING MATERIALS (SUZHOU) CO. LTD., a corporation organized under the laws of China. (1)

LUCAS-MILHAUPT GLIWICE Sp. Z o.o., a corporation organized under the laws of Poland. (1)

LUCAS-MILHAUPT HONG KONG LIMITED, a corporation organized under the laws of Hong Kong. (1)

LUCAS MILHAUPT RIBERAC SA, a corporation organized under the laws of France. (1)

LUCAS-MILHAUPT WARWICK LLC, a Delaware limited liability company. (1)

MICRO-TUBE FABRICATORS, INC., a Delaware corporation.

OCMUS, INC., an Indiana corporation (formerly known as Sumco, Inc.)

OMG, INC., a Delaware corporation (formerly known as Olympic Manufacturing Group, Inc.)

OMG ROOFING, INC., a Delaware corporation. (1)

OMNI TECHNOLOGIES CORPORATION OF DANVILLE, a New Hampshire corporation.

PAL-RATH REALTY, INC., a Delaware corporation.

PAM FASTENING TECHNOLOGY, INC., a North Carolina corporation. (1)

RIGBY-MARYLAND (STAINLESS), LTD, a corporation organized under the laws of England and Wales. (1)

THE NOMINATING TRUSTS (20 Grant Street Nominee Trust, 28 Grant Street Nominee Trust, 7 Orne Street Nominee Trust), trusts governed by Massachusetts law. (1)

460 WEST MAIN STREET HOLDING CORPORATION, a Delaware corporation (formerly know as Canfield Metal Coating Corporation).

BAIRNCO CORPORATION SUBSIDIARIES

BAIRNCO GRAPHICS PRIVATE LIMITED (formerly Arlon India Private Limited), a corporation organized under the laws of India. (2)

ATLANTIC SERVICE CO. LTD., a corporation organized under the laws of Canada. (2)

ATLANTIC SERVICE CO. (UK) LTD., a corporation organized under the laws of United Kingdom. (2)

BERTRAM & GRAF GMBH, a corporation organized under the laws of Germany. (2)

KASCO LLC, a Delaware limited liability company.

KASCO ENSAMBLY S.A. DE C.V., a corporation organized under the laws of Mexico. (2)

KASCO MEXICO LLC, a Delaware Limited Liability Company. (2)

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(1) Indirect wholly-owned subsidiary of Handy & Harman.
(2) Indirect wholly-owned subsidiary of Bairnco LLC.

<u>STEEL EXCEL INC. SUBSIDIARIES</u>

STEEL EXCEL, INC. (Delaware)

STEEL ENERGY SERVICES LTD. (Delaware)

SUN WELL SERVICE, INC. (North Dakota)

ROGUE PRESSURE SERVICES LTD. (Delaware)

BLACK HAWK ENERGY SERVICES, INC. (New Mexico)

STEEL SPORTS INC. (Delaware)

BASEBALL HEAVEN INC. (Delaware)

SOUTH BAY STRENGTH AND CONDITIONING LLC (California) - 50% owned

TORRANCE STRENGTH AND CONDITIONING LLC (California) - 86% owned

UK ELITE SOCCER INC. (New Jersey) - 80% owned

GLOBAL INDOOR SPORTS (Delaware)

EXHIBIT 31.1

PRINCIPAL EXECUTIVE OFFICER CERTIFICATION

I, Warren G. Lichtenstein, certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015 of Steel Partners Holdings L.P.;

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

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

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

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

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

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

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

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

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

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

Date:
March 11, 2016

/s/ Warren G. Lichtenstein

Warren G. Lichtenstein
Executive Chairman
of Steel Partners Holdings GP Inc.

EXHIBIT 31.2

CHIEF FINANCIAL OFFICER CERTIFICATION

I, James F. McCabe, Jr., certify that:

1. I have reviewed this Annual Report on Form 10-K for the year ended December 31, 2015 of Steel Partners Holdings L.P.;

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

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

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

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

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

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

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

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

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

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

Date:
March 11, 2016

/s/ James F. McCabe, Jr.

James F. McCabe, Jr.
Chief Financial Officer of Steel Partners Holdings GP Inc.

EXHIBIT 32.1

Certification of the Principal Executive Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Steel Partners Holdings L.P.(the “Partnership”) on Form 10-K for the year ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Warren G. Lichtenstein, Executive Chairman of Steel Partners Holdings GP Inc., the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date:	
March 11, 2016	/s/ Warren G. Lichtenstein
	Warren G. Lichtenstein Executive Chairman of Steel Partners Holdings GP Inc.

* The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 32.2

Certification of the Chief Financial Officer
Pursuant to 18 U.S.C. Section 1350,
As Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

In connection with the Annual Report of Steel Partners Holdings L.P.(the “Partnership”) on Form 10-K for the year ended December 31, 2015 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, James F. McCabe, Jr., Chief Financial Officer of Steel Partners Holdings GP Inc., the general partner of the Partnership, certify, pursuant to 18 U.S.C. Section § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

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

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

Date:
March 11, 2016

/s/ James F. McCabe, Jr.

James F. McCabe, Jr.
Chief Financial Officer
of Steel Partners Holdings GP Inc.

*The foregoing certification is being furnished solely pursuant to 18 U.S.C. Section 1350 and is not being filed as part of the Report or as a separate disclosure document.

EXHIBIT 99.4

ModusLink Global Solutions, Inc.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

Board of Directors and Stockholders
ModusLink Global Solutions, Inc.
Waltham, Massachusetts

We have audited the accompanying consolidated balance sheets of ModusLink Global Solutions, Inc. as of July 31, 2015 and 2014 and the related consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ModusLink Global Solutions, Inc. at July 31, 2015 and 2014, and the results of their operations and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), ModusLink Global Solutions, Inc.'s internal control over financial reporting as of July 31, 2015, based on criteria established in Internal Control—Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated October 14, 2015 expressed an unqualified opinion thereon.

/s/ BDO USA, LLP

Boston, Massachusetts
October 14, 2015

Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
ModusLink Global Solutions, Inc.:

We have audited the accompanying consolidated statements of operations, comprehensive loss, stockholders' equity, and cash flows of ModusLink Global Solutions, Inc. and subsidiaries for the year ended July 31, 2013. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated results of ModusLink Global Solutions, Inc.'s operations and their cash flows for the year ended July 31, 2013, in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Boston, Massachusetts
October 15, 2013

MODUSLINK GLOBAL SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	July 31, 2015	July 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$ 119,431	$ 183,515
Trading securities	78,716	22,793
Accounts receivable, trade, net of allowance for doubtful accounts of $57 and $63 at July 31, 2015 and July 31, 2014, respectively	131,216	123,948
Inventories	48,740	65,269
Funds held for clients	21,807	—
Prepaid expenses and other current assets	13,732	10,243
Total current assets	413,642	405,768
Property and equipment, net	22,736	25,126
Investments in affiliates	—	7,172
Goodwill	—	3,058
Other intangible assets, net	—	667
Other assets	10,124	9,855
Total assets	$ 446,502	$ 451,646
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	$ 120,118	$ 105,045
Accrued restructuring	1,528	2,246
Accrued expenses	38,970	39,544
Other current liabilities	50,737	51,759
Total current liabilities	211,353	198,594
Long-term portion of accrued restructuring	—	39
Notes payable	77,864	73,391
Other long-term liabilities	12,684	8,004
Long-term liabilities	90,548	81,434
Total liabilities	301,901	280,028
Commitments and contingencies (Note 10)		
Stockholders' equity:		
Preferred stock, $0.01 par value per share. Authorized 5,000,000 shares; zero issued or outstanding shares at July 31, 2015 and July 31, 2014	—	—
Common stock, $0.01 par value per share. Authorized 1,400,000,000 shares; 52,233,888 issued and outstanding shares at July 31, 2015; 52,100,763 issued and outstanding shares at July 31, 2014	522	521
Additional paid-in capital	7,452,410	7,450,541
Accumulated deficit	(7,311,841)	(7,293,412)
Accumulated other comprehensive income	3,510	13,968
Total stockholders' equity	144,601	171,618
Total liabilities and stockholders' equity	$ 446,502	$ 451,646

The accompanying notes are an integral part of these consolidated financial statements.

MODUSLINK GLOBAL SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share amounts)

	Twelve Months Ended July 31,		
	2015	2014	2013
Net revenue	$ 561,673	$ 723,400	$ 754,504
Cost of revenue	507,188	648,675	680,134
Gross profit	54,485	74,725	74,370
Operating expenses			
Selling, general and administrative	59,667	72,020	86,972
Amortization of intangible assets	667	1,097	1,133
Impairment of goodwill and long-lived assets	3,360	500	—
Restructuring, net	5,130	6,557	14,497
Total operating expenses	68,824	80,174	102,602
Operating loss	(14,339)	(5,449)	(28,232)
Other income (expense):			
Interest income	893	382	300
Interest expense	(10,618)	(5,009)	(612)
Other gains, net	15,005	(50)	(2,642)
Impairment of investments in affiliates	(7,295)	(1,420)	(2,750)
Total other income (expense)	(2,015)	(6,097)	(5,704)
Loss from continuing operations before income taxes	(16,354)	(11,546)	(33,936)
Income tax expense	2,283	4,682	3,779
(Gains) losses, and equity in losses, of affiliates, net of tax	(208)	134	1,615
Loss from continuing operations	(18,429)	(16,362)	(39,330)
Discontinued operations, net of income taxes:			
Income (loss) from discontinued operations	—	80	(1,025)
Net loss	$ (18,429)	$ (16,282)	$ (40,355)
Basic and diluted net income per share:			
Loss from continuing operations	$ (0.35)	$ (0.32)	$ (0.84)
Income (loss) from discontinued operations	—	—	(0.02)
Net loss	$ (0.35)	$ (0.32)	$ (0.86)
Weighted average common shares used in:			
Basic and diluted earnings per share	51,940	51,582	46,654

The accompanying notes are an integral part of these consolidated financial statements.

MODUSLINK GLOBAL SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands)

	Twelve Months Ended July 31,		
	2015	2014	2013
Net loss	$ (18,429)	$ (16,282)	$ (40,355)
Other comprehensive income:			
Foreign currency translation adjustment	(8,163)	74	3,057
Pension liability adjustments, net of tax	(2,306)	166	(831)
Net unrealized holding gain on securities, net of tax	11	15	46
Other comprehensive income (loss)	(10,458)	255	2,272
Comprehensive loss	$ (28,887)	$ (16,027)	$ (38,083)

The accompanying notes are an integral part of these consolidated financial statements.

MODUSLINK GLOBAL SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(in thousands, except share amounts)

	Number of Shares	Common Stock	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Income	Total Stockholders' Equity
Balance at July 31, 2012	43,926,622	$ 439	$ 7,390,027	$ (7,236,775)	$ 11,441	$ 165,132
Net loss				(40,355)		(40,355)
Issuance of common stock to Steel Partners Holdings, L.P., net of transaction costs of $2.3 million	7,500,000	75	27,600	—	—	27,675
Issuance of common stock pursuant to employee stock purchase plan and stock option exercises	11,986	—	31	—	—	31
Restricted stock grants	278,220	3	(3)	—	—	—
Restricted stock forfeitures	(140,935)	(1)	(157)	—	—	(158)
Share-based compensation	—	—	2,308	—	—	2,308
Other comprehensive items	—	—	—	—	2,272	2,272
Balance at July 31, 2013	51,575,893	516	7,419,806	(7,277,130)	13,713	156,905
Net loss				(16,282)	—	(16,282)
Equity portion of convertible senior notes	—	—	27,163	—	—	27,163
Issuance of common stock pursuant to employee stock purchase plan and stock option exercises	354,711	3	1,365	—	—	1,368
Restricted stock grants	184,130	2	(2)	—	—	—
Restricted stock forfeitures	(13,971)	—	(45)	—	—	(45)
Share-based compensation	—	—	2,254	—	—	2,254
Other comprehensive items	—	—	—	—	255	255
Balance at July 31, 2014	52,100,763	521	7,450,541	(7,293,412)	13,968	171,618
Net loss				(18,429)		(18,429)
Issuance of common stock pursuant to employee stock purchase plan and stock option exercises	33,358	—	113	—	—	113
Restricted stock grants	111,110	1	(1)	—	—	—
Restricted stock forfeitures	(11,343)	—	—	—	—	—
Share-based compensation	—	—	1,757	—	—	1,757
Other comprehensive items	—	—	—	—	(10,458)	(10,458)
Balance at July 31, 2015	52,233,888	$ 522	$ 7,452,410	$ (7,311,841)	$ 3,510	$ 144,601

The accompanying notes are an integral part of these consolidated financial statements.

MODUSLINK GLOBAL SOLUTIONS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Twelve Months Ended July 31,		
	2015	2014	2013
Cash flows from operating activities of continuing operations:			
Net loss	$ (18,429)	$ (16,282)	$ (40,355)
Income from discontinued operations	—	80	(1,025)
Loss from continuing operations	(18,429)	(16,362)	(39,330)
Adjustments to reconcile loss from continuing operations to net cash used in operating activities of continuing operations:			
Depreciation	8,668	13,179	14,118
Amortization of intangible assets	667	1,097	1,133
Amortization of deferred financing costs	557	1,255	353
Accretion of debt discount	4,473	1,489	—
Impairment of goodwill and long-lived assets	3,360	500	—
Share-based compensation	1,757	2,254	2,308
Non-operating (gains) losses, net	(15,005)	50	2,642
(Gains) losses, and equity in losses, of affiliates and impairments	7,087	1,554	4,365
Changes in operating assets and liabilities:			
Trade accounts receivable, net	(14,970)	17,698	8,583
Inventories	11,839	(4,403)	22,434
Prepaid expenses and other current assets	(26,580)	(511)	2,356
Accounts payable, accrued restructuring and accrued expenses	22,258	(2,513)	(5,851)
Refundable and accrued income taxes, net	367	(311)	(3,652)
Other assets and liabilities	33,145	(4,837)	(1,478)
Net cash provided by operating activities of continuing operations	19,194	10,139	7,981
Cash flows from investing activities of continuing operations:			
Additions to property and equipment	(8,518)	(4,489)	(7,296)
Proceeds from the disposition of the TFL business, net of transaction costs of $81	—	—	1,269
Proceeds from the sale of trading securities	2,325	—	—
Proceeds from the sale of available-for-sale securities	—	—	96
Purchase of trading securities	(69,221)	(395)	—
Investments in affiliates	(323)	(756)	(1,712)
Proceeds from investments in affiliates	408	—	207
Net cash used in investing activities of continuing operations	(75,329)	(5,640)	(7,436)
Cash flows from financing activities of continuing operations:			
Payment of deferred financing costs	—	(628)	(1,416)
Repayments on capital lease obligations	(216)	(130)	(60)
Net proceeds (repayments) of revolving line of credit	(4,453)	4,453	—
Proceeds from issuance of common stock to Steel Partners Holdings, L.P., net of transaction costs of $2,325	—	—	27,675
Proceeds from issuance of common stock	113	1,368	—
Repurchase of common stock	—	—	(158)
Proceeds from issuance of convertible notes, net of transaction costs of $3,430	—	96,570	—
Net cash provided by (used in) financing activities of continuing operations	(4,556)	101,633	26,041
Cash flows from discontinued operations:			
Operating cash flows	—	(324)	(1,645)
Net cash used in discontinued operations	—	(324)	(1,645)
Net effect of exchange rate changes on cash and cash equivalents	(3,393)	(209)	606
Net decrease in cash and cash equivalents	(64,084)	105,599	25,547
Cash and cash equivalents at beginning of period	183,515	77,916	52,369
Cash and cash equivalents at end of period	$ 119,431	$ 183,515	$ 77,916

The accompanying notes are an integral part of these consolidated financial statements.

