
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

Form 10-K

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

For the Fiscal Year Ended December 31, 2013

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

For the transition period from _____ to _____
Commission File Number 001-08454

ACCO Brands Corporation

(Exact Name of Registrant as Specified in Its Charter)

Delaware

(State or Other Jurisdiction
of Incorporation or Organization)

36-2704017

(I.R.S. Employer
Identification Number)

**Four Corporate Drive
Lake Zurich, Illinois 60047**

(Address of Registrant's Principal Executive Office, Including Zip Code)

(847) 541-9500

(Registrant's Telephone Number, Including Area Code)

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

Title of Each Class

Common Stock, par value \$.01 per share

Name of Each Exchange on Which Registered

New York Stock Exchange

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

None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes 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 website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T 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 (as defined in Rule 12b-2 of the Exchange Act).

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

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

As of June 30, 2013, the aggregate market value of the shares of Common Stock held by non-affiliates of the registrant was approximately \$551.9 million. As of February 3, 2014, the registrant had outstanding 113,721,937 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's definitive proxy statement to be issued in connection with registrant's annual stockholder's meeting expected to be held on May 13, 2014 are incorporated by reference into Part III of this report.

Cautionary Statement Regarding Forward-Looking Statements

Certain statements made in this Annual Report on Form 10-K are “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. We intend such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995, and are including this statement for purposes of invoking these safe harbor provisions. These forward-looking statements, which are based on certain assumptions and describe future plans, strategies and expectations of the Company, are generally identifiable by use of the words “will,” “believe,” “expect,” “intend,” “anticipate,” “estimate,” “forecast,” “project,” “plan,” or similar expressions. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Because actual results may differ from those predicted by such forward-looking statements, you should not place undue reliance on such forward-looking statements when deciding whether to buy, sell or hold the Company’s securities. Our forward-looking statements are made as of the date hereof and we undertake no obligation to update these forward-looking statements in the future.

The factors that could affect our results or cause plans, actions and results to differ materially from current expectations are detailed in this report, including under “Part I, Item 1. Business,” “Part I, Item 1A. Risk Factors” and the financial statement line item discussions set forth in “Part II, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” and from time to time in our other SEC filings.

Website Access to Securities and Exchange Commission Reports

The Company’s Internet website can be found at www.accobrand.com. The Company makes available free of charge on or through its website its Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934 as soon as practicable after the Company files them with, or furnishes them to, the Securities and Exchange Commission. We also make available the following documents on our Internet website: the Audit Committee Charter; the Compensation Committee Charter; the Corporate Governance and Nominating Committee Charter; the Finance and Planning Committee Charter; the Executive Committee Charter; our Corporate Governance Principles; and our Code of Business Conduct and Ethics. The Company’s Code of Business Conduct and Ethics applies to all of our directors, officers (including the Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer) and employees. You may obtain a copy of any of the foregoing documents, free of charge, if you submit a written request to ACCO Brands Corporation, Four Corporate Drive, Lake Zurich, IL. 60047, Attn: Investor Relations.

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PART I

ITEM 1. BUSINESS

As used in this Annual Report on Form 10-K for the fiscal year ended December 31, 2013, the terms "ACCO Brands," "ACCO", the "Company," "we" "us," and "our" refer to ACCO Brands Corporation, a Delaware corporation incorporated in 2005, and its consolidated domestic and international subsidiaries.

Overview

ACCO Brands is a leading global manufacturer and marketer of office, school and calendar products and select computer and electronic accessories. Approximately 80% of our net sales come from brands that occupy the number one or number two positions in the select markets in which we compete. We sell our products to consumers and commercial end-users primarily through resellers, including traditional office resellers, wholesalers, retailers and e-tailers. We design, develop, manufacture and market a wide variety of traditional and computer-related office products, school supplies and paper-based calendar products. Through a focus on research, marketing and innovation, we seek to develop new products that meet the needs of our consumers and commercial end-users. We compete through a balance of product innovation, category management, a low-cost operating model and an efficient supply chain. We sell our products primarily to markets located in the United States, Northern Europe, Canada, Australia, Brazil and Mexico. The majority of our revenue is concentrated in geographies where demand for our product categories is in mature stages, but we see opportunities to grow sales through share gains, channel penetration and new products. We expect to derive growth in faster growing emerging geographies where demand in the product categories in which we compete is strong, such as in Latin America and parts of Asia and Eastern Europe. Key drivers of demand for office and school products have included trends in white collar employment levels, education enrollment levels, gross domestic product (GDP), growth in the number of small businesses and home offices, as well as consumer usage trends for our product categories.

We believe our leading product positions provide the scale to enable us to invest in product innovation and drive growth across our product categories. In addition, the expertise we use to satisfy the exacting technical specifications of our more demanding commercial customers is in many instances the basis for expanding our innovations to consumer products. We plan to grow via a strategy of organic growth supplemented by acquisitions that can leverage our existing business.

We utilize a combination of manufacturing and third-party sourcing to procure our products, depending on transportation costs, service needs and direct labor costs associated with each product. We currently manufacture approximately half of our products and source the remaining half of our products, primarily from Asia.

On May 1, 2012, we completed the merger ("Merger") of the Mead Consumer and Office Products Business ("Mead C&OP") with a wholly-owned subsidiary of the Company. Accordingly, the results of Mead C&OP are included in our consolidated financial statements from the date of the Merger.

For further information on the Merger with Mead C&OP see "Note 3. *Acquisitions*" to the consolidated financial statements contained in Item 8 of this report.

Reportable Segments

ACCO Brands is organized into three business segments: ACCO Brands North America, ACCO Brands International and Computer Products Group. Our three business segments are described below.

ACCO Brands North America and ACCO Brands International

ACCO Brands North America and ACCO Brands International manufacture, source and sell traditional office products, school supplies and calendar products. ACCO Brands North America comprises the U.S. and Canada, and ACCO Brands International comprises the rest of the world, principally Europe, Latin America, Australia, and Asia-Pacific.

Our office, school and calendar product lines use name brands such as AT-A-GLANCE®, Day-Timer®, Five Star®, GBC®, Hilroy, Marbig, Mead®, NOBO, Quartet®, Rexel, Swingline®, Tilibra, Wilson Jones® and many others. Products and brands are not confined to one channel or product category and are sold based on end-user preference in each geographic location.

The majority of our office products, such as stapling, binding and laminating equipment and related consumable supplies, shredders and whiteboards, are used by businesses. Most of these end-users purchase their products from our customers, which include commercial contract stationers, mass merchandisers, retail superstores, wholesalers, resellers, e-tailers, club stores and dealers. We also supply some of our products directly to large commercial and industrial end-users and provide business machine maintenance and certain repair services.

Our school products include notebooks, folders, decorative calendars, and stationery products. We distribute our school products primarily through traditional and online retail, mass merchandisers, grocery, drug and office superstore channels. We also supply private label products within the school products sector.

Our calendar products are sold throughout all channels where we sell office or school products, as well as direct to consumers.