(1) NATURE OF OPERATIONS

ModusLink Global Solutions, Inc. (together with its consolidated subsidiaries, “ModusLink Global Solutions” or the “Company”), through its wholly owned subsidiaries, ModusLink Corporation (“ModusLink”) and ModusLink PTS, Inc. (“ModusLink PTS”), is a leader in global supply chain business process management serving clients in markets such as consumer electronics, communications, computing, medical devices, software, and retail. The Company designs and executes critical elements in its clients’ global supply chains to improve speed to market, product customization, flexibility, cost, quality and service. These benefits are delivered through a combination of industry expertise, innovative service solutions, integrated operations, proven business processes, expansive global footprint and world-class technology.

The Company has an integrated network of strategically located facilities in various countries, including numerous sites throughout North America, Europe and Asia. The Company previously operated under the names CMGI, Inc. and CMG Information Services, Inc. and was incorporated in Delaware in 1986.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying consolidated financial statements reflect the application of certain significant accounting policies described below.

Principles of Consolidation

The accompanying consolidated financial statements of the Company include the results of its wholly-owned and majority- owned subsidiaries. All significant intercompany transactions and balances have been eliminated in consolidation. The Company accounts for investments in businesses in which it owns between 20% and 50% of the voting interest using the equity method, if the Company has the ability to exercise significant influence over the investee company. All other investments in privately held businesses over which the Company does not have the ability to exercise significant influence, or for which there is not a readily determinable market value, are accounted for under the cost method of accounting.

Reclassification

Certain reclassifications have been made to prior periods to conform with current reporting. On the fiscal year 2013 Statements of Operations the “(Gains) losses, and equity in losses, of affiliates” are classified after the Loss from continuing operations before income taxes.

Use of Estimates

The preparation of the Company’s consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. On an ongoing basis, the Company evaluates its estimates including those related to revenue recognition, allowance for doubtful accounts, inventories, fair value of its trading and available-for-sale securities, intangible assets, income taxes, restructuring, valuation of long-lived assets, impairments, contingencies, restructuring charges, litigation, pension obligations and the fair value of stock options and share bonus awards granted under the Company’s stock based compensation plans. Accounting estimates are based on historical experience and various assumptions that are considered reasonable under the circumstances. However, because these estimates inherently involve judgments and uncertainties, actual results could differ materially from those estimated.

Revenue Recognition

The Company’s revenue primarily comes from the sale of supply chain management services to our clients. Amounts billed to clients under these arrangements include revenue attributable to the services performed as well as for materials procured on our clients’ behalf as part of our service to them. Other sources of revenue include the sale of products and other services. Revenue is recognized for services when the services are performed and for product sales when the products are shipped or in certain cases when products are built and title had transferred, if the client has also contracted with us for warehousing and/or logistics services for a separate fee, assuming all other applicable revenue recognition criteria are met.

The Company recognizes revenue in accordance with the provisions of the Accounting Standards Codification (“ASC”) Topic 605, “Revenue Recognition” (“ASC Topic 605”). Specifically, the Company recognizes revenue when persuasive evidence of an arrangement exists, title and risk of loss have passed or services have been rendered, the sales price is fixed or determinable and collection of the related receivable is reasonably assured. The Company's shipping terms vary by client and can include FOB shipping point, which means that risk of loss passes to the client when it is shipped from the Company's location, as well as other terms such as ex-works, meaning that title and risk of loss transfer upon delivery of product to the customer's designated carrier. The Company also evaluates the terms of each major client contract relative to a number of criteria that management considers in making its determination with respect to gross versus net reporting of revenue for transactions with its clients. Management's criteria for making these judgments place particular emphasis on determining the primary obligor in a transaction and which party bears general inventory risk. The Company records all shipping and handling fees billed to clients as revenue, and related costs as cost of sales, when incurred.

The Company applies the provisions of ASC Topic 985, "Software" ("ASC Topic 985"), with respect to certain transactions involving the sale of software products by our e-Business operations.

The Company applies the guidance of Accounting Standards Codification ("ASC") 605-25 "Revenue—Multiple-Element Arrangements" for determining whether an arrangement involving more than one deliverable contains more than one unit of accounting and how the arrangement consideration should be measured and allocated to the separate units of accounting. Under this guidance, when vendor specific objective evidence or third party evidence for deliverables in an arrangement cannot be determined, a best estimate of the selling price is required to separate deliverables and allocate arrangement consideration using the relative selling price method. For those contracts which contain multiple deliverables, management must first determine whether each service, or deliverable, meets the separation criteria. In general, a deliverable (or a group of deliverables) meets the separation criteria if the deliverable has standalone value to the client. Each deliverable that meets the separation criteria is considered a "separate unit of accounting." Management allocates the total arrangement consideration to each separate unit of accounting based on the relative selling price of each separate unit of accounting. After the arrangement consideration has been allocated to each separate unit of accounting, management applies the appropriate revenue recognition method for each separate unit of accounting as described previously based on the nature of the arrangement. In general, revenue is recognized upon completion of the last deliverable. All deliverables that do not meet the separation criteria are combined into one unit of accounting and the appropriate revenue recognition method is applied.

Accounts Receivable and Allowance for Doubtful Accounts

The Company's unsecured accounts receivable are stated at original invoice amount less an estimate made for doubtful receivables based on a monthly review of all outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering each customer's financial condition, credit history and current economic conditions. The Company writes off accounts receivable when management deems them uncollectible and records recoveries of accounts receivable previously written off when received. When accounts receivable are considered past due, the Company generally does not charge interest on past due balances.

Foreign Currency Translation

All assets and liabilities of the Company's foreign subsidiaries, whose functional currency is the local currency, are translated to U.S. dollars at the rates in effect at the balance sheet date. All amounts in the Consolidated Statements of Operations are translated using the average exchange rates in effect during the year. Resulting translation adjustments are reflected in the accumulated other comprehensive income (loss) component of stockholders' equity. Settlement of receivables and payables in a foreign currency that is not the functional currency result in foreign currency transaction gains and losses. Foreign currency transaction gains and losses are included in "Other gains (losses), net" in the Consolidated Statements of Operations.

Cash, Cash Equivalents and Short-term Investments

The Company considers all highly liquid investments with original maturities of three months or less at the time of purchase to be cash equivalents. Investments with maturities greater than 90 days to twelve months at the time of purchase are considered short- term investments. Cash and cash equivalents consisted of the following:

	July 31, 2015	July 31, 2014
	(In thousands)	
Cash and bank deposits	$ 43,154	$ 32,889
Money market funds	76,277	150,626
	$ 119,431	$ 183,515

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents, accounts receivable, accounts payable, current liabilities and the revolving line of credit approximate fair value because of the short maturity of these instruments. The carrying value of capital lease obligations approximates fair value, as estimated by using discounted future cash flows based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The fair values of the Company's Trading Securities are estimated using quoted market prices. The fair value of our Notes payable is $88.2 million as of July 31, 2015, which represents the value at which our lenders could trade our debt with in the financial markets, and does not represent the settlement value of these long-term debt liabilities to us. The fair value of the Notes payable could vary each period based on fluctuations in market interest rates, as well as changes to our credit ratings. The Notes payable are traded and their fair values are based upon traded prices as of the reporting dates.

The defined benefit plans have assets invested in insurance contracts and bank managed portfolios. Conservation of capital with some conservative growth potential is the strategy for the plans. The Company's pension plans are outside the United States, where asset allocation decisions are typically made by an independent board of trustees. Investment objectives are aligned to generate returns that will enable the plans to meet their future obligations. The Company acts in a consulting and governance role in reviewing investment strategy and providing a recommended list of investment managers for each plan, with final decisions on asset allocation and investment manager made by local trustees.

ASC Topic 820 provides that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based on the highest and best use of the asset or liability. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. ASC Topic 820 requires the Company to use valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

Level 1:	Observable inputs such as quoted prices for identical assets or liabilities in active markets
Level 2:	Other inputs that are observable directly or indirectly, such as quoted prices for similar assets or liabilities or market-corroborated inputs
Level 3:	Unobservable inputs for which there is little or no market data and which require the Company to develop its own assumptions about how market participants would price the assets or liabilities

Investments

Marketable securities held by the Company which meet the criteria for classification as trading securities or available-for-sale are carried at fair value. Gains and losses on securities classified as trading are reflected in other income (expense) in the Company's Consolidated Statements of Operations. Unrealized holding gains and losses on securities classified as available-for-sale are carried net of income taxes, when applicable, as a component of accumulated other comprehensive income (loss) in the Consolidated Statements of Stockholders' Equity.

The Company maintained interests in a small number of privately held companies primarily through its various venture capital funds. The Company's venture capital investment portfolio, @Ventures, invested in early-stage technology companies. These investments are generally made in connection with a round of financing with other third-party investors. Investments in which the Company's interest is less than 20% and which are not classified as available-for-sale securities, are accounted for under the cost method of accounting, and are carried at the lower of cost or net realizable value. Under this method, the investment balance, originally recorded at is cost, is only adjusted for impairments to the investment. Gains and losses realized upon the sale of the investment are reflected in "(Gains) losses, and equity in losses, of affiliates" in the Company's Consolidated Statements of Operations. If it is determined that the Company exercises significant influence over the investee company, then the equity method of accounting is used. For those investments in which the Company's voting interest is between 20% and 50%, the equity method of accounting is generally used. Under this method, the investment balance, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the investee company as they occur, limited to the extent of the Company's investment in, advances to and commitments for the investee. The Company's share of net income or losses of the investee are reflected in "(Gains) losses, and equity in losses, of affiliates" in the Company's Consolidated Statements of Operations.

The Company assesses the need to record impairment losses on its investments and records such losses when the impairment of an investment is determined to be other than temporary in nature. The process of assessing whether a particular equity investment's net realizable value is less than its carrying cost requires a significant amount of judgment. This valuation process is based primarily on information that the Company obtains from these privately held companies who are not subject to the same disclosure and audit requirements as the reports required of U.S. public companies. As such, the timeliness and completeness of the data may vary. Based on the Company's evaluation, it recorded impairment charges related to its investments in privately held companies of approximately $7.3 million, $1.4 million and $2.8 million for the fiscal years ended July 31, 2015, 2014 and 2013, respectively. These impairment losses are reflected in "Impairment of investments in affiliates" in the Company's Consolidated Statements of Operations.

At the time an equity method investee issues its stock to unrelated parties, the Company accounts for that share issuance as if the Company has sold a proportionate share of its investment. The Company records any gain or loss resulting from an equity method investee's share issuance in its Consolidated Statements of Operations.

Funds held for clients

Funds held for clients represent assets that are restricted for use solely for the purposes of satisfying the obligations to remit client's customer funds to the Company's clients. These funds are classified as a current asset and a corresponding other current liability on our Consolidated Balance Sheets.

Inventory

Inventories are stated at the lower of cost or market. Cost is determined by both the moving average and the first-in, first-out methods. Materials that the Company typically procures on behalf of its clients that are included in inventory include materials such as compact discs, printed materials, manuals, labels, hardware accessories, hard disk drives, consumer packaging, shipping boxes and labels, power cords and cables for client-owned electronic devices.

Inventories consisted of the following:

	July 31, 2015	July 31, 2014
	(In thousands)	
Raw materials	$ 38,922	$ 51,179
Work-in-process	536	910
Finished goods	9,282	13,180
	$ 48,740	$ 65,269

The Company continuously monitors inventory balances and records inventory provisions for any excess of the cost of the inventory over its estimated market value. The Company also monitors inventory balances for obsolescence and excess quantities as compared to projected demands. The Company's inventory methodology is based on assumptions about average shelf life of inventory, forecasted volumes, forecasted selling prices, contractual provisions with our clients, write-down history of inventory and market conditions. While such assumptions may change from period to period, in determining the net realizable value of its inventories, the Company uses the best information available as of the balance sheet date. If actual market conditions are less favorable than those projected, or the Company experiences a higher incidence of inventory obsolescence because of rapidly changing technology and client requirements, additional inventory provisions may be required. Once established, write-downs of inventory are considered permanent adjustments to the cost basis of inventory and cannot be reversed due to subsequent increases in demand forecasts. Accordingly, if inventory previously written down to its net realizable value is subsequently sold, gross profit margins may be favorably impacted.

Long-Lived Assets, Goodwill and Other Intangible Assets

The Company follows ASC Topic 360, "Property, Plant, and Equipment" ("ASC Topic 360"). Under ASC Topic 360, the Company tests certain long-lived assets or group of assets for recoverability whenever events or changes in circumstances indicate that the Company may not be able to recover the asset's carrying amount. ASC Topic 360 defines impairment as the condition that exists when the carrying amount of a long-lived asset or group, including property and equipment and other definite-lived intangible assets, exceeds its fair value. The Company evaluates recoverability by determining whether the undiscounted cash flows expected to result from the use and eventual disposition of that asset or group cover the carrying value at the evaluation date. If the undiscounted cash flows are not sufficient to cover the carrying value, the Company measures an impairment loss as the excess of the carrying amount of the long-lived asset or group over its fair value. Management may use third party valuation experts to assist in its determination of fair value.

The Company is required to test goodwill for impairment annually or if a triggering event occurs in accordance with the provisions of ASC Topic 350, "Goodwill and Other" ("ASC Topic 350"). The Company's policy is to perform its annual impairment testing for all reporting units with goodwill on July 31 of each fiscal year.

The Company's valuation methodology for assessing impairment of long-lived assets, goodwill and other intangible assets requires management to make judgments and assumptions based on historical experience and on projections of future operating performance. Management may use third party valuation advisors to assist in its determination of the fair value of reporting units subject to impairment testing. The Company operates in highly competitive environments and projections of future operating results and cash flows may vary significantly from actual results. If our assumptions used in estimating our valuations of the Company's reporting units for purposes of impairment testing differ materially from actual future results, the Company may record impairment charges in the future and our financial results may be materially adversely affected.

Restructuring Expenses

The Company follows the provisions of ASC Topic 420, "Exit or Disposal Cost Obligations", which addresses financial accounting and reporting for costs associated with exit or disposal activities. The statement requires companies to recognize costs associated with exit or disposal activities when a liability has been incurred rather than at the date of a commitment to an exit or disposal plan. The Company records liabilities that primarily include estimated severance and other costs related to employee benefits and certain estimated costs related to equipment and facility lease obligations and other service contracts. These contractual obligations principally represent future obligations under non-cancelable real estate leases. Restructuring estimates relating to real estate leases involve consideration of a number of factors including: potential sublet rental rates, estimated vacancy period for the property, brokerage commissions and certain other costs. Estimates relating to potential sublet rates and expected vacancy periods are most likely to have a material impact on the Company's results of operations in the event that actual amounts differ significantly from estimates. These estimates involve judgment and uncertainties, and the settlement of these liabilities could differ materially from recorded amounts.

Property and Equipment

Property, plant and equipment are stated at cost. The costs of additions and improvements are capitalized, while maintenance and repairs are charged to expense as incurred. Depreciation and amortization is provided on the straight-line basis over the estimated useful lives of the respective assets. The Company capitalizes certain computer software development costs when incurred in connection with developing or obtaining computer software for internal use. The estimated useful lives are as follows:

Buildings	32 years
Machinery & equipment	3 to 5 years
Furniture & fixtures	5 to 7 years
Automobiles	5 years
Software	3 to 8 years
Leasehold improvements	Shorter of the remaining lease term or the estimated useful life of the asset

Income Taxes

Income taxes are accounted for under the provisions of ASC Topic 740, "Income Taxes" ("ASC Topic 740"), using the asset and liability method whereby deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. ASC Topic 740 also requires that the deferred tax assets be reduced by a valuation allowance, if based on the weight of available evidence, it is more likely than not that some portion or all of the recorded deferred tax assets will not be realized in future periods. This methodology is subjective and requires significant estimates and judgments in the determination of the recoverability of deferred tax assets and in the calculation of certain tax liabilities.

In accordance with ASC Topic 740, the Company applies the criteria that an individual tax position must satisfy for some or all of the benefits of that position to be recognized in a company's financial statements. ASC Topic 740 prescribes a recognition threshold of more-likely-than-not, and a measurement attribute for all tax positions taken or expected to be taken on a tax return, in order for those tax positions to be recognized in the financial statements. In accordance with the Company's accounting policy, interest and penalties related to uncertain tax positions is included in the "income tax expense" line of the Consolidated Statements of Operations. See Note 14, "Income Taxes," for additional information.

Earnings (Loss) Per Share

The following table reconciles earnings per share for the fiscal years ended July 31, 2015, 2014 and 2013.

	Twelve Months Ended July 31,		
	2015	2014	2013
	(In thousands, except per share data)		
Loss from continuing operations	$ (18,429)	$ (16,362)	$ (39,330)
Income from discontinued operations	—	80	(1,025)
Net loss	$ (18,429)	$ (16,282)	$ (40,355)
Weighted average common shares outstanding	51,940	51,582	46,654
Weighted average common equivalent shares arising from dilutive stock options and restricted stock	—	—	—
Weighted average number of common and potential common shares	51,940	51,582	46,654
Basic net income (loss) per common share from:			
Continuing operations	$ (0.35)	$ (0.32)	$ (0.84)
Discontinued operations	—	—	(0.02)
	$ (0.35)	$ (0.32)	$ (0.86)
Diluted net income (loss) per common share from:			
Continuing operations	$ (0.35)	$ (0.32)	$ (0.84)
Discontinued operations	—	—	(0.02)
	$ (0.35)	$ (0.32)	$ (0.86)

Approximately 21.6 million, 11.6 million and 3.4 million common stock equivalent shares relating to the effects of outstanding stock options and restricted stock were excluded from the denominator in the calculation of diluted earnings per share for the fiscal years ended July 31, 2015, 2014, and 2013, respectively, as their effect would be anti-dilutive due to the fact that the Company recorded a net loss for those periods. Approximately 16.6 million and 6.2 million common shares outstanding associated with the convertible Notes, using the if-converted method, were excluded from the denominator in the calculation of diluted earnings (loss) per share for the fiscal years ended July 31, 2015 and 2014, respectively.

Reverse/Forward Split

During the quarter ended January 31, 2015, the Company commenced a reverse split of the Company's common stock, immediately followed by a forward stock split of the Company's common stock ("reverse/forward split"), which was intended to reduce the costs associated with servicing stockholder accounts holding relatively small numbers of shares of the Company's common stock. The ratio for the reverse stock split as approved by the Company's Board of Directors, and by the Company's stockholders at the December 9, 2014 Annual Meeting of Stockholders, was fixed at 1-for-100 and the ratio for the forward stock split was fixed at 100-for-1. The reverse/forward split did not change the authorized number of shares of Common Stock or in the par value of such shares. No fractional shares were issued in connection with the reverse/forward split. The reverse/forward split did not impact the earnings-per-shares for the current or prior years.

Share-Based Compensation Plans

The Company recognizes share-based compensation in accordance with the provisions of ASC Topic 718, "Compensation—Stock Compensation" ("ASC Topic 718") which requires the measurement and recognition of compensation expense for all share- based payment awards made to employees and directors including employee stock options and employee stock purchases based on estimated fair values.

The Company estimates the fair value of share-based payment awards on the date of grant using an option-pricing model. The value of the portion of the award that is ultimately expected to vest is recognized as expense over the requisite service periods. The Company estimates forfeitures at the time of grant and revises those estimates, if necessary, in subsequent periods if actual forfeitures differ from those estimates.

The Company uses a binomial-lattice option-pricing model ("binomial-lattice model") for valuation of share-based awards with time-based vesting. The Company believes that the binomial-lattice model is an accurate model for valuing employee stock options since it reflects the impact of stock price changes on option exercise behavior. For performance-based awards, stock-based compensation expense is recognized over the expected performance achievement period of individual performance milestones when the achievement of each individual performance milestone becomes probable. For share-based awards based on market conditions, specifically, the Company's stock price, the compensation cost and derived service periods are estimated using the Monte Carlo valuation method. The Company uses third party analyses to assist in developing the assumptions used in its binomial-lattice model and Monte Carlo valuations and the resulting fair value used to record compensation expense. The Company's determination of fair value of share-based payment awards on the date of grant using an option-pricing model is affected by the Company's stock price as well as assumptions regarding a number of highly complex and subjective variables. These variables include, but are not limited to the Company's expected stock price volatility over the term of the awards, and actual and projected employee stock option exercise behaviors. Any significant changes in these assumptions may materially affect the estimated fair value of the share-based award.

Major Clients and Concentration of Credit Risk

Sales to GoPro accounted for approximately 19%, 11%, and 6% of the Company's consolidated net revenue for the fiscal years ended July 31, 2015, 2014 and 2013, respectively. Sales to Hewlett-Packard accounted for approximately 14%, 29%, and 29% of the Company's consolidated net revenue for the fiscal years ended July 31, 2015, 2014, and 2013, respectively. GoPro accounted for approximately 14% and 8% of the Company's Net Accounts Receivable balance as of July 31, 2015 and 2014, respectively. Hewlett-Packard accounted for less than 1% and approximately 17% of the Company's Net Accounts Receivable balance as of July 31, 2015 and 2014, respectively. All four reportable segment report revenues associated with GoPro and Hewlett-Packard. For the fiscal year ended July 31, 2015, 2014 and 2013, the Company's 10 largest clients accounted for approximately 76%, 80% and 76% of consolidated net revenue, respectively. To manage risk, the Company performs ongoing credit evaluations of its clients' financial condition. The Company generally does not require collateral on accounts receivable. The Company maintains an allowance for doubtful accounts based on its assessment of the collectability of accounts receivable.

Financial instruments which potentially subject the Company to concentrations of credit risk are cash, cash equivalents and accounts receivable. The Company's cash equivalent portfolio is diversified and consists primarily of short-term investment grade securities placed with high credit quality financial institutions. Cash and cash equivalents are maintained at accredited financial institutions, and the balances associated with Funds Held for Clients are at times without and in excess of federally insured limits. The Company has never experienced any losses related to these balances and does not believe that it is subject to unusual credit risk beyond the normal credit risk associated with commercial banking relationships

Recent Accounting Pronouncements

In April 2014, the FASB issued ASU No. 2014-08, Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity, which amends ASC 205, Presentation of Financial Statements, and ASC 360, Property, Plant and Equipment. This ASU defines a discontinued operation as a component or group of components that is disposed of or meets the criteria as held for sale and represents a strategic shift that has or will have a major effect on an entity's operations and financial results. This ASU requires additional disclosures about discontinued operations and new disclosures for components of an entity that are held for sale or disposed of and are individually significant but do not qualify for presentation as a discontinued operation. The requirements are effective prospectively starting with our first quarter of fiscal year 2016, and is related to presentation only. Early adoption is permitted but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued or available for issue. The Company made the decision to early-adopt this ASU and its adoption did not have a material effect on the Company's consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in ASC 605, Revenue Recognition. This ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The effective date will be the first quarter of fiscal year 2019 using one of two retrospective application methods or a cumulative effect approach. The Company is evaluating the potential effects on the consolidated financial statements.

In August 2014, the FASB issued ASU No. 2014-15 Presentation of Financial Statements—Going Concern (Subtopic 205-40), which amends the accounting guidance related to the evaluation of an entity's ability to continue as a going concern. The amendment establishes management's responsibility to evaluate whether there is substantial doubt about an entity's ability to continue as a going concern in connection with preparing financial statements for each annual and interim reporting period. The update also gives guidance to determine whether to disclose information about relevant conditions and events when there is substantial doubt about an entity's ability to continue as a going concern. This guidance will be effective for the Company as of the first quarter of fiscal year 2017. The new guidance is not anticipated to have an effect on the Company's consolidated financial statements.

In February 2015, the FASB issued ASU No. 2015-02 Consolidation (Topic 810), Amendments to Consolidation Analysis, which changes the analysis that a reporting entity must perform to determine whether it should consolidate certain types of legal entities. This ASU will be effective for the Company beginning in the first quarter of fiscal year 2017. The Company will assess the impact of this standard on its financial statements.

In April 2015, the FASB issued ASU No. 2015-03, Interest—Imputation of Interest (Subtopic 835-30)—Simplifying the Presentation of Debt Issuance Costs, which requires debt issuance costs related to a recognized debt liability to be presented in the balance sheet as a direct deduction from the debt liability rather than as an asset. This ASU will be effective for the Company beginning in the first quarter of fiscal year 2017. The Company will assess the impact of this standard on its financial statements.

In July 2015, the FASB issued ASU No. 2015-11, Simplifying the Measurement of Inventory (Topic 330), which provides guidance related to inventory measurement. The new standard requires entities to measure inventory at the lower of cost and net realizable value thereby simplifying the current guidance under which an entity must measure inventory at the lower of cost or market. The new standard is effective for the Company beginning in the first quarter of fiscal year 2018. The Company is currently evaluating the effect the guidance will have on the Company's financial statement disclosures, results of operations and financial position.

(3) ACCOUNTS RECEIVABLE

The Company's unsecured accounts receivable are stated at original invoice amount less an estimate made for doubtful receivables based on a monthly review of all outstanding amounts. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering each customer's financial condition, credit history and current economic conditions. The Company writes off accounts receivable when management deems them uncollectible and records recoveries of accounts receivable previously written off when received. When accounts receivable are considered past due, the Company generally does not charge interest on past due balances. The allowance for doubtful accounts consisted of the following:

	July 31,		
	2015	2014	2013
	(In thousands)		
Balance at beginning of year	$ 63	$ 64	$ 344
Provisions charged to expense	—	59	146
Accounts written off—continued operations	(6)	(60)	(120)
Accounts written off—discontinued operations	—	—	(222)
Balance reclassified to discontinued operations	—	—	(84)
	$ 57	$ 63	$ 64

During the fourth quarter of fiscal 2013, as a part of its working capital management, the Company entered into a factoring agreement with a third party financial institution for the sale of certain accounts receivables without recourse. The activity under this agreement is accounted for as a sale of accounts receivable under ASC 860 "Transfers and Servicing". This agreement relates exclusively to the accounts receivables of one of the Company's significant clients. The amount sold varies each month based on the amount of underlying receivables and cash flow requirements of the Company. The factoring agreement is permitted under the Company's Credit Facility agreement.

The total amount of accounts receivable factored was $1.0 million and $27.3 million for the years ended July 31, 2015 and 2014, respectively. The cost incurred on the sale of these receivables was immaterial and $14 thousand for the years ended July 31, 2015 and 2014, respectively. The cost of selling these receivable is dependent upon the number of days between the sale date of the receivable and the date the client's invoice is due and the interest rate. The interest rate associated with the sale of these receivables is equal to LIBOR plus 0.85%. The expense associated with the sale of these receivables is recorded as a component of selling, general and administrative expense in the accompanying consolidated statements of operations.

(4) PROPERTY AND EQUIPMENT

Property and equipment at cost, consists of the following:

	July 31,	
	2015	2014
	(In thousands)	
Buildings	$ 27,294	$ 31,430
Machinery and equipment	31,264	45,910
Leasehold improvements	14,799	17,026
Software	42,790	42,554
Other	22,188	33,789
	138,335	170,709
Less: Accumulated depreciation and amortization	(115,599)	(145,583)
Property and equipment, net	$ 22,736	$ 25,126

Assets under capital leases which are included in the amounts above are summarized as follows:

	July 31,	
	2015	2014
	(In thousands)	
Machinery and equipment	$ 370	$ 383
Other	212	259
	582	642
Less: Accumulated depreciation and amortization	(431)	(451)
	$ 151	$ 191

The Company recorded depreciation expense of $8.7 million, $13.2 million and $14.1 million for the fiscal years ended July 31, 2015, 2014, and 2013, respectively. Depreciation expense within the Americas, Asia, Europe, and e-Business was $2.3 million, $3.2 million, $2.5 million, and $0.6 million, respectively, for fiscal year 2015, $3.4 million, $4.8 million, $4.2 million, and $0.8 million, respectively, for fiscal year 2014, $4.0 million, $4.8 million, $4.6 million, and $0.7 million, respectively, for fiscal year 2013. Amortization of assets recorded under capital leases is included in the depreciation expense amounts.

During the year ended July 31, 2015, the Company recorded $0.3 million in impairment charges related to the write-down of leasehold improvements associated with the planned closure of a facility. During the second quarter of fiscal year 2014, the Company determined that the carrying value of its Kildare facility in the Europe region was not fully recoverable from future cash flows. The Company recorded an impairment charge of $0.5 million to adjust the carrying value to its estimated fair value. This charge is reflected in “impairment of long-lived assets” in the Consolidated Statements of Operations for the fiscal year ended July 31, 2014.

(5) INVESTMENTS

Trading securities

Near the end of the quarter ended July 31, 2014, the Company acquired $12.9 million in convertible debentures of a publicly traded entity. These trading securities offer higher yields than are currently available from money market securities or other equivalent investments. As of July 31, 2014, the trades associated with these securities had not settled and, as such, the payment associated with the acquisition of these securities had not been made. As of July 31, 2014, the liability associated with this payment is classified under other current liabilities on our balance sheet. Additionally, near the end of the quarter ended July 31, 2014 the Company acquired $9.9 million in common stock of a publicly traded entity. As of July 31, 2014, most of the trades associated with these securities had not settled and, as such, $9.4 million of the payment associated with the acquisition of these securities had not been made. The liability associated with these payments is classified under other current liabilities on our balance sheet as of July 31, 2014. Unrealized gains and losses associated with these securities were immaterial for the fiscal year ended July 31, 2014.

During the quarter ended October 31, 2014, the Company continued its investing activities and acquired additional convertible debentures of a publicly traded entity and acquired additional common stock of a publicly traded entity. No acquisition of trading securities was made subsequent to the quarter ended October 31, 2014. During quarter ended July 31, 2015, the Company sold $3.9 million in trading securities, with a cash gain of $0.8 million. However, the cash associated with $2.1 million of these trades was received subsequent to July 31, 2015. The receivable associated with this receipt is classified under other current assets on our balance sheet as of July 31, 2015. As of July 31, 2015, the Company had $78.7 million in investments in trading securities, $41.3 million of which were the publicly traded convertible debentures. During the year ended July 31, 2015, the Company recognized $12.8 million in net non-cash gains associated with its Trading Securities held as of the end of the year. The Company's purchases of the publicly traded convertible debentures were on the open market. The chairman of the board of the company issuing the publicly traded convertible debentures is also the chairman of the board of ModusLink Global Solutions, Inc. The trading securities were classified within Level 1 of the fair value hierarchy.

@Ventures

The Company maintained interests in a small number of privately held companies primarily through its interests in two venture capital funds which invest as "@Ventures." The Company invested in early stage technology companies. These investments were generally made in connection with a round of financing with other third-party investors.

During the fiscal years ended July 31, 2015, 2014 and 2013, $0.3 million, $0.8 million and $1.7 million, respectively, was invested by @Ventures in privately held companies. As of July 31, 2015, the value of these investments was fully impaired. At July 31, 2014, the Company's carrying value of investments in privately held companies was $7.2 million. During the fiscal years ended July 31, 2015, 2014, and 2013, the Company recorded $7.2 million, $1.4 million and $2.8 million, respectively, of impairment charges related to certain investments in the @Ventures portfolio of companies. During the fiscal years ended July 31, 2015, the Company received distributions of approximately $0.4 million from its investments. During the fiscal year ended July 31, 2014, @Ventures did not receive any distributions from its investments. During the fiscal years ended July 31, 2013, the Company received distributions of approximately $0.2 million from its investments.