Computer Products Group

Our Computer Products Group designs, sources, distributes, markets and sells accessories for laptop and desktop computers and tablets and smartphones. These accessories primarily include security products, tablet covers and keypads, smartphone accessories, power adapters, input devices such as mice, laptop computer carrying cases, hubs, docking stations and ergonomic devices. We sell these products mostly under the Kensington[®], Microsaver[®] and ClickSafe[®] brand names, with the majority of our revenue coming from the U.S. and Western Europe. Our computer products are manufactured by third-party suppliers, principally in Asia, and are distributed from our regional facilities. Our computer products are sold primarily to consumer electronics retailers, information technology value-added resellers, original equipment manufacturers and office products retailers.

For further information on our business segments see "Note 16. *Information on Business Segments*" to the consolidated financial statements contained in Item 8 of this report.

Customers/Competition

Our sales are generated principally in North America, Europe, Latin America and Australia. For the year ended December 31, 2013, these markets represented 54%, 14%, 13% and 7% of net sales, respectively. Our top ten customers accounted for 51% of net sales for the year ended December 31, 2013. Sales to Staples, our largest customer, amounted to approximately 13% of consolidated net sales for each of the years ended 2013, 2012 and 2011. Sales for Office Depot, our second largest customer, amounted to approximately 11% of consolidated net sales for the year ended 2011. Sales to no other customers exceeded 10% of consolidated sales for any of the last three years. Giving effect to the recently completed merger between Office Depot and OfficeMax, as if the merger and the sale of its joint venture, Office Depot de Mexico, had both occurred on January 1, 2013, our sales to the combined companies and their subsidiaries would have represented approximately 13% of our 2013 sales.

The customer base to which we sell our products is primarily made up of large global and regional resellers of our products. Mass and retail channels primarily sell to individual consumers but also to small businesses. Office superstores primarily sell to commercial customers but also to individual consumers and small businesses at their retail stores. As a result, there is no clear correlation between product, consumer or distribution channel. We also sell to commercial contract stationers, wholesalers, distributors, e-tailers, and independent dealers. Over half of our product sales by our customers are to business end-users, who generally seek premium products that have added value or ease-of-use features and a reputation for reliability, performance and professional appearance. Some of our binding and laminating equipment products are sold directly to high-volume end-users and commercial reprographic centers. We also sell calendar products direct to consumers.

Current trends among our customers include fostering high levels of competition among suppliers, demanding innovative new products and requiring suppliers to maintain or reduce product prices and deliver products with shorter lead times and in smaller quantities. Other trends are for retailers to import generic products directly from foreign sources and sell those products, which compete with our products, under the customers' own private-label brands. The combination of these market influences, along with a recent and continuing trend of consolidation among resellers, has created an intensely competitive environment in which our principal customers continuously evaluate which product suppliers they use. This results in pricing pressures, the need for stronger end-user brands, broader product penetration within categories, the ongoing introduction of innovative new products and continuing improvements in customer service. See also "Item 1A. *Risk Factors - Challenges related to the highly competitive business segments in which we operate could have a negative effect on our ongoing operations, revenues, results, cash flows or financial position*" and "*The market for products sold by our Computer Products Group is rapidly changing and highly competitive.*"

Competitors of our ACCO Brands North America and ACCO Brands International segments include 3M, Blue Sky, Carolina Pad, CCL Industries, Dominion BlueLine, Esselte, Fellowes, Franklin Covey, Hamelin, House of Doolittle, Newell Rubbermaid,

RR Donnelley, Smead, Spiral Binding, Tops Products and numerous private label suppliers and importers. Competitors of the Computer Products Group include Belkin, Fellowes, Logitech, Targus and Zagg.

Certain financial information for each of our business segments and geographic regions is incorporated by reference to "Note 16. *Information on Business Segments*" to the consolidated financial statements contained in Item 8 of this report.

Product Development and Product Line Rationalization

Our strong commitment to understanding our consumers and defining products that fulfill their needs drives our product development strategy, which we believe is and will continue to be a key contributor to our success. Our new products are developed from our own consumer understanding, our own research and development or through partnership initiatives with inventors and vendors. Costs related to consumer research and product research when paid directly by ACCO Brands are included in marketing costs and research and development expenses, respectively. Research and development expenses amounted to \$22.5 million, \$20.8 million and \$20.5 million for the years ended December 31, 2013, 2012 and 2011, respectively. As a percentage of sales, research and development expenses were 1.3%, 1.2%, 1.6% for the years ended December 31, 2013, 2012 and 2011, respectively.

Our product line strategy includes the divestiture of businesses and rationalization of product offerings that do not meet our long-term strategic goals and objectives, including financial objectives. We consistently review our businesses and product offerings, assess their strategic fit and seek opportunities to divest nonstrategic businesses. The criteria we use in assessing the strategic fit include: the ability to increase sales for the business; the ability to create strong, differentiated brands; the importance of the business to key customers; the business's relationship with existing product lines; the impact of the business to the market; and the business's actual and potential impact on our operating performance. As a result of this review process, during 2013 we exited certain unprofitable business in the amount of approximately \$26.0 million in the North American market and we exited certain unprofitable business in the European market of approximately \$3.6 million and \$32 million in 2013 and 2012, respectively.

Raw Materials

The primary materials used in the manufacturing of many of our products are plastics, resin, polyester and polypropylene substrates, paper, steel, wood, aluminum, melamine, zinc and cork. These materials are available from a number of suppliers, and we are not dependent upon any single supplier for any of these materials. In general, our gross profit may be affected from time to time by fluctuations in the prices of these materials because our customers require advance notice and negotiation to pass through raw material price increases, giving rise to a delay before cost increases can be passed on to our customers. The raw materials costs we incur are subject to price increases that could adversely affect our profitability. Based on experience, we believe that adequate quantities of these materials will be available in the foreseeable future. A portion of the products we sell are sourced from China and other Far Eastern countries and are also affected by fluctuations in the prices of these raw materials. In addition a significant portion of the products we source and sell in our international markets are paid for in U.S. dollars. Thus, movements of their local currency to the U.S. dollar have the same impacts as raw material price changes and we adjust our pricing in these markets to reflect these currency changes. See also "Item 1A. *Risk Factors - The raw materials and labor costs we incur are subject to price increases that could adversely affect our profitability.*"

Supply

Our products are either manufactured or sourced to ensure that we supply our customers with appropriate customer service, quality products, innovative solutions and attractive pricing. We have built a customer-focused business model with a flexible supply chain to ensure that these factors are appropriately balanced. Using a combination of manufacturing and third-party sourcing also enables us to reduce our costs and effectively manage our production assets by lowering capital investment and working capital requirements. Our strategy is to manufacture those products that would incur a relatively high freight and/or duty expense or have high service needs and source those products that have a high proportion of direct labor cost. Low-cost sourcing primarily comes from China, but we also source from other Far Eastern countries and Eastern Europe.

Seasonality

Historically, our business has increased volume in the third and fourth quarters of the calendar year. Two principal factors contribute to this seasonality: (1) the office products industry, its customers and ACCO Brands specifically are major suppliers of products related to the "back-to-school" season, which occurs principally from June through September for our North American business and from November through January for our Australian and Brazilian businesses; and (2) our offering includes several products which lend themselves to calendar year-end purchase timing, including AT-A-GLANCE® and Day-Timer® planners, paper organization and storage products (including bindery) and Kensington computer accessories, which have higher sales in the fourth-quarter driven by traditionally strong fourth-quarter sales of personal computers, tablets and smartphones. As a result, we

historically have generated, and expect to continue to generate, most of our earnings in the second half of the year and much of our cash flow in the first, third and fourth quarters as receivables are collected. See also "Item 1A. *Risk Factors - Our business is subject to risks associated with seasonality, which could adversely affect our cash flow, results of operations, and financial condition.*"

Intellectual Property

We have many patents, trademarks, brand names and trade names that are, in the aggregate, important to our business. The loss of any individual patent or license, however, would not be material to us taken as a whole. Many of ACCO Brands' trademarks are only important in particular geographic markets or regions. Our principal registered trademarks are: ACCO[®], AT-A-GLANCE[®], ClickSafe[®], Day-Timer[®], Five Star[®], GBC[®], Hilroy, Kensington[®], Marbig, Mead[®], MicroSaver[®] NOBO, Quartet[®], Rexel, Swingline[®], Tilibra, and Wilson Jones[®].

Environmental Matters

We are subject to federal, state and local laws and regulations concerning the discharge of materials into the environment and the handling, disposal and clean-up of waste materials and otherwise relating to the protection of the environment. It is not possible to quantify with certainty the potential impact of actions regarding environmental matters, particularly remediation and other compliance efforts that we may undertake in the future. In the opinion of our management, compliance with the present environmental protection laws, before taking into account estimated recoveries from third parties, will not have a material adverse effect upon our capital expenditures, financial condition, results of operations or competitive position. See also "Item 1A. *Risk Factors - We are subject to global environmental regulation and environmental risks as well as product content and product safety laws and regulations.*"

Employees

As of December 31, 2013, we had approximately 5,470 full-time and part-time employees. There have been no strikes or material labor disputes at any of our facilities during the past five years. We consider our employee relations to be good.

Discontinued Operations

As of May 31, 2011, we disposed of the GBC Fordigraph Pty Ltd ("GBC Fordigraph") business. The Australia-based business was formerly part of the ACCO Brands International segment and the results of operations are included in the financial statements as a discontinued operation for all periods presented. In 2011, we received net proceeds of \$52.9 million and recorded a gain on the sale of \$41.9 million (\$36.8 million after-tax).

For further information on discontinued operations see "Note 19. *Discontinued Operations*" to the consolidated financial statements contained in Item 8 of this report.

For a description of certain factors that may have had, or may in the future have, a significant impact on our business, financial condition or results of operations, see "Item 1A. *Risk Factors.*"

Executive Officers of the Company

The following sets forth certain information with regard to our executive officers as of February 22, 2014 (ages are as of December 31, 2013).

Mark C. Anderson, age 51

- 2007 - present, Senior Vice President, Corporate Development
- Joined the Company in 2007

Boris Elisman, age 51

- 2013 - present, President and Chief Executive Officer
- 2010 - 2013, President and Chief Operating Officer
- 2008 - 2010, President, ACCO Brands Americas
- 2008 - 2008, President, Global Office Products Group
- 2004 - 2008, President, Computer Products Group
- Joined the Company in 2004

Neal V. Fenwick, age 52

- 2005 - present, Executive Vice President and Chief Financial Officer
- 1999 - 2005, Vice President Finance and Administration, ACCO World
- 1994 - 1999 Vice President Finance, ACCO Europe
- Joined the Company in 1984

Christopher M. Franey, age 57

- 2010 - present, Executive Vice President; President, Computer Products Group
- 2010 - 2013, Executive Vice President; President, ACCO Brands International and President, Computer Products Group
- 2008 - 2010, President, Computer Products Group
- Joined the Company in 2008

Ralph P. Hargrow, age 61

- 2013 - present, Senior Vice President and Chief People Officer
- 2005 - 2013, Global Chief People Officer, Molson Coors Brewing Company
- Joined the Company in August 2013

Robert J. Keller, age 60

- 2013 - present, Executive Chairman
- 2008 - 2013, Chairman and Chief Executive Officer
- 2004 - 2008, President and Chief Executive Officer, APAC Customer Services, Inc.
- Joined the Company in 2008

Gregory J. McCormack, age 50

- October 2013 - present, Senior Vice President, Global Products
- 2012 - 2013, Senior Vice President, Operations, ACCO Brands Emerging Markets
- 2010 - 2012, Senior Vice President, Operations - ACCO Brands International
- 2008 - 2010, Senior Vice President, Operations, Americas
- Joined the Company in 1996

Neil A. McLachlan, age 57

- 2012 - present, Executive Vice President; President, International
- 1999 - 2012, President, Consumer and Office Products Group, MeadWestvaco Corporation
- Joined the Company in 2012

Thomas P. O'Neill, Jr., age 60

- 2008 - present, Senior Vice President, Finance and Accounting
- 2005 - 2008, Vice President, Finance and Accounting
- Joined the Company in 2005

Pamela R. Schneider, age 54

- 2012 - present, Senior Vice President, General Counsel and Secretary
- 2010 - 2012, General Counsel, Accertify, Inc.
- 2008 - 2010, Executive Vice President, General Counsel and Secretary, Movie Gallery, Inc. (filed for Chapter 11 in February 2010)
- 2005 - 2008, Senior Vice President, General Counsel and Secretary, APAC Customer Services, Inc.
- Joined the Company in 2012

Thomas W. Tedford, age 43

- 2010 - present, Executive Vice President; President, ACCO Brands U.S. Office and Consumer Products
- 2010 - 2010, Chief Marketing and Product Development Officer
- 2007 - 2010, Group Vice President, APAC Customer Services, Inc.
- Joined the Company in 2010

ITEM 1A. RISK FACTORS

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

Our business depends on a limited number of large and sophisticated customers, and a substantial reduction in sales to one or more of these customers could significantly impact our operating results.

A relatively limited number of customers account for a large percentage of our total net sales. Our top ten customers accounted for 51% of our sales for the fiscal year ended December 31, 2013. Sales to Staples, our largest customer, during the same period amounted to approximately 13% of our 2013 sales. Giving effect to the recently completed merger between Office Depot and OfficeMax, as if the merger and the sale of its joint venture, Office Depot de Mexico, had both occurred on January 1, 2013, our sales to the combined companies and their subsidiaries would have represented approximately 13% of our 2013 sales. No other customers accounted for more than 10% of our sales for the fiscal year ended December 31, 2013.

Our large customers have the ability to obtain favorable terms, to directly source their own private label products and to create and support new and competing suppliers. The loss of, or a significant reduction in, business from one or more of our major customers could have a material adverse effect on our business, results of operations and financial condition.

Our customers may further consolidate, which could adversely impact our sales and margins.

Our customers have steadily consolidated over the last two decades. In the fourth quarter of 2013, two of our large customers, Office Depot and OfficeMax, completed their previously announced merger. Management currently expects the combined companies will take actions to harmonize pricing from their suppliers, close retail outlets and rationalize their supply chain which will negatively impact our sales and margins and adversely affect our business and results of operations. These adverse affects are expected to take several years to be fully realized. There can be no assurance that following consolidation these and other large customers will continue to buy from us across different product segments or geographic regions, or at the same levels as prior to consolidation, which could negatively impact our financial results. Further, if the industry consolidation trend continues, it is likely to result in further pressures that could reduce our margins and sales and have a material adverse affect on our business, results of operations and financial condition.