Investments in which the Company's interest is less than 20% and which are not classified as available-for-sale securities, are accounted for under the cost method of accounting, and are carried at the lower of cost or net realizable value. Under this method, the investment balance, originally recorded at is cost, is only adjusted for impairments to the investment. Gains and losses realized upon the sale of the investment are reflected in "(Gains) losses, and equity in losses, of affiliates" in the Company's Consolidated Statements of Operations. For the fiscal years ended July 31, 2015, the Company recorded gains of $0.2 million associated with its cost method investments. If it is determined that the Company exercises significant influence over the investee company, then the equity method of accounting is used. For those investments in which the Company's voting interest is between 20% and 50%, the equity method of accounting is generally used. Under this method, the investment balance, originally recorded at cost, is adjusted to recognize the Company's share of net earnings or losses of the investee company as they occur, limited to the extent of the Company's investment in, advances to and commitments for the investee. The Company's share of net income or losses of the investee are reflected in "(Gains) losses, and equity in losses, of affiliates" in the Company's Consolidated Statements of Operations. For the fiscal years ended July 31, 2015, the Company recorded an immaterial proportionate share of the affiliates' gains. For the fiscal years ended July 31, 2014, and 2013, the Company recorded its proportionate share of the affiliates' losses of $0.1 million and $1.6 million, respectively.

The Company assesses the need to record impairment losses on its investments and records such losses when the impairment of an investment is determined to be other than temporary in nature. The process of assessing whether a particular investment's net realizable value is less than its carrying cost requires a significant amount of judgment. In making this judgment, the Company carefully considers the investee's cash position, projected cash flows (both short and long-term), financing needs, recent financing rounds, most recent valuation data, the current investing environment, management/ownership changes and competition. The valuation process is based primarily on information that the Company requests from these privately held companies and is not subject to the same disclosure and audit requirements as the reports required of U.S. public companies. As such, the reliability and the accuracy of the data may vary.

During the year ended July 31, 2015, the Company became aware in various quarters that there may be indicators of impairment for certain investments in the @Ventures portfolio of companies. During the year, the Company performed evaluations of its portfolio companies and determined that due to market conditions and their recent performance the portfolio companies were unable to secure potential investors or buyers to fund them as a going concern. As a result, these investments were impaired and the Company recorded impairment charges of $7.2 million during the year ended July 31, 2015.

During the year ended July 31, 2014, the Company became aware in various quarters that there may be indicators of impairment for a certain investment in the @Ventures portfolio of companies. The Company completed evaluations for impairment in connection with the preparation of the financial statements for those periods and determined that the investment was impaired. As a result, the Company recorded impairment charges of $1.4 million during the year ended July 31, 2014.

During the year ended July 31, 2013, the Company became aware in various quarters that there may be indicators of impairment for a certain investment in the @Ventures portfolio of companies. The Company completed evaluations for impairment in connection with the preparation of the financial statements for those periods and determined that the investment was impaired. As a result, the Company recorded impairment charges of $2.8 million during the year ended July 31, 2013.

As of July 31, 2015, the Company is not committed to fund any follow-on investments in any of the @Ventures portfolio companies.

(6) GOODWILL AND INTANGIBLE ASSETS

The Company conducts its annual goodwill impairment test on July 31 of each fiscal year. In addition, if and when events or circumstances change that would more likely than not reduce the fair value of any of its reporting units below its carrying value, an interim test would be performed. In making this assessment, the Company relies on a number of factors including operating results, business plans, economic projections, anticipated future cash flows, transactions and marketplace data. The Company’s reporting units are the same as the operating segments: Americas, Asia, Europe and e-Business.

If the carrying value of a reporting unit exceeds its fair value, we calculate the implied fair value of the reporting unit’s goodwill and compare it to the carrying value. If the carrying value of goodwill exceeds its implied fair value, an impairment charge is recorded for the difference. The fair value of a reporting unit is primarily based on a discounted cash flow (“DCF”) method. The DCF approach requires that we forecast future cash flows for the reporting unit and discount the cash flow streams based on a weighted average cost of capital that is derived, in part, from comparable companies within similar industries. The DCF calculations also include a terminal value calculation that is based upon an expected long-term growth rate for the applicable reporting unit. We believe the use of the income approach is appropriate due to lack of comparability to guideline companies and the lack of comparable transactions under the market approach. The income approach incorporates many assumptions including future growth rates, discount factors, expected capital expenditures and income tax cash flows. The carrying values of each reporting unit include assets and liabilities which relate to the reporting unit’s operations. During the fourth quarter of fiscal year 2015, the Company completed its annual impairment analysis of goodwill and determined that the fair value of the reporting unit, derived from forecasted cash flows, did not exceed its carrying value. As a result of the annual impairment analysis and in connection with the preparation of its annual financial statements for the fiscal year ended July 31, 2015, the Company concluded that its remaining goodwill was fully impaired and recorded a $3.1 million non-cash goodwill impairment charge. The impairment charge is not deductible for tax purposes. The impairment charge did not affect the Company’s liquidity or cash flows and had no effect on the Company’s compliance with the financial covenants under its credit agreement. The Company’s goodwill of $3.1 million as of July 31, 2014 related to the Company’s e-Business reporting unit.

The components of intangible assets are as follows:

	July 31, 2015 (in thousands)				July 31, 2014 (in thousands)			
	Gross Carrying Amount	Accumulated Amortization/ Impairment	Net Book Value	Weighted Average Amortization Period	Gross Carrying Amount	Accumulated Amortization/ Impairment	Net Book Value	Weighted Average Amortization Period
Client Relationships	$ 4,399	$ 4,399	$ —	7 years	$ 4,399	$ 4,002	$ 397	7 years
Developed Technology	5,092	5,092	—	3 to 7 years	5,092	4,859	233	3 to 7 years
Trade Names	1,515	1,515	—	3 to 7 years	1,515	1,478	37	3 to 7 years
Non-Competes	83	83	—	1 to 5 years	83	83	—	1 to 5 years
Total	$ 11,089	$ 11,089	$ —		$ 11,089	$ 10,422	$ 667	

Amortization expense for intangible assets for the fiscal years ended July 31, 2015, 2014, and 2013 totaled $0.7 million, $1.1 million and $1.1 million, respectively.

(7) RESTRUCTURING

The following tables summarize the activity in the restructuring accrual for the fiscal years ended July 31, 2015, 2014, and 2013:

	Employee Related Expenses	Contractual Obligations	Total
		(In thousands)	
Accrued restructuring balance at July 31, 2012	$ 626	$ 1,098	$ 1,724
Restructuring charges	13,638	1,112	14,750
Restructuring adjustments	(232)	(21)	(253)
Cash paid	(9,947)	(999)	(10,946)
Non-cash adjustments	133	—	133
Restructuring charges, discontinued operations	42	112	154
Cash paid, discontinued operations	(243)	(97)	(340)
Reclassification of restructuring charges of discontinued operations	(43)	(15)	(58)
Accrued restructuring balance at July 31, 2013	3,974	1,190	5,164
Restructuring charges	6,111	294	6,405
Restructuring adjustments	161	(9)	152
Cash paid	(8,640)	(817)	(9,457)
Non-cash adjustments	81	(60)	21
Accrued restructuring balance at July 31, 2014	1,687	598	2,285
Restructuring charges	5,063	324	5,387
Restructuring adjustments	(193)	(64)	(257)
Cash paid	(4,949)	(691)	(5,640)
Non-cash adjustments	(171)	(76)	(247)
Accrued restructuring balance at July 31, 2015	$ 1,437	$ 91	$ 1,528

It is expected that the payments of employee-related charges will be substantially completed during the fiscal year ending July 31, 2016. The remaining contractual obligations primarily relate to facility lease obligations for vacant space resulting from the previous restructuring activities of the Company. The Company anticipates that contractual obligations will be substantially fulfilled by the end of October 2015.

During the fiscal year ended July 31, 2015, the Company recorded a net restructuring charge of $5.1 million. Of this amount, $4.9 million primarily related to the workforce reduction of 235 employees across all operating segments, and $0.2 million related to contractual obligations

During the fiscal year ended July 31, 2014, the Company recorded a net restructuring charge of $6.6 million. Of this amount, $6.3 million primarily related to the workforce reduction of 181 employees across all operating segments, and $0.3 million related to contractual obligations.

During the fiscal year ended July 31, 2013, the Company recorded a net restructuring charge of $14.5 million. Of this amount, $13.4 million primarily related to the workforce reduction of 465 employees across all operating segments, and $1.1 million related to contractual obligations related to a facility closure in Hungary.

The net restructuring charges for the fiscal years ended July 31, 2015, 2014, and 2013 would have been allocated as follows had the Company recorded the expense and adjustments within the functional department of the restructured activities:

	Twelve Months Ended July 31,		
	2015	2014	2013
		(In thousands)	
Cost of revenue	$ 4,718	$ 4,283	$ 10,625
Selling, general and administrative	412	2,274	3,872
	$ 5,130	$ 6,557	$ 14,497

The following tables summarize the restructuring accrual by operating segment for the fiscal years ended July 31, 2015, 2014, and 2013:

	Americas	Asia	Europe	e-Business	Discontinued Operations	Consolidated Total
				(In thousands)		
Accrued restructuring balance at July 31, 2012	$ 1,086	$ —	$ 51	$ 343	$ 244	$ 1,724
Restructuring charges	1,614	2,516	9,610	1,010	—	14,750
Restructuring adjustments	(21)	(89)	27	(170)	—	(253)
Cash paid	(2,284)	(1,899)	(5,517)	(1,246)	—	(10,946)
Non-cash adjustments	(13)	(8)	85	69	—	133
Restructuring charges, discontinued operations	—	—	—	—	154	154
Cash paid, discontinued operations	—	—	—	—	(340)	(340)
Reclassification of restructuring charges of discontinued operations	—	—	—	—	(58)	(58)
Accrued restructuring balance at July 31, 2013	382	520	4,256	6	—	5,164
Restructuring charges	918	944	4,235	308	—	6,405
Restructuring adjustments	(49)	(11)	102	110	—	152
Cash paid	(975)	(1,161)	(6,957)	(364)	—	(9,457)
Non-cash adjustments	(81)	(18)	114	6	—	21
Accrued restructuring balance at July 31, 2014	195	274	1,750	66	—	2,285
Restructuring charges	1,073	1,056	3,158	100	—	5,387
Restructuring adjustments	(164)	(59)	7	(41)	—	(257)
Cash paid	(869)	(1,106)	(3,655)	(10)	—	(5,640)
Non-cash adjustments	—	88	(234)	(101)	—	(247)
Accrued restructuring balance at July 31, 2015	$ 235	$ 253	$ 1,026	$ 14	$ —	$ 1,528

(8) OTHER CURRENT LIABILITIES

The following schedule reflects the components of "Other Current Liabilities":

	July 31, 2015	July 31, 2014
	(In thousands)	
Accrued pricing liabilities	$ 18,882	$ 19,301
Unsettled trading securities liabilities	—	22,430
Line of credit liability	—	4,453
Funds held for clients	21,807	—
Other	10,048	5,575
	$ 50,737	$ 51,759

As of July 31, 2015 and 2014, the Company had accrued pricing liabilities of approximately $18.9 million and $19.3 million. As previously reported by the Company, several principal adjustments were made to its historic financial statements for periods ending on or before January 31, 2012, the most significant of which related to the treatment of vendor rebates in its pricing policies. Where the retention of a rebate or a mark-up was determined to have been inconsistent with a client contract (collectively referred to as "pricing adjustments"), the Company concluded that these amounts were not properly recorded as revenue. Accordingly, revenue is reduced by an equivalent amount for the period that the rebate was estimated to have been affected. A corresponding liability for the same amount was recorded in that period (referred to as accrued pricing liabilities). The Company believes that it may not ultimately be required to pay all of the accrued pricing liabilities, due in part to the nature of the interactions with its clients. The remaining accrued pricing liabilities at July 31, 2015 will be derecognized when there is sufficient information for the Company to conclude that such liabilities have been extinguished, which may occur through payment, legal release, or other legal or factual determination.

(9) DEBT

Notes Payable

On March 18, 2014, the Company entered into an indenture (the “Indenture”) with Wells Fargo Bank, National Association, as trustee (the “Trustee”), relating to the Company’s issuance of $100 million of 5.25% Convertible Senior Notes (the “Notes”). The Notes bear interest at the rate of 5.25% per year, payable semi-annually in arrears on March 1 and September 1 of each year, beginning on September 1, 2014. The Notes will mature on March 1, 2019, unless earlier repurchased by the Company or converted by the holder in accordance with their terms prior to such maturity date.

Holders of the Notes may convert all or any portion of their notes, in multiples of $1,000 principal amount, at their option at any time prior to the close of business or the business day immediately preceding the maturity date. Each $1,000 of principal of the Notes will initially be convertible into 166.2593 shares of our common stock, which is equivalent to an initial conversion price of approximately $6.01 per share, subject to adjustment upon the occurrence of certain events, or, if the Company obtains the required consent from its stockholders, into shares of the Company’s common stock, cash or a combination of cash and shares of its common stock, at the Company’s election. If the Company has received stockholder approval, and it elects to settle conversions through the payment of cash or payment or delivery of a combination of cash and shares, the Company’s conversion obligation will be based on the volume weighted average prices (“VWAP”) of its common stock for each VWAP trading day in a 40 VWAP trading day observation period. The Notes and any of the shares of common stock issuable upon conversion have not been registered. As of July 31, 2015, the if-converted value of the Notes did not exceed the principal value of the Notes.

Holders will have the right to require the Company to repurchase their Notes, at a repurchase price equal to 100% of the principal amount of the Notes plus accrued and unpaid interest, upon the occurrence of certain fundamental changes, subject to certain conditions. No fundamental changes occurred during the year ended July 31, 2015.

The Company may not redeem the Notes prior to the mandatory date, and no sinking fund is provided for the Notes. The Company will have the right to elect to cause the mandatory conversion of the Notes in whole, and not in part, at any time on or after March 6, 2017, if the last reported sale price of its common stock has been at least 130% of the conversion price then in effect for at least 20 trading days (whether or not consecutive), including the trading day immediately preceding the date on which the Company notifies holders of its election to mandatorily convert the Notes, during any 30 consecutive trading day period ending on, and including, the trading day immediately preceding the date on which the Company notifies holders of its election to mandatorily convert the notes.

Per the Indenture, if the Notes are assigned a restricted CUSIP or the Notes are not otherwise freely tradable by holders at any time during the three months immediately preceding as of the 365th day after the last date of original issuance of the Notes, the Company shall pay additional interest on the Notes at a rate equal to 0.50% per annum of the principal amount of Notes outstanding until the restrictive legend on the Notes has been removed. The restrictive legend was removed on August 26, 2015 and, as such, the Company paid $0.2 million in additional interest associated with this restriction.

The Company has valued the debt using similar nonconvertible debt as of the original issuance date of the Notes and bifurcated the conversion option associated with the Notes from the host debt instrument and recorded the conversion option of $28.1 million in stockholders’ equity prior to the allocation of debt issuance costs. The initial value of the equity component, which reflects the equity conversion feature, is equal to the initial debt discount. The resulting debt discount on the Notes is being accreted to interest expense at the effective interest rate over the estimated life of the Notes. The equity component is included in the additional paid-in-capital portion of stockholders’ equity on the Company’s consolidated balance sheet. In addition, the debt issuance costs of $3.4 million are allocated between the liability and equity components in proportion to the allocation of the proceeds. The issuance costs allocated to the liability component ($2.5 million) are capitalized as a long-term asset on the Company’s balance sheet and amortized, using the effective-interest method, as additional interest expense over the term of the Notes. This amount has been classified as long-term as the underlying debt instrument has been classified as a long-term liability in the Company’s balance sheet. The issuance costs allocated to the equity component is recorded as a reduction to additional paid-in capital. The fair value of our Notes payable, calculated as of the closing price of the traded securities, was $88.2 million and $93.8 million as of July 31, 2015 and July 31, 2014, respectively. This value does not represent the settlement value of these long-term debt liabilities to the Company. The fair value of the Notes payable could vary each period based on fluctuations in market interest rates, as well as changes to our credit ratings. The Notes payable are traded and their fair values are based upon traded prices as of the reporting dates. As of July 31, 2015 and 2014, the net carrying value of the Notes was $77.9 million and $73.4 million, respectively.