Challenges related to the highly competitive business segments in which we operate could have a negative effect on our ongoing operations, revenues, results, cash flows or financial position.

We operate in highly competitive business segments that face a number of challenges, including competitors with strong brands or brand recognition, significant private label producers, imports from a range of countries, low entry barriers, sophisticated and large buyers of office products, and potential substitution from a range of products and services including electronic, digital or web-based products that can replicate or render obsolete or less desirable some of the products we sell. In particular, our business is likely to be affected by: (1) the decisions and actions of our major customers, including their decisions on whether to increase their purchases of private label products or otherwise change product assortments; (2) decisions of current and potential suppliers of competing products on whether to take advantage of low entry barriers to expand their production or lower prices; and (3) the decisions of end-users of our products to expand their use of lower priced, substitute or alternative products and, in particular, to shift their use of time management and planning products toward electronic and other substitutes. In addition, our competitive position depends on continued investment in innovation and product development, manufacturing and sourcing, quality standards, marketing and customer service and support. Our success will depend in part on our ability to anticipate and offer products that appeal to the changing needs and preferences of our customers and end-users in a market where many of our product categories are affected by continuing improvements in technology and shortened product lifecycles and others are experiencing secular declines. We may not have sufficient resources to make the investments that may be necessary to anticipate or react to the changing needs, and we may not identify, develop and market products successfully or otherwise be successful in maintaining our competitive position.

Finally, our customers also operate in a very competitive environment. More recently, new outlets, including drug store chains and e-tailers have surfaced as meaningful competitors to certain of the Company's large customers and the market share of the office products superstores is contracting. The loss of market share by one or more of our large customers or the shift of market share away from the traditional office product superstores and office product resellers towards mass merchandisers, online merchants and other competitors (with whom we may do a smaller volume of business) could adversely affect our sales and margins and have a material adverse effect on our business, results of operations and financial condition.

The market for products sold by our Computer Products Group is rapidly changing and highly competitive.

Our Computer Products Group faces additional competitive challenges due to the nature of its business which is characterized by rapid change, including changes in technology, short product life cycles and a dependency on the introduction by third party manufacturers of new equipment which drives demand for accessories sold by the Company. In order to compete successfully, we need to anticipate and bring to market innovative new accessories in a timely and effective way which requires significant skills and investment. We may not have sufficient market intelligence, talent or resources to successfully meet these challenges. Additionally, the short product life cycle increases the risk of product obsolescence. Rapid changes in technology, the market or demand for PCs and mobile devices as well as a delay in the introduction of new technology and our ability to anticipate and respond to these changes and delays could materially and adversely affect the demand for our products and have a material adverse effect on the business, results of operations and financial condition of our Computer Products Group segment.

Sales of our products may be adversely affected by issues that affect business, commercial and consumer spending decisions during periods of economic uncertainty or weakness.

Sales of our products can be very sensitive to uncertain economic conditions, particularly in categories where we compete against private label, other branded and/or generic products that compete on price, quality, service or other grounds. In periods of economic uncertainty or weakness, the demand for our products may decrease, as businesses and consumers may seek or be forced to purchase more lower cost, private label or other economy brands, may more readily switch to electronic, digital or web-based products serving similar functions, or may forgo certain purchases altogether. As a result, adverse changes in economic conditions or sustained periods of economic uncertainty or weakness particularly in the U.S. and in other geographies where we operate could negatively affect our earnings and could have a material adverse effect on our business, results of operations, cash flows and financial position.

If we fail to realize the sales synergies and other revenue growth opportunities we anticipated in connection with the acquisition of Mead C&OP, we may not achieve the financial results that we expected as a result of the Merger.

Among the factors considered in connection with our acquisition of Mead C&OP were the opportunities for sales synergies and other revenue growth. We cannot predict with certainty if or when these sales synergies and growth opportunities may occur, or the extent to which they actually will be achieved. Realization of any synergies could be adversely affected by number of factors beyond our control, including, without limitation, deteriorating or anemic economic conditions, increased operating costs, increased competition and regulatory developments. If we fail to realize the sales synergies and other revenue growth opportunities we anticipated, we may not achieve the financial results that we expected as a result of the Merger.

We have identified a material weakness in our information technology general controls over financial reporting that, if not properly remediated, could materially adversely affect our operations and result in material misstatements of our financial statements.

As described in "Item 9A. *Controls and Procedures*" of this report, we have concluded that our internal control over financial reporting and our disclosure controls and procedures were ineffective as of December 31, 2013 because a material weakness existed in the information technology general controls related to the enterprise resource planning application for our recently acquired U.S. and Canadian Mead C&OP businesses.

The integration and transition associated with the acquisition of Mead C&OP, including those related to changes to, or implementation of critical information technology systems, required modifications to our internal control systems, processes and information technology systems. Failure to successfully complete the integration and transition could adversely affect our internal control over financial reporting, our disclosure controls and procedures and our ability to effectively and timely report our financial results. If we are unable to accurately report our financial results in a timely manner or are unable to remedy our existing material weakness, avoid future material weaknesses, and conclude that our internal control over financial reporting and disclosure controls and procedures are effective, our business, results of operation and financial condition, investor, supplier and customer confidence in our reported financial information, the market perception of our Company and/or the trading price of our common stock could be materially and adversely affected.

We rely extensively on information technology systems to operate, transact and otherwise manage our business. Any material failure, inadequacy, interruption or security failure of that technology or its infrastructure could materially adversely affect our business, results of operation or financial condition.

We rely extensively on our information technology systems, most of which are managed by third-party service providers, across our operations. Our ability to effectively manage our business and execute the production, distribution and sale of our products as well as our ability to manage and report our financial results and run other support functions depends significantly on the reliability and capacity of these systems and our third-party service providers. The failure of these systems to operate effectively, problems with transitioning to upgraded or replacement systems, or a breach in the security of these systems could disrupt service to our customers, negatively impact our ability to report our financial results in a timely and accurate manner and adversely affect our business, results of operations and financial condition.

Our information technology general controls are an important aspect of our internal control over financial reporting and our disclosure controls and procedures. Failure to successfully execute our IT general controls could adversely affect our internal control over financial reporting, our disclosure controls and procedures and our ability to effectively and timely report our financial results. If we are unable to accurately report our financial results in a timely manner or to conclude that our internal control over financial reporting and disclosure controls and procedures are effective, our business, results of operation and financial condition, investor, supplier and customer confidence in our reported financial information, the market perception of our Company and/or the trading price of our common stock could be materially and adversely affected.

Our growth strategy includes increased concentration in our emerging market geographies, which could create greater exposure to unstable political conditions, civil unrest or economic volatility.

An increasing percentage of the Company's sales are derived from emerging markets such as Latin America and Asia. Moreover, the profitable growth of our business in emerging markets is key to our long term growth strategy. If we are unable to successfully expand our businesses in emerging markets, or achieve the return on capital we expect as a result of our investments, our financial performance could be adversely affected.

Factors that could adversely affect our business results in these developing and emerging markets include: regulations on the transfer of funds to and from foreign countries, which, from time to time, result in significant cash balances in foreign countries and limitations on the repatriation of funds; currency hyperinflation or devaluation; the lack of well-established or reliable legal systems; and increased costs of business due to compliance with complex foreign and United States laws and regulations that apply to our international operations, including the U.S. Foreign Corrupt Practices Act and the U.K. Bribery Act. In addition, disruption in these markets due to adverse economic conditions, political instability or civil unrest could result in a decline in consumer purchasing power, thereby reducing demand for our products or otherwise having a material adverse effect on our business, results of operation and financial condition.

Litigation or legal proceedings could expose us to significant liabilities and damage our reputation.

In connection with our May 1, 2012 acquisition of Mead C&OP we assumed all of the tax liabilities for the acquired foreign operations. In December of 2012, the Federal Revenue Department of the Ministry of Finance of Brazil ("FRD") issued a tax assessment against our newly acquired indirect subsidiary, Tilibra Produtos de Papelaria Ltda. ("Tilibra"), which challenged the tax deduction of goodwill from Tilibra's taxable income for the year 2007. A second assessment challenging the deduction of goodwill from Tilibra's taxable income for the years 2008, 2009 and 2010 was issued by FRD in October 2013. The assessments seek payment of approximately R 95.2 million (\$40.4 million based on current exchange rates) of tax, penalties and interest.

Tilibra is disputing both of the tax assessments through established administrative procedures. We believe we have meritorious defenses and intend to vigorously contest these matters; however, there can be no assurances that we will ultimately prevail. We are in the early stages of the process to challenge the FRD's tax assessments, and the ultimate outcome will not be determined until the Brazilian tax appeal process is complete, which is expected to take a number of years. In addition, Tilibra's 2011-2012 tax years remain open and subject to audit, and there can be no assurances that we will not receive additional tax assessments regarding the goodwill deducted for the Tilibra acquisition for one or more of those years. If the FRD's initial position is ultimately sustained, the amount assessed would adversely affect our cash flow in the year of settlement.

Because there is no settled legal precedent on which to base a definitive opinion as to whether we will ultimately prevail, the Company considers the outcome of this dispute to be uncertain. Since it is not more likely than not that we will prevail, in the fourth quarter of 2012, we recorded a reserve in the amount of \$44.5 million in consideration of this contingency, of which \$43.3 million was recorded as an adjustment to the purchase price and included the 2008-2012 tax years plus interest and penalties through December 2012. In addition, the Company will continue to accrue interest related to this contingency until such time as

the outcome is known or until evidence is presented that we are more likely than not to prevail. During 2013 and 2012, the Company accrued additional interest as a charge to current tax expense of \$1.8 million and \$1.2 million, respectively.

There are various other claims, lawsuits and pending actions against us incidental to our operations. It is the opinion of management that the ultimate resolution of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows. However, we can make no assurances that we will ultimately be successful in our defense of any of these matters.

Risks associated with outsourcing the production of certain of our products could materially and adversely affect our business, results of operations and financial condition.

We outsource certain manufacturing functions to suppliers in China and other Asia-Pacific countries. Outsourcing generates a number of risks, including decreased control over the manufacturing process potentially leading to production delays or interruptions, inferior product quality control and misappropriation of trade secrets. In addition, performance issues with these suppliers could result in cost overruns, delayed deliveries, shortages, quality and compliance issues or other problems. Moreover, if one or more of our suppliers becomes insolvent, is unable or unwilling to continue to provide products of acceptable quality, at acceptable cost or in a timely manner, or if customer demand for our products increases, we may be unable to secure sufficient additional capacity from our current suppliers, or others, on commercially reasonable terms, if at all. Any of these events could negatively affect our ability to deliver our products and services to our customers, which could materially and adversely affect our business, results of operations and financial condition.

All of our suppliers must comply with our design and product content specifications, applicable laws, including product safety, security, labor and environmental laws, and otherwise be certified as meeting our and our customers' supplier codes of conduct. In addition, as we expect our suppliers to comply with, be responsive to our audits, and conform to our and our customers' expectations with respect to product safety, product quality and social responsibility, any failure to do so may result in our having to cease contracting with such supplier or cease production at a particular facility. Any need to identify and qualify substitute suppliers or facilities due to compliance issues could result in unforeseen operational problems, production delays and additional costs. Substitute suppliers might not be available or, if available, might be unwilling or unable to offer products on acceptable terms or in a timely manner. If our suppliers are unable to meet our and our customers' compliance and other requirements and otherwise comply with applicable laws our ability to deliver products and services to our customers could be severely impaired, which could materially and adversely affect our business, results of operations and financial condition.

Some of our suppliers are dependent upon other industries for raw materials and other products and services necessary to produce and provide the products they supply to us. Any adverse impacts to those industries could have a ripple effect on these suppliers, which could adversely impact their ability to supply us at levels we consider necessary or appropriate for our business, or at all. Any such disruptions could negatively impact our ability to deliver products and services to our customers, which in turn could have an adverse impact on our business, results of operations and financial condition.

Decline in the use of paper-based dated time management and productivity tools could adversely affect our business.

A number of our products and brands consist of paper-based time management and productivity tools that historically have tended to be higher-margin products. However, consumer preference for technology-based solutions for time management and planning continues to grow worldwide. Many consumers use or have access to electronic tools that may serve as substitutes for traditional paper-based time management and productivity tools. Accordingly, the continued introduction of new digital software applications and web-based services by companies offering time management and productivity solutions could adversely impact the revenue and profitability of our largely paper-based portfolio of time management products.

Material disruptions at one of our or at one of our suppliers' major manufacturing or distribution facilities could negatively impact our business, results of operations and financial condition.

A material operational disruption in one of our or at one of our supplier's major facilities could negatively impact production and customer deliveries. Such a disruption could occur as a result of any number of events including but not limited to a major equipment failure, labor stoppages, transportation failures affecting the supply and shipment of materials and finished goods, severe weather conditions, natural disasters, civil unrest, war or terrorism and disruptions in utility services, and bankruptcy. Any such disruptions could negatively impact our ability to deliver products and services to our customers, which in turn could have an adverse impact on our business, results of operation or financial condition.

We have a significant amount of indebtedness, which could adversely affect our business, results of operations and financial condition.

As of December 31, 2013, we had \$920.9 million of outstanding debt. This indebtedness could adversely affect us in a number of ways, including requiring us to dedicate a substantial portion of our cash flows from operating activities to payments on our indebtedness, thereby reducing the availability of our cash flows to fund working capital, capital expenditures, research and development efforts, potential strategic acquisitions and other general corporate purposes. In addition, approximately \$420 million of our outstanding debt is subject to floating interest rates, which increases our exposure to fluctuations in market interest rates. Our significant indebtedness also may increase our vulnerability to economic downturns and changing market conditions and place us at a competitive disadvantage relative to competitors that have less debt, all of which could adversely affect our business, results of operations and financial condition.

The agreements governing our indebtedness contain financial and other restrictive covenants that limit our ability to engage in certain activities that may be in our long-term best interests.

The agreements governing our indebtedness contain financial and other covenants that limit our ability to engage in certain activities and restrict our operational flexibility. Among other things, these covenants restrict or limit our ability to incur additional indebtedness, incur certain liens on our assets, issue preferred stock or certain disqualified stock, pay cash dividends, make restricted payments, including investments, sell our assets or merge with other companies, and enter into certain transactions with affiliates. We are also required to maintain specified financial ratios under certain conditions and satisfy financial condition tests. These covenants, ratios and tests may limit or prohibit us from engaging in certain activities and transactions that may be in our long-term best interests, and could place us at a competitive disadvantage relative to our competitors, which could adversely affect our business, results of operations and financial condition.