	July 31,			
	2015		2014	
	(In thousands)			
Carrying amount of equity component (net of allocated debt issuance costs)	$	27,163	$	27,163
Principal amount of Notes	$	100,000	$	100,000
Unamortized debt discount		(22,136)		(26,609)
Net carrying amount	$	77,864	$	73,391

As of July 31, 2015, the remaining period over which the unamortized discount will be amortized is 43 months.

	Twelve Months Ended July 31,			
	2015		2014	
	(In thousands)			
Interest expense related to contractual interest coupon	$	5,310	$	1,940
Interest expense related to accretion of the discount		4,473		1,489
Interest expense related to debt issuance costs		344		183
	$	10,127	$	3,612

During the year ended July 31, 2015 and 2014, the Company recognized interest expense of $10.1 million and $3.6 million associated with the Notes, respectively. The effective interest rate on the Notes, including amortization of debt issuance costs and accretion of the discount, is 14.11%. The notes bear interest of 5.25%.

Wells Fargo Bank Credit Facility

On October 31, 2012, the Company and certain of its domestic subsidiaries entered into a Credit Agreement (the “Credit Facility”) with Wells Fargo Bank, National Association as lender and agent for the lenders party thereto. The Credit Facility provided a senior secured revolving credit facility up to an initial aggregate principal amount of $50.0 million or the calculated borrowing base and was secured by substantially all of the domestic assets of the Company. The Credit Facility was scheduled to terminate on October 31, 2015. Interest on the Credit Facility was based on the Company’s options of LIBOR plus 2.5% or the base rate plus 1.5%. The Credit Facility included one restrictive financial covenant, which is minimum EBITDA, and restrictions that limited the ability of the Company, to among other things, create liens, incur additional indebtedness, make investments, or dispose of assets or property without prior approval from the lenders.

On March 13, 2014, the Company entered into a Second Amendment to the Credit Facility, which amended the Company’s Credit Agreement, dated as of October 31, 2012, as amended by the First Amendment to Credit Agreement dated December 18, 2013. The Amendment modified certain provisions of the Credit Agreement that would have restricted or otherwise affected the issuance of the Notes and the use of proceeds therefrom, the conversion of the Notes into common stock of the Company, and the payment of interest on the Notes. Effective as of April 16, 2014, the Company voluntarily terminated the Credit Facility. The Company did not have any outstanding indebtedness related to the Credit Facility as of July 31, 2015 and 2014.

PNC Bank Credit Facility

On June 30, 2014, two direct and wholly owned subsidiaries of the Company (the “Borrowers”) entered into a revolving credit and security agreement (the “Credit Agreement”), as borrowers and guarantors, with PNC Bank and National Association, as lender and as agent, respectively.

The Credit Agreement has a five (5) year term which expires on June 30, 2019. It includes a maximum credit commitment of $50.0 million, is available for letters of credit (with a sublimit of $5.0 million) and has a $20.0 million uncommitted accordion feature. The actual maximum credit available under the Credit Agreement varies from time to time and is determined by calculating the applicable borrowing base, which is based upon applicable percentages of the values of eligible accounts receivable and eligible inventory minus reserves determined by the Agent (including other reserves that the Agent may establish from time to time in its permitted discretion), all as specified in the Credit Agreement.

Generally, borrowings under the Credit Agreement bear interest at a rate per annum equal to, at the Borrowers’ option, either (a) LIBOR (adjusted to reflect any required bank reserves) for an interest period equal to one, two or three months (as selected by the Borrowers) plus a margin of 2.25% per annum or (b) a base rate determined by reference to the highest of (1) the base commercial lending rate publicly announced from time to time by PNC Bank, National Association, (2) the sum of the Federal Funds Open Rate in effect on such day plus one half of one percent (0.5%) per annum, or (3) the LIBOR rate (adjusted to reflect any required bank reserves) in effect on such day plus 1.00% per annum. In addition to paying interest on outstanding principal under the Credit Agreement, the Borrowers are required to pay a commitment fee, in respect of the unutilized commitments thereunder, of 0.25% per annum, paid quarterly in arrears. The Borrowers are also required to pay a customary letter of credit fee equal to the applicable margin on revolving credit LIBOR loans and fronting fees.

Obligations under the Credit Agreement are guaranteed by the Borrowers' existing and future direct and indirect wholly-owned domestic subsidiaries, subject to certain limited exceptions; and the Credit Agreement is secured by security interests in substantially all the Borrowers' assets and the assets of each subsidiary guarantor, whether owned as of the closing or thereafter acquired, including a pledge of 100.0% of the equity interests of each subsidiary guarantor that is a domestic entity (subject to certain limited exceptions) and 65.0% of the voting equity interests of any direct first tier foreign entity owned by either Borrower or by a subsidiary guarantor. The Company is not a borrower or a guarantor under the Credit Agreement.

The Credit Agreement contains certain customary negative covenants, which include limitations on mergers and acquisitions, the sale of assets, liens, guarantees, investments, loans, capital expenditures, dividends, indebtedness, changes in the nature of business, transactions with affiliates, the creation of subsidiaries, changes in fiscal year and accounting practices, changes to governing documents, compliance with certain statutes, and prepayments of certain indebtedness. The Credit Agreement also contains certain customary affirmative covenants (including periodic reporting obligations) and events of default, including upon a change of control. The Credit Agreement requires compliance with certain financial covenants providing for maintenance of specified liquidity, maintenance of a minimum fixed charge coverage ratio and/or maintenance of a maximum leverage ratio following the occurrence of certain events and/or prior to taking certain actions, all as more fully described in the Credit Agreement. The Company believes that the Credit Agreement provides greater financial flexibility to the Company and the Borrowers and may enhance their ability to consummate one or several larger and/or more attractive acquisitions and should provide our clients and/or potential clients with greater confidence in the Company's and the Borrowers' liquidity. During the year ended July 31, 2015, the Company did not meet the criteria that would cause its financial covenants to be applicable. As of July 31, 2015, the Company did not have any balance outstanding on the PNC Bank credit facility. As of July 31, 2014, the Company had $4.5 million outstanding on the PNC Bank credit facility. This balance is included in other current liabilities on the consolidated balance sheet.

(10) COMMITMENTS AND CONTINGENCIES

The Company leases facilities and certain other machinery and equipment under various non-cancelable operating leases and executory contracts expiring through December 2021. Certain non-cancelable leases are classified as capital leases and the leased assets are included in property, plant and equipment, at cost. Future annual minimum payments, including restructuring related obligations as of July 31, 2015, are as follows:

	Operating Leases	Capital Lease Obligations	Purchase Obligations	Convertible Notes Interest & Principal	Total
			(In thousands)		
For the fiscal years ended July 31:					
2016	16,055	257	47,922	5,469	69,703
2017	9,796	281	—	5,250	15,327
2018	5,314	109	—	5,250	10,673
2019	3,619	105	—	105,250	108,974
2020	3,114	100	—	—	3,214
Thereafter	4,088	132	—	—	4,220
	41,986	984	47,922	121,219	212,111

Total rent and equipment lease expense charged to continuing operations was $19.7 million, $21.3 million and $25.2 million for the fiscal years ended July 31, 2015, 2014, and 2013, respectively.

From time to time, the Company agrees to provide indemnification to its clients in the ordinary course of business. Typically, the Company agrees to indemnify its clients for losses caused by the Company. As of July 31, 2015, the Company had no recorded liabilities with respect to these arrangements.

Purchase obligations represent an estimate of all open purchase orders and contractual obligations in the ordinary course of business for which the Company has not received the goods or services. Although open purchase orders are considered enforceable and legally binding, the terms generally allow us the option to cancel, reschedule, and adjust our requirements based on our business needs prior to the delivery of goods or performance of services.

Legal Proceedings

On February 15, 2012, the staff of the Division of Enforcement of the SEC initiated with the Company an informal inquiry, and later a formal action, regarding the Company's treatment of rebates associated with volume discounts provided by vendors. We have been cooperating fully with the investigation. During the year ended July 31, 2015, we recorded a charge of $1.6 million with respect to this matter. The Company believes that any resolution of this matter would include monetary penalties and other relief within the SEC's authority. There can be no assurance that we will be able to reach a settlement with the SEC or that the amount of monetary penalties agreed in any settlement will not exceed the accrued conditions of any potential settlement.

On June 11, 2012, we announced the pending restatement of the Company's financial statements for the periods ending on or before April 30, 2012 (the "June 11, 2012 Announcement"), related to the Company's accounting treatment of rebates associated with volume discounts provided by vendors. The restated financial statements were filed on January 11, 2013. After the June 11, 2012 Announcement, stockholders of the Company commenced three purported class actions in the United States District Court for the District of Massachusetts arising from the circumstances described in the June 11, 2012 Announcement (the "Securities Actions"), entitled, respectively:

- Irene Collier, Individually And On Behalf Of All Others Similarly Situated, vs. ModusLink Global Solutions, Inc., Joseph C. Lawler and Steven G. Crane, Case 1:12-CV-11044-DJC, filed June 12, 2012 (the "Collier Action");
- Alexander Shnerer Individually And On Behalf Of All Others Similarly Situated, vs. ModusLink Global Solutions, Inc., Joseph C. Lawler and Steven G. Crane, Case 1:12-CV-11078-DJC, filed June 18, 2012 (the "Shnerer Action"); and
- Harold Heszkel, Individually and on Behalf of All Others Similarly Situated v. ModusLink Global Solutions, Inc., Joseph C. Lawler, and Steven G. Crane, Case 1:12-CV-11279-DJC, filed July 11, 2012 (the "Heszkel Action").

Each of the Securities Actions purports to be brought on behalf of those persons who purchased shares of the Company between September 26, 2007 through and including June 8, 2012 (the "Class Period") and alleges that failure to timely disclose the issues raised in the June 11, 2012 Announcement during the Class Period rendered defendants' public statements concerning the Company's financial condition materially false and misleading in violation of Sections 10(b) and 20(a) of the Exchange Act, and Rule 10b-5 promulgated thereunder. On February 11, 2013, plaintiffs filed a consolidated amended complaint in the Securities Actions. The Company moved to dismiss the amended complaint on March 11, 2013. On March 26, 2014, following a November 8, 2013 hearing, the Court denied the Company's motion to dismiss, and, on May 26, 2014, the Company answered the Amended Complaint. In October 2014, the parties agreed to a stipulation for a proposed $4 million class settlement to be covered by insurance proceeds, subject to Court approval. On November 24, 2014, the Court entered an order preliminarily approving the proposed settlement, certification of the settlement class, and provision of notice of the settlement to the settling class. The Court held a final approval hearing for the settlement on March 11, 2015, and on March 15, 2015 the Court entered the order and final judgment concluding this matter.

On October 15, 2014, a Company shareholder commenced a purported derivative action in the Court of Chancery of the State of Delaware against the Company, entitled Mohammad Ladjevardian v. Anthony Bergamo, Jeffrey J. Fenton, Glen M. Kassan, Warren G. Lichtenstein, Jeffrey S. Wald, and Philip E. Lengyel, Steel Partners Holdings L.P., Handy & Harman Ltd.; Defendants, And ModusLink Global Solutions, Inc., Nominal Defendant, C.A. No. 10237-VCL , and Steel Partners Holdings L.P. ("Steel") Handy & Harman Ltd. The Plaintiff alleges that the individual Defendants breached their fiduciary duties to the Company, unjust enrichment, duty of disclosure, waste of corporate assets and aiding and abetting such breaches. On November 6, 2014, Defendants moved to dismiss the Complaint for (i) failure to make a pre-suit demand upon the Board or sufficiently plead demand futility, and (ii) failure to state a claim upon which relief may be granted. The parties stipulated that all discovery concerning claims asserted in the Complaint shall be stayed pending resolution of the Motion to Dismiss. On July 13, 2015, our Motion to dismiss was granted by the court and the compliant was dismissed with prejudice.

On July 18, 2014, Scott R. Crawley ("Crawley"), a former executive officer of the Company, filed a lawsuit against the Company in Massachusetts Superior Court in Middlesex County (the "Court") (the "First Lawsuit") alleging that the Company breached the Executive Severance Agreement that it had with Crawley and wrongfully terminated Crawley in violation of public policy. In the First Lawsuit Crawley seeks both economic damages as well as emotional distress damages, both related to what he claims was the Company's termination of his employment. The First Lawsuit is currently in the discovery phase. On November 25, 2014, Crawley filed a second lawsuit against the Company in the Court (the "Second Lawsuit"). In the Second Lawsuit, Crawley demanded that the Company indemnify him for the attorneys' fees and expenses that Crawley had incurred to-date as a result of the First and Second Lawsuits and advance him the anticipated attorneys' fees and expenses that he expected to incur in the First and Second Lawsuits. Crawley sought a Preliminary Injunction from the Court that would have required the Company to immediately pay his past attorneys' fees and expenses and advance him for anticipated attorneys' fees and expenses. On December 16, 2014 the Court denied Crawley's request for a Preliminary Injunction. The parties entered into a confidential settlement as of June 29, 2015 and the case was dismissed with prejudice.

On December 22, 2014, ModusLink received a letter from a major customer, which claimed that ModusLink's failure to implement required security measures proximately caused the theft of the customer's proprietary data from two of ModusLink's sites in China. The letter alleged that the customer had suffered significant losses as a result of the alleged theft. ModusLink has vigorously denied the allegations contained in the letter and engaged the customer in discussions regarding the matter. In fiscal year 2015, the parties resolved the issue and have entered into a confidential settlement agreement. This settlement did not result in a material impact on ModusLink's financial condition or results of operations.

On June 8, 2015, Sean Peters, a former employee filed a complaint (the "Complaint") against ModusLink Corporation in Superior Court of California asserting claims, among other things, for failure to pay wages, breach of contract, wrongful retaliation and termination, fraud, violations of California Business and Professions Code Section 17200, et seq., and civil penalties pursuant to California Labor Code Sections and pursuant to the California Private Attorney General Act, seeking over $1 million in damages, attorneys' fees and costs and penalties. ModusLink filed an Answer to the Complaint making a general denial and asserting various affirmative defenses. The parties are currently engaged in discovery. Although there can be no assurance as to the ultimate outcome, ModusLink believes it has meritorious defenses and intends to defend the allegations vigorously.

(11) DEFINED BENEFIT PENSION PLANS

The Company sponsors two defined benefit pension plans covering certain of its employees in its Netherlands facility, one defined benefit pension plan covering certain of its employees in its Taiwan facility and one unfunded defined benefit pension plan covering certain of its employees in Japan. Pension costs are actuarially determined.

The plan assets are primarily related to the defined benefit plan associated with the Company's Netherlands facility. It consists of an insurance contract that guarantees the payment of the funded pension entitlements. Insurance contract assets are recorded at fair value, which is determined based on the cash surrender value of the insured benefits which is the present value of the guaranteed funded benefits. Insurance contracts are valued using unobservable inputs, primarily by discounting expected future cash flows relating to benefits paid from a notional investment portfolio in order to determine the cash surrender value of the policy. The following table presents the plan assets measured at fair value on a recurring basis as of July 31, 2015 and 2014, classified by fair value hierarchy:

			Fair Value Measurements at Reporting Date Using		
(In thousands)	**July 31, 2015**	**Asset Allocations**	**Level 1**	**Level 2**	**Level 3**
Insurance contracts	$ 18,038	93%	$ —	$ —	$ 18,038
Other investments	1,312	7%	—	—	1,312
	$ 19,350	100%	$ —	$ —	$ 19,350

			Fair Value Measurements at Reporting Date Using		
(In thousands)	**July 31, 2014**	**Asset Allocations**	**Level 1**	**Level 2**	**Level 3**
Insurance contracts	$ 20,884	93%	$ —	$ —	$ 20,884
Other investments	1,659	7%	—	—	1,659
	$ 22,543	100%	$ —	$ —	$ 22,543

The aggregate change in benefit obligation and plan assets related to these plans was as follows:

	July 31,	
	2015	2014
	(In thousands)	
Change in benefit obligation		
Benefit obligation at beginning of year	$ 26,326	$ 20,095
Service cost	658	521
Interest cost	604	743
Actuarial (gain) loss	3,310	5,291
Employee contributions	51	182
Amendments	24	(187)
Benefits and administrative expenses paid	(311)	(445)
Adjustments	6	310
Settlements	(279)	—
Effect of curtailment	(164)	(371)
Currency translation	(4,608)	187
Benefit obligation at end of year	25,617	26,326
Change in plan assets		
Fair value of plan assets at beginning of year	22,543	16,498
Actual return on plan assets	852	5,316
Employee contributions	129	175
Employer contributions	347	844
Settlements	(264)	—
Benefits and administrative expenses paid	(311)	(445)
Currency translation	(3,946)	155
Fair value of plan assets at end of year	19,350	22,543
Funded status		
Assets	81	—
Current liability	(43)	—
Noncurrent liability	(6,305)	(3,783)
Net amount recognized in statement of financial position as a noncurrent asset (liability)	$ (6,267)	$ (3,783)

The accumulated benefit obligation was approximately $22.7 million and $22.5 million at July 31, 2015, and 2014, respectively.

Information for pension plans with an accumulated benefit obligation in excess of plan assets was as follows:

	July 31,	
	2015	2014
	(In thousands)	
Projected benefit obligation	$ 24,818	$ 24,352
Accumulated benefit obligation	$ 22,205	$ 21,675
Fair value of plan assets	$ 18,470	$ 21,425

Components of net periodic pension cost were as follows:

	Twelve Months Ended July 31,		
	2015	2014	2013
	(In thousands)		
Service cost	$ 658	$ 521	$ 644
Interest costs	604	743	728
Expected return on plan assets	(537)	(577)	(538)
Amortization of net actuarial (gain) loss	64	62	38
Curtailment gain	(164)	—	(504)
Net periodic pension costs	$ 625	$ 749	$ 368

The amount included in accumulated other comprehensive income expected to be recognized as a component of net periodic pension costs in fiscal year 2015 is approximately $0.1 million related to amortization of a net actuarial loss and prior service cost.

Assumptions:

Weighted-average assumptions used to determine benefit obligations was as follows:

	Twelve Months Ended July 31,		
	2015	2014	2013
Discount rate	2.46%	2.95%	3.61%
Rate of compensation increase	1.95%	2.05%	2.07%

Weighted-average assumptions used to determine net periodic pension cost was as follows:

	Twelve Months Ended July 31,		
	2015	2014	2013
Discount rate	3.05%	3.73%	4.13%
Expected long-term rate of return on plan assets	3.02%	3.54%	3.43%
Rate of compensation increase	2.41%	2.01%	2.05%

The discount rate reflects our best estimate of the interest rate at which pension benefits could be effectively settled as of the valuation date. It is based on the Mercer Yield Curve for the Eurozone as per July 31, 2015 for the appropriate duration of the plan.

To develop the expected long-term rate of return on assets assumptions consideration is given to the current level of expected returns on risk free investments, the historical level of risk premium associated with the other asset classes in which the portfolio is invested and the expectations for the future returns of each asset class. The expected return for each asset class was then weighted based on the target asset allocation to develop the expected long-term rate of return on assets assumption for the portfolio.

Benefit payments:

The following table summarizes expected benefit payments from the plans through fiscal year 2024. Actual benefit payments may differ from expected benefit payments. The minimum required contributions to the plans are expected to be approximately $0.5 million in fiscal year 2016.

	Pension Benefit Payments
	(in thousands)
For the fiscal years ended July 31:	
2016	155
2017	179
2018	175
2019	205
2020	213
Next 5 years	1,707

The current target allocations for plan assets are 100% for debt securities. The market value of plan assets using Level 3 inputs is approximately $19.4 million.

Valuation Technique:

Benefit obligations are computed using the projected unit credit method. Benefits are attributed to service based on the plan's benefit formula. Cumulative gains and losses in excess of 10% of the greater of the pension benefit obligation or market-related value of plan assets are amortized over the expected average remaining future service of the current active membership.

(12) OTHER GAINS (LOSSES), NET

The following schedule reflects the components of "Other gains (losses), net":

	Twelve Months Ended July 31,		
	2015	2014	2013
	(In thousands)		
Foreign currency exchange gain (losses)	$ 1,796	$ (480)	$ (2,050)
Gain on disposal of assets	22	475	97
Gain on Trading Securities	13,611	—	—
Other, net	(424)	(45)	(689)
	$ 15,005	$ (50)	$ (2,642)

Other gains (losses), net totaled approximately $15.0 million for the fiscal years ended July 31, 2015. The balance consists primarily of $12.8 million and $0.8 million, in net non-cash and cash gains, respectively, associated with its Trading Securities and $1.8 million in net realized and unrealized foreign exchange gains, offset by other gain and losses.

Other gains (losses), net totaled approximately $(0.1) million for the fiscal years ended July 31, 2014. The balance consists primarily of $0.5 million in net realized and unrealized foreign exchange losses, offset by gains on sales of fixed assets of $0.5 million.

Other gains (losses), net totaled approximately $(2.6) million for the fiscal years ended July 31, 2013. The balance consists primarily of $2.1 million in net realized and unrealized foreign exchange losses.

(13) SHARE-BASED PAYMENTS

Stock Option Plans

During the fiscal year ended July 31, 2015, the Company had outstanding awards for stock options under two plans: the 2010 Incentive Award Plan (the "2010 Plan") and the 2005 Non-Employee Director Plan (the "2005 Plan"). Historically, the Company has had the 2004 Stock Incentive Plan (the "2004 Plan"), the 2002 Non-Officer Employee Stock Incentive Plan (the "2002 Plan"), and the 2000 Stock Incentive Plan (the "2000 Plan"). Options granted under the 2010 Plan are generally exercisable as to 25% of the shares underlying the options beginning one year after the date of grant, with the option being exercisable as to the remaining shares in equal monthly installments over the next three years. The Company may also grant awards other than stock options under the 2010 Plan. Options granted under the 2005 plan are exercisable in equal monthly installments over three years, and have a term of ten years. As of December 2010, no additional grants may be issued under this plan. Stock options granted under all other plans have contractual terms of seven years.

During the fiscal year ended July 31, 2013, under the 2010 Plan, the Company issued to certain officers options that vest based on market conditions, specifically, the performance of the Company's stock (the "Market Options"). The Market Options have a seven-year term and vest and become exercisable as to 20% of the total number of shares subject to the Market Option on each of the first five anniversaries of the grant date, subject to a minimum average share price being achieved as of each such vesting date (the "Price Performance Threshold"), which shall be (i) 1.5 times the exercise price, (ii) 2 times the exercise price, (iii) 2.5 times the exercise price, (iv) 3 times the exercise price and (v) 3.5 times the exercise price, respectively. If the specified minimum average share price for the applicable anniversary date is not achieved, 20% of the total number of shares subject to the Market Option shall not vest and become exercisable but may vest on the subsequent anniversary date if the minimum average share price related to the earlier anniversary date is achieved or exceeded on the subsequent anniversary date.

During the fiscal year ended July 31, 2014, under the 2010 Plan, the Company granted to certain officers contingently issuable restricted stock awards that will only be granted to the extent that the Company achieves a certain Adjusted EBITDA metric as defined in the award plan (the "Performance Shares"). The Performance Shares have a seven-year term and, if awarded, vest and become exercisable as to 33.3% of the total number of shares subject to the Performance Shares on each of the first three anniversaries of the grant date.

Under the 2010 Plan, pursuant to which the Company may grant stock options, stock appreciation rights, restricted stock awards and other equity-based awards for the issuance of (i) 5,000,000 shares of common stock of the Company plus (ii) the number of shares subject to outstanding awards under the Company's 2000 Plan, 2002 Plan and 2004 Plan (collectively, the "Prior Plans") that expire or are forfeited following December 8, 2010, the effective date of the 2010 Plan. As of December 8, 2010, the Company ceased making any further awards under its Prior Plans. As of December 8, 2010, the effective date of the 2010 Plan, there were an additional 2,922,258 shares of common stock underlying equity awards issued under the Company's Prior Plans. This amount represents the maximum number of additional shares that may be added to the 2010 Plan should these awards expire or be forfeited subsequent to December 8, 2010. Any awards that were outstanding under the Prior Plans as of the effective date continued to be subject to the terms and conditions of such Prior Plan. As of July 31, 2015, 3,203,931 shares were available for future issuance under the 2010 Plan.

The Board of Directors administers all stock plans, approves the individuals to whom options will be granted, and determines the number of shares and exercise price of each option and may delegate this authority to a committee of the Board or to certain officers of the Company in accordance with SEC regulations and applicable Delaware law.

Employee Stock Purchase Plan

The Company offers to its employees an Employee Stock Purchase Plan, (the "ESPP") under which an aggregate of 600,000 shares of the Company's stock may be issued. Employees who elect to participate in the ESPP instruct the Company to withhold a specified amount through payroll deductions during each quarterly period. On the last business day of each applicable quarterly payment period, the amount withheld is used to purchase the Company's common stock at a purchase price equal to 85% of the lower of the market price on the first or last business day of the quarterly period. During the fiscal years ended July 31, 2015, 2014, and 2013, the Company issued approximately 15,000, 18,000 and 12,000 shares, respectively, under the ESPP. Approximately 177,000 shares are available for future issuance as of July 31, 2015.

Stock Option Valuation and Expense Information

The following table summarizes share-based compensation expense related to employee stock options, employee stock purchases and nonvested shares for the fiscal years ended July 31, 2015, 2014, and 2013:

	Twelve Months Ended July 31,		
	2015	**2014**	**2013**
		(In thousands)	
Cost of revenue	$ 171	$ 434	$ 263
Selling, general and administrative	1,586	1,820	2,045
	$ 1,757	$ 2,254	$ 2,308

The Company estimates the fair value of stock option awards on the date of grant using a binomial-lattice model. The weighted-average grant date fair value of employee stock options granted during the fiscal years ended July 31, 2015, 2014, and 2013 was $1.59, $1.89 and $1.56, respectively, using the binomial-lattice model with the following weighted-average assumptions:

	Years Ended July 31,		
	2015	2014	2013
Expected volatility	56.30%	57.32%	60.53%
Risk-free interest rate	1.24%	1.16%	0.78%
Expected term (in years)	4.41	4.41	4.60
Expected dividend yield	—%	—%	—%

The volatility assumption for fiscal years 2015, 2014 and 2013 is based on the weighted-average of the historical volatility of the Company's common shares for a period equal to the expected term of the stock option awards.

The weighted-average risk-free interest rate assumption is based upon the interpolation of various U.S. Treasury rates, as of the month of the grants.

The expected term of employee stock options represents the weighted-average period the stock options are expected to remain outstanding and is based on historical option activity. The determination of the expected term of employee stock options assumes that employees' exercise behavior is comparable to historical option activity. The binomial-lattice model estimates the probability of exercise as a function of time based on the entire history of exercises and cancellations on all past option grants made by the Company. The expected term generated by these probabilities reflects actual and anticipated exercise behavior of options granted historically.

As share-based compensation expense recognized in the Consolidated Statements of Operations for the fiscal years ended July 31, 2015, 2014, and 2013 is based on awards ultimately expected to vest, it has been reduced for estimated forfeitures. ASC Topic 718 requires forfeitures to be estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures differ from those estimates. Forfeitures were estimated based on historical experience.

Stock Options

A summary of option activity for the fiscal year ended July 31, 2015 is as follows:

	Number of Shares	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
	(in thousands, except exercise price and years)			
Stock options outstanding, July 31, 2014	2,944	$ 4.66		
Granted	603	3.56		
Exercised	(29)	3.38		
Forfeited or expired	(428)	6.61		
Stock options outstanding, July 31, 2015	3,090	4.19	4.79	$ —
Stock options exercisable, July 31, 2015	1,380	$ 4.85	3.95	$ —

As of July 31, 2015, unrecognized share-based compensation related to stock options was approximately $1.8 million. This cost is expected to be expensed over a weighted average period of 2.7 years. The aggregate intrinsic value of options exercised during the fiscal year ended July 31, 2015 was immaterial. The aggregate intrinsic value of options exercised during the fiscal year ended July 31, 2014 was $0.2 million. The aggregate intrinsic value of options exercised during the fiscal years ended July 31, 2013 was immaterial.

As of July 31, 2015, there were 2.9 million stock options that were vested and expected to vest in the future with a weighted- average remaining contractual term of 4.87 years. The aggregate intrinsic value of these awards is immaterial.

Nonvested Stock

Nonvested stock consists of shares of common stock that are subject to restrictions on transfer and risk of forfeiture until the fulfillment of specified conditions. Nonvested stock is expensed ratably over the term of the restriction period, ranging from one to five years unless there are performance restrictions placed on the nonvested stock, in which case the nonvested stock is expensed using graded vesting. Nonvested stock compensation expense for the fiscal years ended July 31, 2015, 2014, and 2013 was $0.6 million, $0.7 million and $1.1 million, respectively.

A summary of the activity of our nonvested stock for the fiscal year ended July 31, 2015, is as follows:

	Number of Shares	Weighted-Average Grant Date Fair Value
	(share amounts in thousands)	
Nonvested stock outstanding, July 31, 2014	239	$ 3.16
Granted	375	3.25
Vested	(119)	2.88
Forfeited	(19)	3.53
Nonvested stock outstanding, July 31, 2015	476	$ 3.54

The fair value of nonvested shares is determined based on the market price of the Company’s common stock on the grant date. The total grant date fair value of nonvested stock that vested during the fiscal years ended July 31, 2015, 2014 and 2013 was approximately $0.3 million, $0.3 million and $2.2 million, respectively. As of July 31, 2015, there was approximately $0.9 million of total unrecognized compensation cost related to nonvested stock to be recognized over a weighted-average period of 1.7 years.