Our failure to comply with our debt covenants could result in an event of default that, if not cured or waived, could result in the acceleration of all of our debts.

Our ability to comply with the covenants and financial ratios and tests under the agreements governing our indebtedness may be affected by events beyond our control, and we may not be able to continue to meet those covenants, ratios and tests. Our ability to generate sufficient cash from operations to meet our debt obligations will depend upon our future operating performance, which will be affected by general economic, financial, competitive, legislative, regulatory, business and other factors. Our breach of any of these covenants, ratios or tests, or any inability to pay interest on, or principal of, our outstanding debt as it becomes due, could result in an event of default, in which case our lenders could declare all amounts outstanding to be immediately due and payable. If our lenders accelerate our indebtedness, our assets may not be sufficient to repay in full such indebtedness and any other indebtedness that would become due as a result of such acceleration and, if we were unable to obtain replacement financing or any such replacement financing was on terms that were less favorable than the indebtedness being replaced, our liquidity, results of operations and financial condition would be materially and adversely affected. See "Part II, Item 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources.*"

Our business is subject to risks associated with seasonality, which could adversely affect our cash flows, results of operations, and financial condition.

Historically, our business experiences higher volume in the third and fourth quarters of the calendar year. Two principal factors have contributed to this seasonality: the office products industry's customers and our product line. We are major suppliers of products related to the "back-to-school" season, which occurs principally from June through September for our North American business and from November through January for our Australian and Brazilian businesses. Our product line also includes a number of products that lend themselves to calendar year-end purchase timing and our Computer Products segment has higher sales in the fourth quarter driven by traditionally strong fourth quarter sales of personal computers, tablets and smartphones. As a result, we historically have generated, and expect to continue to generate, most of our earnings in the second half of the year and much of our cash flow in the first, third and fourth quarters as receivables are collected. If these typical seasonal increases in sales of certain portions of our product line do not materialize, it may have an outsized impact on our business, which could result in a material adverse effect on our cash flows, results of operations and financial condition.

Risks associated with currency volatility could harm our sales, profitability, cash flows and results of operations.

With approximately 46% of our net sales for the fiscal year ended December 31, 2013 arising from foreign sales, fluctuations in currency exchange rates can have a material impact on our results of operations. Our risk exposure is primarily related to the British pound, the Euro, the Australian dollar, the Canadian dollar, the Brazilian real, the Mexican peso and Japanese yen. Currency fluctuations impact the results of our non-U.S. operations that are reported in U.S. dollars. As a result, a weak U.S. dollar benefits

us in the form of higher reported sales and a strong U.S. dollar reduces the dollar-denominated sales contributions from foreign operations.

Additionally approximately half of the products we sell are sourced from China and other Asia-Pacific countries and are paid for in U.S. dollars based on prevailing currency exchange rates. Thus, movements in the value of local currencies relative to the U.S. dollar in countries where we source our products affect our cost of goods sold, with a stronger dollar decreasing costs of goods sold and a weaker dollar increasing costs of goods sold.

We cannot predict the rate at which the U.S. dollar will trade against other currencies in the future. If the U.S. dollar were to substantially strengthen, making the dollar significantly more valuable relative to other currencies in the global market, such an increase could harm our ability to compete or competitively price in those markets, and therefore, materially and adversely affect our sales, profitability, cash flows and results of operations.

The raw materials and labor costs we incur are subject to price increases that could adversely affect our profitability.

The primary materials used in the manufacturing of many of our products are resin, plastics, polyester and polypropylene substrates, paper, steel, wood, aluminum, melamine, zinc and cork. In general, our gross profit may be affected from time to time by fluctuations in the prices of these materials because our customers require advance notice and negotiation to pass through raw material price increases. This gives rise to a delay before cost increases can be passed to our customers. We attempt to reduce our exposure to increases in these costs through a variety of measures, including periodic purchases, future delivery contracts and longer-term price contracts together with holding our own inventory; however, these measures may not always be effective. Inflationary and other substantial increases in costs of materials and labor have occurred in the past and may recur, and raw materials may not continue to be available in adequate supply in the future. Shortages in the supply of any of the raw materials we use in our products and other factors, such as inflation, could result in price increases that could have a material adverse effect on our results of operations and financial condition.

Our pension costs could substantially increase as a result of volatility in the equity markets or interest rates.

The difference between plan obligations and assets, or the funded status of our defined benefit pension plans, is a significant factor in determining the net periodic benefit costs of our pension plans and the ongoing funding requirements of those plans. Changes in interest rates and the market value of plan assets impact the funded status of these plans and cause volatility in the net periodic benefit cost and future funding requirements of these plans. The Company's cash contributions to pension and defined benefit plans totaled \$14.7 million in 2013; however the exact amount of cash contributions made to pension plans in any year is dependent upon a number of factors, including the investment returns on pension plan assets. A significant increase in our pension funding requirements could have a negative impact on our cash flow, results from operations and financial condition.

Impairment charges could have a material adverse effect on our financial results.

We have recorded significant amounts of goodwill and other intangible assets, which increased substantially as a result of our acquisition of Mead C&OP. Due to the recent acquisition of Mead C&OP, the fair values of certain indefinite-lived trade names are not substantially above their carrying values. In 2008, we recorded significant goodwill and other asset impairment charges that adversely affected our financial results. Future events may occur that may also adversely affect the reported value of our assets and require impairment charges, which could further adversely affect our financial results. Such events may include, but are not limited to, a sustained decline in our stock price or in sales of one or more of our branded product lines, strategic decisions made in response to changes in economic and competitive conditions, the impact of the economic environment on our customer base or a material adverse change in our relationship with significant customers.

Our suppliers could change our payment terms.

We purchase products for resale under credit arrangements with our suppliers. In weak global markets, suppliers may seek credit insurance to protect against non-payment of amounts due to them. During any period of declining operating performance, or should we experience severe liquidity challenges, suppliers may demand that we accelerate our payment for their products. Also, credit insurers may curtail or eliminate coverage to the suppliers. If suppliers begin to demand accelerated payment of amounts due to them or if they begin to require advance payments or letters of credit before goods are shipped to us, these demands could have a significant adverse impact on our operating cash flows and result in a severe drain on our liquidity.

A bankruptcy of one or more of our major customers could have a material adverse effect on our cash flows, results of operations and financial condition.

Our concentrated customer base increases our customer credit risk. Were any of our major customers to make a bankruptcy filing, we could be adversely impacted due to not only a reduction in future sales but also losses associated with the potential inability to collect any outstanding accounts receivable from such customer. Such a result could negatively impact our cash flows, results of operations and financial condition.

We are subject to global environmental regulation and environmental risks as well as product content and product safety laws and regulations.

We and our operations, both in the U.S. and abroad, are subject to national, state, provincial and/or local environmental laws and regulations that impose limitations and prohibitions on the discharge and emission of, and establish standards for the use, disposal and management of, certain materials and waste. We are also subject to laws regulating the content of toxic chemicals and materials in the products we sell as well as laws, directives and self-regulatory requirements related to the safety of our products. Environmental and product content and product safety laws and regulations can be complex and may change often. Capital and operating expenses required to comply with environmental and product content laws and regulations can be significant, and violations may result in substantial fines, penalties and civil damages. The costs of complying with environmental and product content and product safety laws and regulations and any claims concerning noncompliance, or liability with respect to contamination in the future could have a material adverse effect on our results of operations and financial condition.