(14) INCOME TAXES

The components of loss from continuing operations before provision for income taxes are as follows:

	Years Ended July 31,		
	2015	2014	2013
		(in thousands)	
Income (loss) from continuing operations before income taxes:			
U.S.	$ (8,476)	$ (21,437)	$ (41,257)
Foreign	(7,878)	9,891	7,321
Total loss from continuing operations before income taxes	$ (16,354)	$ (11,546)	$ (33,936)

The components of income tax expense have been recorded in the Company’s consolidated financial statements as follows:

	Years Ended July 31,		
	2015	2014	2013
		(in thousands)	
Income tax expense from continuing operations	$ 2,283	$ 4,682	$ 3,779
Total income tax expense	$ 2,283	$ 4,682	$ 3,779

The components of income tax expense from continuing operations consist of the following:

	Twelve Months Ended July 31,		
	2015	2014	2013
		(In thousands)	
Current provision			
Federal	$ —	$ —	$ —
State	—	—	—
Foreign	4,323	4,916	4,307
	4,323	4,916	4,307
Deferred provision:			
Federal	—	—	—
State	—	—	—
Foreign	(2,040)	(234)	(528)
	(2,040)	(234)	(528)
Total tax provision	$ 2,283	$ 4,682	$ 3,779

Deferred income tax assets and liabilities have been classified on the Consolidated Balance Sheets in accordance with the nature of the item giving rise to the temporary differences. As of July 31, 2015, the Company recorded a current deferred tax asset of $1.1 million, a non-current deferred tax asset of $5.2 million and a non-current deferred tax liability of $1.0 million in other current assets, other assets and Other long-term liabilities, respectively. As of July 31, 2014, the Company recorded a current deferred tax asset of $1.3 million, a non-current deferred tax asset of $2.9 million and a non-current deferred tax liability of $1.2 million in other current assets, other assets and Other long-term liabilities, respectively. The components of deferred tax assets and liabilities are as follows:

	July 31, 2015			July 31, 2014		
	Current	Non-current	Total	Current	Non-current	Total
		(In thousands)			(In thousands)	
Deferred tax assets:						
Accruals and reserves	4,592	5,686	10,278	9,634	4,981	14,615
Tax basis in excess of financial basis of investments in affiliates	—	18,959	18,959	—	17,251	17,251
Tax basis in excess of financial basis for intangible and fixed assets	—	9,499	9,499	—	9,699	9,699
Net operating loss and capital loss carry forwards	—	739,042	739,042	—	747,038	747,038
Total gross deferred tax assets	4,592	773,186	777,778	9,634	778,969	788,603
Less: valuation allowance	(3,515)	(747,054)	(750,569)	(8,364)	(749,961)	(758,325)
Net deferred tax assets	1,077	26,132	27,209	1,270	29,008	30,278
Deferred tax liabilities:						
Accruals and reserves	(60)	—	(60)	(31)	—	(31)
Financial basis in excess of tax basis for intangible and fixed assets	—	(961)	(961)	—	(1,210)	(1,210)
Convertible Debt	—	(7,524)	(7,524)	—	(11,302)	(11,302)
Undistributed accumulated earnings of foreign subsidiaries	—	(13,363)	(13,363)	—	(14,680)	(14,680)
Total gross deferred tax liabilities	(60)	(21,848)	(21,908)	(31)	(27,192)	(27,223)
Net deferred tax asset	1,017	4,284	5,301	1,239	1,816	3,055

Subsequently reported tax benefits relating to the valuation allowance for deferred tax assets as of July 31, 2015 will be allocated as follows (in thousands):

Income tax benefit recognized in the consolidated statement of operations	$	(735,108)
Additional paid in capital		(15,461)
	$	(750,569)

The net change in the total valuation allowance for the fiscal year ended July 31, 2015 was a decrease of approximately $7.8 million. This decrease is primarily due to a decrease in the U.S. valuation allowance due to the utilization of net operating losses and capital loss carryforward expiration. A valuation allowance has been recorded against the gross deferred tax asset in the U.S and certain foreign subsidiaries since management believes that after considering all the available objective evidence, both positive and negative, historical and prospective, it is more likely than not that certain assets will not be realized. The net change in the total valuation allowance for the fiscal year ended July 31, 2014 was a decrease of approximately $8.0 million.

The Company has certain deferred tax benefits, including those generated by net operating losses and certain other tax attributes (collectively, the "Tax Benefits"). The Company's ability to use these Tax Benefits could be substantially limited if it were to experience an "ownership change," as defined under Section 382 of the Internal Revenue Code of 1986, as amended (the "Code"). In general, an ownership change would occur if there is a greater than 50-percentage point change in ownership of securities by stockholders owning (or deemed to own under Section 382 of the Code) five percent or more of a corporation's securities over a rolling three-year period.

On October 17, 2011, the Company's Board of Directors adopted a Tax Benefit Preservation Plan between the Company and American Stock Transfer & Trust Company, LLC, as rights agent (as amended from time to time, the "Tax Plan"). The Tax Plan reduces the likelihood that changes in the Company's investor base would have the unintended effect of limiting the Company's use of its Tax Benefits. The Tax Plan is intended to require any person acquiring shares of the Company's securities equal to or exceeding 4.99% of the Company's outstanding shares to obtain the approval of the Board of Directors. This would protect the Tax Benefits because changes in ownership by a person owning less than 4.99% of the Company's stock are considered and included in one or more public groups in the calculation of "ownership change" for purposes of Section 382 of the Code. On October 9, 2014, the Tax Plan was amended by our Board of Directors to extend the expiration of the Tax Plan until October 17, 2017. Following the stockholders' approval of the Protective Amendment (as described in the following paragraphs) at the Company's 2014 Annual Meeting, the Tax Plan was further amended so that it expired at the close of business on December 31, 2014.

On December 29, 2014, the Company filed an Amendment to its Restated Certificate of Incorporation (the "Protective Amendment") with the Delaware Secretary of State to protect the significant potential long-term tax benefits presented by its net operating losses and other tax benefits (collectively, the "NOLs"). The Protective Amendment was approved by the Company's stockholders at the Company's 2014 Annual Meeting of Stockholders held on December 9, 2014. As a result of the filing of the Protective Amendment with the Delaware Secretary of State, the Company amended its Tax Benefit Preservation Plan so that it expired at the close of business on December 31, 2014.

The Protective Amendment limits certain transfers of the Company's common stock, to assist the Company in protecting the long-term value of its accumulated NOLs. The Protective Amendment's transfer restrictions generally restrict any direct or indirect transfers of the common stock if the effect would be to increase the direct or indirect ownership of the common stock by any person (as defined in the Protective Amendment) from less than 4.99% to 4.99% or more of the common stock, or increase the percentage of the common stock owned directly or indirectly by a Person owning or deemed to own 4.99% or more of the common stock. Any direct or indirect transfer attempted in violation of the Protective Amendment will be void as of the date of the prohibited transfer as to the purported transferee. The Board of Directors of the Company has discretion to grant waivers to permit transfers otherwise restricted by the Protective Amendment.

In accordance with the Protective Amendment, Handy & Harman ("HNH"), a related party, requested, and the Company granted HNH and its affiliates, a waiver under the Protective Amendment to permit their acquisition of up to 45% of the Company's outstanding shares of common stock in the aggregate (subject to proportionate adjustment, the "45% Cap"), in addition to acquisitions of common stock in connection with the exercise of certain warrants of the Company (the "Warrants") held by Steel Partners Holdings L.P. ("SPH"), an affiliate of HNH, as well as a limited waiver under Section 203 of the Delaware General Corporation Law for this purpose. Notwithstanding the foregoing, HNH and its affiliates (and any group of which HNH or any of its affiliates is a member) are not permitted to acquire securities that would result in an "ownership change" of the Company for purposes of Section 382 of the Internal Revenue Code of 1986, as amended, that would have the effect of impairing any of the Company's NOLs. The foregoing waiver was approved by the independent directors of the Company.

The Company has net operating loss carryforwards for federal and state tax purposes of approximately $2.0 billion and $427.7 million, respectively, at July 31, 2015. The federal net operating losses will expire from fiscal year 2021 through 2033 and the state net operating losses will expire from fiscal year 2016 through 2033. The Company has a foreign net operating loss carryforward of approximately $68.7 million, of which $50.8 million has an indefinite carryforward period. In addition, the Company has capital loss carryforwards for federal and state tax purposes of approximately $0.6 million and $0.6 million, respectively. The federal and state capital losses will expire in fiscal year 2016.

The Company's ModusLink Corporation subsidiary has undistributed earnings from its foreign subsidiaries of approximately $47.2 million at July 31, 2015, of which approximately $9.8 million is considered to be permanently reinvested due to certain restrictions under local laws as well as the Company's plans to reinvest such earnings for future expansion in certain foreign jurisdictions. The amount of taxes attributable to the permanently undistributed earnings is estimated at $3.4 million. The Company has recorded a deferred tax liability of $13.4 million on the remaining $37.4 million of undistributed earnings that are not considered to be permanently reinvested.

Income tax expense attributable to income from continuing operations differs from the expense computed by applying the U.S. federal income tax rate of 35% to income (loss) from continuing operations before income taxes as a result of the following:

	Twelve Months Ended July 31,		
	2015	2014	2013
	(In thousands)		
Computed “expected” income tax expense (benefit)	$ (5,653)	$ (3,907)	$ (12,443)
Increase (decrease) in income tax expense resulting from:			
Losses not benefited	2,067	3,282	13,413
Foreign dividends	732	5,737	2,956
Foreign tax rate differential	1,262	(750)	(316)
Capitalized costs	(478)	(54)	100
Nondeductible goodwill impairment	1,070	—	—
Nondeductible expenses	417	(49)	254
Foreign withholding taxes	(19)	423	218
Reversal of uncertain tax position reserves	—	—	(403)
Foreign tax reserve	2,885	—	—
Actual income tax expense	$ 2,283	$ 4,682	$ 3,779

The calculation of the Company’s tax liabilities involves dealing with uncertainties in the application of complex tax regulations in several tax jurisdictions. The Company is periodically reviewed by domestic and foreign tax authorities regarding the amount of taxes due. These reviews include questions regarding the timing and amount of deductions and the allocation of income among various tax jurisdictions. In evaluating the exposure associated with various filing positions, we record estimated reserves when necessary. Based on our evaluation of current tax positions, the Company believes it has appropriately accrued for exposures.

The Company operates in multiple taxing jurisdictions, both within and outside of the United States. At July 31, 2015, 2014, and 2013, the total amount of the liability for unrecognized tax benefits, including interest, related to federal, state and foreign taxes was approximately $3.9 million, $1.1 million and $1.0 million, respectively. To the extent the unrecognized tax benefits are recognized, the entire amount would impact income tax expense.

The Company files income tax returns in the U.S., various states and in foreign jurisdictions. The federal and state income tax returns are generally subject to tax examinations for the tax years ended July 31, 2011 through July 31, 2015. To the extent the Company has tax attribute carryforwards, the tax year in which the attribute was generated may still be adjusted upon examination by the Internal Revenue Service or state tax authorities to the extent utilized in a future period. In addition, a number of tax years remain subject to examination by the appropriate government agencies for certain countries in the Europe and Asia regions. In Europe, the Company’s 2007 through 2014 tax years remain subject to examination in most locations while the Company’s 2003 through 2014 tax years remain subject to examination in most Asia locations.

A reconciliation of the beginning and ending balances of the total amounts of gross unrecognized tax benefits is as follows:

	Twelve Months Ended July 31,		
	2015	2014	2013
	(In thousands)		
Balance as of beginning of year	$ 1,028	$ 1,015	$ 1,230
Additions for current year tax positions	2,884	13	79
Currency translation	(156)	—	33
Reductions for lapses in statute of limitations	—	—	(212)
Reductions of prior year tax positions	—	—	(115)
Balance as of end of year	$ 3,756	$ 1,028	$ 1,015

In accordance with the Company’s accounting policy, interest related to income taxes is included in the provision of income taxes line of the Consolidated Statements of Operations. For the fiscal year ended July 31, 2014, the Company has not recognized any material interest expense related to uncertain tax positions. As of July 31, 2015, 2014 and 2013, the Company had recorded liabilities for interest expense related to uncertain tax positions in the amount of $48,000, $48,000 and $10,000, respectively. The Company did not accrue for penalties related to income tax positions as there were no income tax positions that required the Company to accrue penalties. The Company does not expect that any unrecognized tax benefits will reverse in the next twelve months.

(15) ACCUMULATED OTHER COMPREHENSIVE INCOME

The components of accumulated other comprehensive income, net of income taxes, are as follows:

	Foreign currency items	Pension items	Unrealized gains (losses) on Securities	Total
		(In thousands)		
Accumulated other comprehensive income (loss) at July 31, 2014	$ 15,833	$ (1,900)	$ 35	$ 13,968
Foreign currency translation adjustment	(8,163)	—	—	(8,163)
Pension liability adjustments	—	(2,306)	—	(2,306)
Net unrealized holding gain on securities	—	—	11	11
Net current-period other comprehensive income (loss)	(8,163)	(2,306)	11	(10,458)
Accumulated other comprehensive income (loss) at July 31, 2015	$ 7,670	$ (4,206)	$ 46	$ 3,510

In the fiscal years ended July 31, 2015, the Company recorded approximately $0.5 million in taxes related to other comprehensive income. In each of the fiscal years ended July 31, 2014 and 2013, the Company recorded an immaterial amount in taxes related to other comprehensive income.

(16) STATEMENT OF CASH FLOWS SUPPLEMENTAL INFORMATION

Cash used for operating activities reflect cash payments for interest and income taxes as follows:

	Years Ended July 31,		
	2015	2014	2013
		(In thousands)	
Cash paid for interest	$ 5,281	$ 33	$ 30
Cash paid for income taxes	$ 2,078	$ 3,838	$ 4,632

Cash paid for taxes can be higher than income tax expense as shown on the Company's consolidated statements of operations due to prepayments made in certain jurisdictions as well as to the timing of required payments in relation to recorded expense, which can cross fiscal years.

Non-cash Activities

Non-cash financing activities during the fiscal years ended July 31, 2015, 2014, and 2013 included the issuance of approximately 0.1 million, 0.2 million and 0.3 million shares, respectively, of nonvested common stock, valued at approximately $0.5 million, $1.0 million and $0.8 million, respectively, to certain employees of the Company.

Non-cash investing activities during the fiscal year ended July 31, 2015 also included unsettled trades associated with the sale of $2.1 million in common stock of a publicly traded entity. Non-cash investing activities during the fiscal year ended July 31, 2014 included unsettled trades associated with the acquisition of $12.9 million in 4.0625% convertible debentures of a publicly traded entity and $9.4 million in common stock of a publicly traded entity.

(17) STOCKHOLDERS' EQUITY

Preferred Stock

Our board of directors has the authority, subject to any limitations prescribed by Delaware law, to issue shares of preferred stock in one or more series and to fix and determine the designation, privileges, preferences and rights and the qualifications, limitations and restrictions of those shares, including dividend rights, conversion rights, voting rights, redemption rights, terms of sinking funds, liquidation preferences and the number of shares constituting any series or the designation of the series, without any further vote or action by the stockholders. Any shares of our preferred stock so issued may have priority over our common stock with respect to dividend, liquidation and other rights. Our board of directors may authorize the issuance of preferred stock with voting rights or conversion features that could adversely affect the voting power or other rights of the holders of our common stock. Although the issuance of preferred stock could provide us with flexibility in connection with possible acquisitions and other corporate purposes, under some circumstances, it could have the effect of delaying, deferring or preventing a change of control.

Common Stock

Each holder of our common stock is entitled to:

- one vote per share on all matters submitted to a vote of the stockholders, subject to the rights of any preferred stock that may be outstanding;
- dividends as may be declared by our board of directors out of funds legally available for that purpose, subject to the rights of any preferred stock that may be outstanding; and
- a pro rata share in any distribution of our assets after payment or providing for the payment of liabilities and the liquidation preference of any outstanding preferred stock in the event of liquidation.

Holders of our common stock have no cumulative voting rights, redemption rights or preemptive rights to purchase or subscribe for any shares of our common stock or other securities. All of the outstanding shares of common stock are fully paid and nonassessable. The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any existing series of preferred stock and any series of preferred stock that we may designate and issue in the future. There are no redemption or sinking fund provisions applicable to our common stock.

On March 12, 2013, stockholders of the Company approved the sale of 7,500,000 shares of newly issued common stock to Steel Partners Holdings L.P. (“Steel Partners”) at a price of $4.00 per share, resulting in aggregate proceeds of $30.0 million before transaction costs. The Company incurred $2.3 million of transaction costs, which consisted primarily of investment banking and legal fees, resulting in net proceeds from the sale of $27.7 million. In addition, as part of the transaction, the Company issued Steel Partners a warrant to acquire an additional 2,000,000 shares at an exercise price of $5.00 per share. These warrants expire after a term of five years after issuance. All the warrants were outstanding as of July 31, 2015.

Pursuant to the investment agreement, the Company agreed to grant Steel Partners certain registration rights. The Company agreed to file a resale registration statement on Form S-3 as soon as practicable after it is eligible to do so, covering the shares of common stock purchased by Steel Partners and the shares of common stock issuable upon exercise of the warrants. The Company is required to keep the resale registration statement effective for three years following the date it is declared effective. Steel Partners also has the right, until such time as it owns less than one-third of the common stock originally issued to it under the investment agreement, to require that the Company file a prospectus supplement or amendment to cover sales of common stock through a firm commitment underwritten public offering. The underwriters of any underwritten offering have the right to limit the number of shares to be included in any such offering. In addition, the Company has agreed to certain “piggyback registration rights.” If the Company registers any securities for public sale, Steel Partners has the right to include its shares in the registration, subject to certain exceptions. The underwriters of any underwritten offering have the right to limit the number of Steel Partners’ shares to be included in any such offering for marketing reasons. The Company has agreed to pay the expenses of Steel Partners in connection with any registration of the securities issued in the Steel Partners investment and to provide customary indemnification to Steel Partners in connection with such registration.

(18) FOREIGN CURRENCY CONTRACTS

During the year ended July 31, 2015, the Company entered into foreign currency forward contracts to manage the foreign currency risk associated with anticipated foreign currency denominated transactions. As of July 31, 2015, the aggregate notional amount of the Company’s outstanding foreign currency forward contracts was immaterial. As of July 31, 2015, the fair value of the Company’s short-term foreign currency contracts was immaterial and is included in other current liabilities. These contracts are designed to hedge the Company’s exposure to transactions denominated in a non-functional currency and are not accounted for as hedges under the accounting standards. Accordingly, changes in the fair value of these instruments are recognized in earnings during the period of change as a component of Other gains (losses), net. The contracts were classified within Level 2 of the fair value hierarchy. During the year ended July 31, 2015, the Company recognized $17 thousand in net gains associated with these contracts.

(19) DISCONTINUED OPERATIONS AND DIVESTITURES

On January 11, 2013, the Company’s wholly-owned subsidiary, Tech for Less LLC (“TFL”) sold substantially all of its assets to Encore Holdings, LLC (“Encore”). The consideration paid by Encore for the assets was $1.6 million, which consisted of a gross purchase price of $1.9 million less certain adjustments. At the time of sale, the Company received $1.4 million of the purchase price, with the remaining $0.2 million held in escrow for the satisfaction of any post-closing claims. During the fourth quarter of fiscal 2013, the Company reached a settlement agreement with Encore whereby the Company received $0.1 million of the escrow amount, with the remainder reverting to Encore. As a result of the settlement of the escrow amount, the Company's gain on the sale of TFL was reduced by $0.1 million from $0.7 million to $0.6 million. In conjunction with the asset sale agreement, the Company entered into a transition support agreement with Encore to provide certain administrative services for a period of 90 days from the closing date of the transaction. The Company's obligations under the transition support agreement were completed during the third quarter of fiscal year 2013. The Company did not generate significant continuing cash flows from the transition support agreement.

The Company's other discontinued operations relate to a lease obligation associated with a previously vacated facility. In July 2013, the Company reached an agreement with its landlord for the early termination of the lease agreement. As part of the lease termination agreement, the Company paid $0.4 million to the landlord on August 1, 2013 and was released from any future obligations associated with the leased facility. The Company also assigned its interest in its sublease rental income to the landlord.

Summarized financial information for the discontinued operations of the Company are as follows:

	Years Ended July 31,		
	2015	**2014**	**2013**
	(in thousands)		
Results of operations:			
Net revenue	$ —	$ —	$ 4,592
Other gains (losses), net	—	80	582
Total expenses	—	—	(6,199)
Income (loss) from discontinued operations	$ —	$ 80	$ (1,025)

(20) FAIR VALUE MEASUREMENTS

ASC Topic 820 provides that fair value is an exit price, representing the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants based on the highest and best use of the asset or liability. As such, fair value is a market-based measurement that should be determined based on assumptions that market participants would use in pricing an asset or liability. ASC Topic 820 requires the Company to use valuation techniques to measure fair value that maximize the use of observable inputs and minimize the use of unobservable inputs. These inputs are prioritized as follows:

Level 1: Observable inputs such as quoted prices for identical assets or liabilities in active markets

Level 2: Other inputs that are observable directly or indirectly, such as quoted prices for similar assets or liabilities or market-corroborated inputs

Level 3: Unobservable inputs for which there is little or no market data and which require the Company to develop its own assumptions about how market participants would price the assets or liabilities

The carrying value of cash and cash equivalents, accounts receivable, accounts payable, current liabilities and the revolving line of credit approximate fair value because of the short maturity of these instruments. The carrying value of capital lease obligations approximates fair value, as estimated by using discounted future cash flows based on the Company's current incremental borrowing rates for similar types of borrowing arrangements. The fair values of the Company's Trading Securities are estimated using quoted market prices. The Company values foreign exchange forward contracts using observable inputs which primarily consist of an income approach based on the present value of the forward rate less the contract rate multiplied by the notional amount. The defined benefit plans have 100% of their assets invested in bank-managed portfolios of debt securities and other assets. Conservation of capital with some conservative growth potential is the strategy for the plans. The Company's pension plans are outside the United States, where asset allocation decisions are typically made by an independent board of trustees. Investment objectives are aligned to generate returns that will enable the plans to meet their future obligations. The Company acts in a consulting and governance role in reviewing investment strategy and providing a recommended list of investment managers for each plan, with final decisions on asset allocation and investment manager made by local trustees.

Assets and Liabilities that are Measured at Fair Value on a Recurring Basis

The following tables presents the Company's financial assets measured at fair value on a recurring basis as of July 31, 2015 and 2014, classified by fair value hierarchy:

		Fair Value Measurements at Reporting Date Using		
(In thousands)	**July 31, 2015**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Marketable equity securities	$ 37,396	$ 37,396	$ —	$ —
Marketable corporate bonds	41,320	41,320	—	—
Money market funds	76,277	76,277	—	—

		Fair Value Measurements at Reporting Date Using		
(In thousands)	**July 31, 2014**	**Level 1**	**Level 2**	**Level 3**
Assets:				
Marketable equity securities	$ 9,856	$ 9,856	$ —	$ —
Marketable corporate bonds	12,937	12,937	—	—
Money market funds	150,626	150,626	—	—

There were no transfers between Levels 1, 2 or 3 during any of the periods presented.

When available, quoted prices were used to determine fair value. When quoted prices in active markets were available, investments were classified within Level 1 of the fair value hierarchy. When quoted prices in active markets were not available, fair values were determined using pricing models, and the inputs to those pricing models were based on observable market inputs. The inputs to the pricing models were typically benchmark yields, reported trades, broker-dealer quotes, issuer spreads and benchmark securities, among others.

Assets and Liabilities that are Measured at Fair Value on a Nonrecurring Basis

For the years ended July 31, 2015 and July 31, 2014, the Company's only significant assets or liabilities measured at fair value on a nonrecurring basis subsequent to their initial recognition were the Company's @Ventures investments, goodwill and certain assets subject to long-lived asset impairment.

The Company reviews the carrying amounts of these assets whenever certain events or changes in circumstances indicate that the carrying amounts may not be recoverable. The Company also performs an impairment evaluation of goodwill on an annual basis. An impairment loss is recognized when the carrying amount of the asset group or reporting unit is not recoverable and exceeds its fair value. The Company estimated the fair values of assets subject to impairment based on the Company's own judgments about the assumptions that market participants would use in pricing the assets and on observable market data, when available. The Company uses the income approach when determining the fair value of its reporting units.

Fair Value of Financial Instruments

The Company's financial instruments not measured at fair value on a recurring basis include cash and cash equivalents, accounts receivable, accounts payable, funds held for clients and long-term debt and are reflected in the financial statements at cost. With the exception of long-term debt, cost approximates fair value for these items due to their short-term nature.

Included in trading securities in the accompanying balance sheet are marketable equity securities and marketable corporate bonds. These instruments are valued at quoted market prices in active markets. Included in cash and cash equivalents in the accompanying balance sheet are money market funds. These are valued at quoted market prices in active markets.

The following table presents the Company's debt not carried at fair value:

	July 31, 2015		**July 31, 2014**		
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**	**Fair Value Hierarchy**
	(In thousands)				
Notes payable	77,864	88,188	73,391	93,750	Level 1

The fair value of our Notes payable represents the value at which our lenders could trade our debt within the financial markets, and does not represent the settlement value of these long-term debt liabilities to us. The fair value of the Notes payable could vary each period based on fluctuations in market interest rates, as well as changes to our credit ratings. The Notes payable are traded and their fair values are based upon traded prices as of the reporting dates.

(21) SEGMENT INFORMATION

The Company has four operating segments: Americas; Asia; Europe; and e-Business. Based on the information provided to the Company's chief operating decision-maker ("CODM") for purposes of making decisions about allocating resources and assessing performance and quantitative thresholds, the Company has determined that it has four reportable segments: Americas, Asia, Europe and e-Business. During the prior year, the Company had determined that it had three reportable segments: Americas; Asia; and Europe. e-Business was reported as a part of the All Other category in the prior year. The Company also has Corporate-level activity, which consists primarily of costs associated with certain corporate administrative functions such as legal and finance, which are not allocated to the Company's reportable segments. The Corporate-level balance sheet information includes cash and cash equivalents, trading securities, investments in affiliates, notes payables and other assets and liabilities which are not identifiable to the operations of the Company's operating segments. All significant intra-segment amounts have been eliminated.

Management evaluates segment performance based on segment net revenue, operating income (loss) and "adjusted operating income (loss)", which is defined as the operating income (loss) excluding net charges related to depreciation, amortization of intangible assets, goodwill and long-lived asset impairment, share-based compensation and restructuring. These items are excluded because they may be considered to be of a non-operational or non-cash nature. Historically, the Company has recorded significant impairment and restructuring charges and therefore management uses adjusted operating income to assist in evaluating the performance of the Company's core operations.

Summarized financial information of the Company's continuing operations by operating segment is as follows:

	Twelve Months Ended July 31,		
	2015	2014	2013
	(In thousands)		
Net revenue:			
Americas	$ 200,929	$ 299,026	$ 268,490
Asia	163,262	176,592	212,963
Europe	160,602	209,550	237,222
e-Business	36,880	38,232	35,829
	$ 561,673	$ 723,400	$ 754,504
Operating income (loss):			
Americas	$ (4,407)	$ 9,456	$ (230)
Asia	10,003	17,335	22,841
Europe	(6,479)	(12,319)	(22,091)
e-Business	(2,367)	(249)	349
Total Segment operating income	(3,250)	14,223	869
Corporate-level activity	(11,089)	(19,672)	(29,101)
Total operating loss	(14,339)	(5,449)	(28,232)
Total other expense	(2,015)	(6,097)	(5,704)
Loss from continuing operations before income taxes	$ (16,354)	$ (11,546)	$ (33,936)

	July 31, 2015	July 31, 2014
	(In thousands)	
Total assets:		
Americas	$ 41,367	$ 73,254
Asia	122,277	78,749
Europe	67,783	81,327
e-Business	35,512	14,221
Sub-total—segment assets	266,939	247,551
Corporate	179,563	204,095
	$ 446,502	$ 451,646

Summarized financial information of the Company's net revenue from external customers by group of services is as follows:

	Twelve Months Ended July 31,		
	2015	2014	2013
	(In thousands)		
Supply chain services	$ 484,438	$ 635,504	$ 676,709
Aftermarket services	40,355	49,664	41,966
e-Business services	36,880	38,232	35,829
	$ 561,673	$ 723,400	$ 754,504

As of July 31, 2015, approximately $12.4 million, $5.2 million, $3.7 million and $3.3 million of the Company's long-lived assets were located in the U.S.A., Netherlands, Ireland and China, respectively. As of July 31, 2014, approximately $19.3 million, $3.6 million, $4.7 million and $2.4 million of the Company's long-lived assets were located in the U.S.A., Netherlands, Ireland and China, respectively. For the fiscal year ended July 31, 2015, the Company's net revenues within U.S.A., China, Netherlands and Czech Republic were $205.0 million, $134.5 million, $71.9 million and $80.6 million, respectively. For the fiscal year ended July 31, 2014, the Company's net revenues within U.S.A., China, Netherlands and Czech Republic were $297.3 million, $131.3 million, $101.9 million and $91.9 million, respectively. For the fiscal year ended July 31, 2013, the Company's net revenues within U.S.A., China, Netherlands and Czech Republic were $277.4 million, $147.3 million, $91.8 million and $97.9 million, respectively.

(22) RELATED PARTY TRANSACTIONS

On December 24, 2014, SP Corporate Services LLC ("SP Corporate"), an indirect wholly owned subsidiary of Steel Partners Holdings L.P. (a related party), entered into a Management Services Agreement (the "Management Services Agreement") with the Company. Pursuant to the Management Services Agreement, SP Corporate will provide the Company and its subsidiaries with the services of certain employees, including certain executive officers, and other corporate services. The Management Services Agreement was approved by a special committee of the Company's Board of Directors comprised entirely of independent directors (the "Committee"). SP Corporate will be subject to the supervision and control of the Committee while performing its obligations under the Management Services Agreement. The Management Services Agreement provides that the Company will pay SP Corporate a fixed monthly fee of $175,000 in consideration of the Services. The fees payable under the Management Services Agreement are subject to review and such adjustments as may be agreed upon by SP Corporate and the Company.

The Management Services Agreement was effective as of January 1, 2015 and was to continue through June 30, 2015. During the quarter ended July 31, 2015, the Company and SP Corporate entered into an amendment to extend the term of the Management Services Agreement through December 31, 2015, with such term renewing for successive one year periods unless and until terminated pursuant to the terms of the Management Services Agreement.

(23) SELECTED QUARTERLY FINANCIAL INFORMATION (Unaudited)

The following table sets forth selected quarterly financial information for the fiscal years ended July 31, 2015 and 2014. The operating results for any given quarter are not necessarily indicative of results for any future period.

	Quarter Ended				Quarter Ended			
	Oct. 31, ‘14	Jan. 31, ‘15	Apr. 30, ‘15	Jul. 31, ‘15	Oct. 31, ‘13	Jan. 31, ‘14	Apr. 30, ‘14	Jul. 31, ‘14
	(In thousands, except per share data)				(In thousands, except per share data)			
Net revenue	$ 187,444	$ 148,310	$ 106,234	$ 119,685	$ 191,415	$ 194,011	$ 173,274	$ 164,700
Cost of revenue	168,606	131,716	97,222	109,644	169,420	171,431	157,575	150,249
Gross profit	18,838	16,594	9,012	10,041	21,995	22,580	15,699	14,451
Total operating expenses	17,691	15,948	16,564	18,621	19,374	21,345	20,837	18,618
Operating income (loss)	1,147	646	(7,552)	(8,580)	2,621	1,235	(5,138)	(4,167)
Total other income (expense)	224	(1,853)	(3,860)	3,474	(812)	581	(3,640)	(2,226)
Income tax benefit (expense)	(1,157)	(549)	(694)	117	(1,137)	(753)	(700)	(2,092)
Gains (losses), and equity in losses, of affiliates, net of tax	8	200	—	—	(134)	—	—	—
Income (loss) from continuing operations	222	(1,556)	(12,106)	(4,989)	538	1,063	(9,478)	(8,485)
Income (loss) from discontinued operations	—	—	—	—	79	1	—	—
Net income (loss)	$ 222	$ (1,556)	$ (12,106)	$ (4,989)	$ 617	$ 1,064	$ (9,478)	$ (8,485)
Basic and diluted earnings (loss) per share:								
Income (loss) from continuing operations	$ —	$ (0.03)	$ (0.23)	$ (0.10)	$ 0.01	$ 0.02	$ (0.18)	$ (0.16)
Loss from discontinued operations	—	—	—	—	—	—	—	—
Net income (loss)	$ —	$ (0.03)	$ (0.23)	$ (0.10)	$ 0.01	$ 0.02	$ (0.18)	$ (0.16)

(24) SUBSEQUENT EVENTS

Subsequent to July 31, 2015, and as of the issuance of these financial statements, the Company continued its sale of the Trading Securities. During this period, the Company received approximately $28.9 in cash proceeds associated with the trading activities, which included $2.1 million associated with transactions executed in the year ended July 31, 2015.

Subsequent to July 31, 2015, and prior to the issuance of these financial statements, the Company accepted an offer to sell its facility in France for the sale price of approximately $1.2 million, less legal and administrative expense.