Any inability to secure, protect and maintain rights to intellectual property could have material adverse impact on our business.

We own and license many patents, trademarks, brand names and trade names that are, in the aggregate, important to our business. The loss of any individual patent or license may not be material to us taken as a whole, but the loss of a number of patents or licenses that represent principal portions of our business could have a material adverse effect on our business.

We could also incur substantial costs to pursue legal actions relating to the unauthorized use by third parties of our intellectual property, which could have a material adverse effect on our business, results of operation or financial condition. If our brands become diluted, if our patents are infringed or if our competitors introduce brands and products that cause confusion with our brands in the marketplace, the value that our consumers associate with our brands may become diminished, which could negatively impact our sales. If third parties challenge the validity or enforceability of our intellectual property rights and we cannot successfully defend these challenges, or our intellectual property is invalidated, we could lose our ability to use the technology, brand names or other intellectual property that were the subject of those challenges, which, if such intellectual property is material to the operation of our business or our financial results, could have a material adverse effect on our business, results from operations and financial condition.

We may also become involved in defending intellectual property claims being asserted against us that could cause us to incur substantial costs, divert the efforts of our management, and require us to pay substantial damages or require us to obtain a license, which might not be available on reasonable terms, if at all.

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

Claims for losses or injuries purportedly caused by some of our products arise in the ordinary course of our business. In addition to the risk of substantial monetary judgments and penalties which could have a material effect on our results of operations and financial condition, product liability claims or regulatory actions could result in negative publicity that could harm our reputation in the marketplace or the value of our end-user brands. We also could be required to recall and possibly discontinue the sale of possible defective or unsafe products, which could result in adverse publicity and significant expenses. Although we maintain product liability insurance coverage, potential product liability claims are subject to a self-insured deductible or could be excluded under the terms of the policy.

We are unable to take certain significant actions following the Merger because such actions could adversely affect the tax-free status of the Distribution or the Merger. In certain circumstances, we may be obligated to indemnify MeadWestvaco Corporation (“MWV”) for any payment of United States federal income taxes by MWV that result from our taking or failing to take certain actions in connection with the Distribution and the Merger.

In connection with (i) the transfer by MWV of Mead C&OP (the “Separation”) to a subsidiary we acquired pursuant to the Merger (“Monaco SpinCo”); (ii) the distribution by MWV of Monaco Spinco shares to MWV stockholders (the “Distribution”); and (iii) the Merger (the Separation, the Distribution, the Merger and certain related financing transactions being collectively referred to as the “Transactions”), MWV received a private letter ruling from the Internal Revenue Service (the “IRS”) as to the tax-free nature of the Transactions, MWV and Monaco SpinCo received an opinion from MWV’s counsel as to the tax-free nature of the Distribution, and we, MWV and Monaco SpinCo received certain legal opinions from our respective counsel as to the tax-free nature of the Merger. The opinions of counsel were based on, among other things, the IRS ruling as to the matters addressed by the ruling, current law and certain assumptions and representations as to factual matters made by us, MWV and our respective subsidiaries.

In connection with the Transactions, we entered into a tax matters agreement with MWV (the “Tax Matters Agreement”). The Tax Matters Agreement prohibits us from taking certain actions prior to May 1, 2014 that could cause the Distribution or the Merger to be taxable. These prohibited actions include certain mergers, asset sales and transactions involving our capital stock. If we wish to take any such restricted action, we are required to cooperate with MWV in obtaining a supplemental IRS ruling or an unqualified tax opinion.

Under the Tax Matters Agreement, in certain circumstances and subject to certain limitations, we are required to indemnify MWV against any taxes on the Distribution that arise if we or our subsidiaries take certain actions or fail to take certain actions, or as a result of certain changes in the ownership of our stock following the Merger, that adversely affect the tax-free status of the Distribution or the Merger. Moreover, if we do not carefully monitor our compliance with the Tax Matters Agreement and relevant IRS rules, we might inadvertently trigger our obligation to indemnify MWV. If we are required to indemnify MWV in the event the Distribution is taxable, this indemnification obligation would be substantial and could have a material adverse effect on our results of operations and financial condition.

Our success depends on our ability to attract and retain qualified personnel.

Our success will depend on our ability to attract and retain qualified personnel, including executive officers and other key management personnel. We may not be able to attract and retain qualified management and other personnel necessary for the development, manufacture and sale of our products, and key employees may not remain with us in the future. If we fail to retain our key employees, we may experience substantial disruption in our businesses. The loss of key management personnel or other key employees or our potential inability to attract such personnel may adversely affect our ability to manage our overall operations, successfully implement our business strategy, and realize the anticipated benefits of the Merger.

Additionally, we rely to a significant degree on compensating our officers and key employees with incentive awards that pay out only if specified performance goals have been met. To the extent these performance goals are not met and the incentive awards do not pay out, or pay out less than the targeted amount, as has occurred in recent years, it may motivate certain officers and key employees to seek other opportunities.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

We have manufacturing facilities in North America, Europe, Brazil, Mexico and Australia, and maintain distribution centers in the regional markets we service. We lease our corporate and U.S. headquarters in Lake Zurich, Illinois. The following table lists our principal manufacturing and distribution facilities as of December 31, 2013:

<u>Location</u>	<u>Functional Use</u>	<u>Owned/Leased</u>
U.S. Properties:		
Ontario, California	Distribution/Manufacturing	Leased
Booneville, Mississippi	Distribution/Manufacturing	Owned/Leased
Ogdensburg, New York	Distribution/Manufacturing	Owned/Leased
Sidney, New York	Distribution/Manufacturing	Owned
Alexandria, Pennsylvania	Distribution/Manufacturing	Owned
Pleasant Prairie, Wisconsin	Distribution/Manufacturing	Leased
Non-U.S. Properties:		
Sydney, Australia	Distribution/Manufacturing	Owned
Bauru, Brazil	Distribution/Manufacturing/Office	Owned
Mississauga, Canada	Distribution/Manufacturing/Office	Leased
Halesowen, England	Distribution	Owned
Lillyhall, England	Manufacturing	Leased
Tornaco, Italy	Distribution	Leased
Lerma, Mexico	Manufacturing/Office	Owned
Born, Netherlands	Distribution	Leased
Wellington, New Zealand	Distribution/Office	Owned
Arcos de Valdevez, Portugal	Manufacturing	Owned

We believe that the properties are suitable to the respective businesses and have production capacities adequate to meet the needs of our businesses.

ITEM 3. LEGAL PROCEEDINGS

In connection with our May 1, 2012 acquisition of Mead C&OP we assumed all of the tax liabilities for the acquired foreign operations. In December of 2012, the Federal Revenue Department of the Ministry of Finance of Brazil ("FRD") issued a tax assessment against our newly acquired indirect subsidiary, Tilibra Produtos de Papelaria Ltda. ("Tilibra"), which challenged the tax deduction of goodwill from Tilibra's taxable income for the year 2007. A second assessment challenging the deduction of goodwill from Tilibra's taxable income for the years 2008, 2009 and 2010 was issued by FRD in October 2013. The assessments seek payment of approximately R 95.2 million (\$40.4 million based on current exchange rates) of tax, penalties and interest.

Tilibra is disputing both of the tax assessments through established administrative procedures. We believe we have meritorious defenses and intend to vigorously contest these matters; however, there can be no assurances that we will ultimately prevail. We are in the early stages of the process to challenge the FRD's tax assessments, and the ultimate outcome will not be determined until the Brazilian tax appeal process is complete, which is expected to take a number of years. In addition, Tilibra's 2011-2012 tax years remain open and subject to audit, and there can be no assurances that we will not receive additional tax assessments regarding the goodwill deducted for the Tilibra acquisition for one or more of those years. If the FRD's initial position is ultimately sustained, the amount assessed would adversely affect our reported cash flow in the year of settlement.

Because there is no settled legal precedent on which to base a definitive opinion as to whether we will ultimately prevail, the Company considers the outcome of this dispute to be uncertain. Since it is not more likely than not that we will prevail, in the fourth quarter of 2012, we recorded a reserve in the amount of \$44.5 million in consideration of this contingency, of which \$43.3 million was recorded as an adjustment to the purchase price and included the 2008-2012 tax years plus interest and penalties through December 2012. In addition, the Company will continue to accrue interest related to this contingency until such time as

the outcome is known or until evidence is presented that we are more likely than not to prevail. During 2013 and 2012, the Company accrued additional interest as a charge to current tax expense of \$1.8 million and \$1.2 million, respectively.

ITEM 4. *MINE SAFETY DISCLOSURES*

Not applicable.

PART II

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

Our common stock is traded on the New York Stock Exchange ("NYSE") under the symbol "ACCO." The following table sets forth, for the periods indicated, the high and low sales prices for our common stock as reported on the NYSE for 2012 and 2013:

	High	Low
2012		
First Quarter	\$ 13.25	\$ 9.24
Second Quarter	\$ 13.30	\$ 8.50
Third Quarter	\$ 10.94	\$ 6.01
Fourth Quarter	\$ 7.95	\$ 5.80
2013		
First Quarter	\$ 9.16	\$ 6.55
Second Quarter	\$ 7.63	\$ 5.97
Third Quarter	\$ 7.44	\$ 6.08
Fourth Quarter	\$ 7.26	\$ 5.56

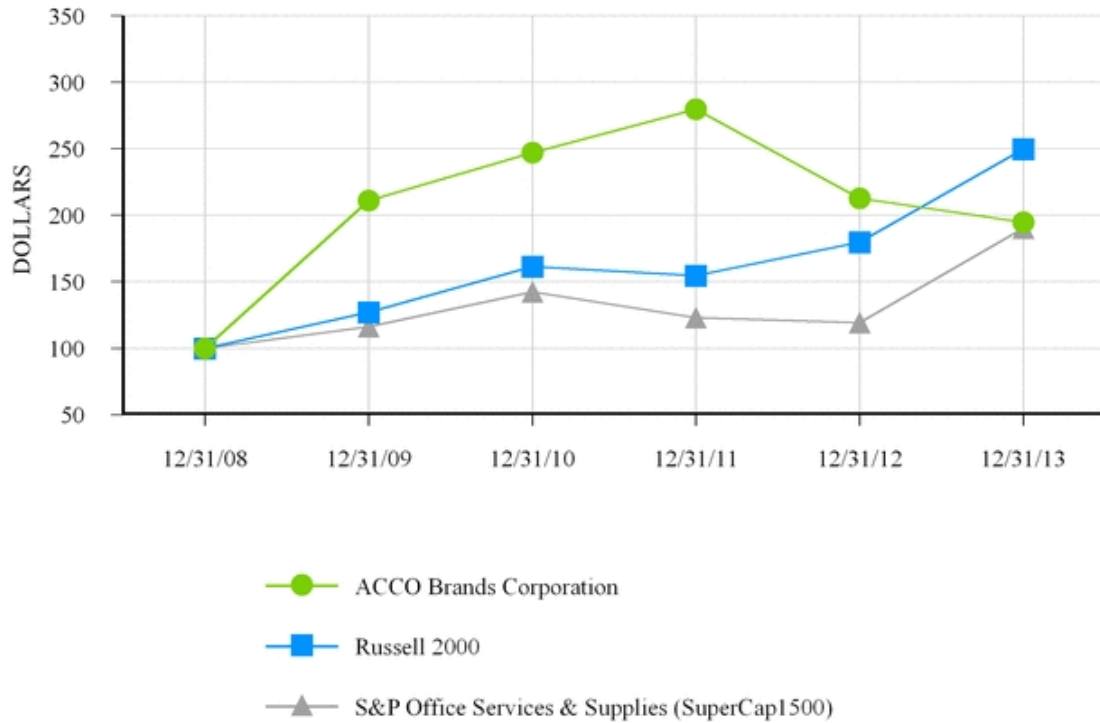
As of February 3, 2014, we had approximately 17,490 registered holders of our common stock.

Dividend Policy

We have not paid any dividends on our common stock since becoming a public company. We intend to retain any 2014 earnings to reduce our indebtedness, absent a value-creating acquisition. Currently our debt agreements restrict our ability to make dividend payments until we reduce our Leverage Ratio to below 2.5 to 1. As of December 31, 2013 our Leverage Ratio was approximately 3.3 to 1. Any determination as to the declaration of dividends is at our Board of Directors' sole discretion based on factors it deems relevant at that time.

STOCK PERFORMANCE GRAPH

The following graph compares the cumulative total stockholder return on our common stock to that of the S&P Office Services and Supplies (SuperCap1500) Index and the Russell 2000 Index assuming an investment of \$100 in each from December 31, 2008 through December 31, 2013.



	Cumulative Total Return					
	12/31/08	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13
ACCO Brands Corporation.	\$ 100.00	\$ 211.01	\$ 246.96	\$ 279.71	\$ 212.75	\$ 194.78
Russell 2000	100.00	127.17	161.32	154.59	179.86	249.69
S&P Office Services and Supplies (SuperCap1500)	100.00	116.23	142.28	122.98	119.20	190.31

ITEM 6. SELECTED FINANCIAL DATA

SELECTED HISTORICAL FINANCIAL DATA

The following table sets forth our selected consolidated financial data. The selected consolidated financial data as of and for the five fiscal years ended December 31, 2013 are derived from our consolidated financial statements. The data should be read in conjunction with the consolidated financial statements and related notes included elsewhere in this report.

	Year Ended December 31,				
	2013	2012 ⁽¹⁾	2011	2010	2009
<i>(in millions of dollars, except per share data)</i>					
Income Statement Data:					
Net sales	\$ 1,765.1	\$ 1,758.5	\$ 1,318.4	\$ 1,284.6	\$ 1,233.3
Operating income ⁽²⁾	145.8	139.3	115.2	109.7	75.4
Interest expense, net	54.7	89.3	77.2	78.3	67.0
Other expense, net ⁽³⁾	7.6	61.3	3.6	1.2	5.4
Income (loss) from continuing operations ⁽⁴⁾	77.3	117.0	18.6	7.8	(118.6)
Per common share:					
Income (loss) from continuing operations ⁽⁴⁾					
Basic	\$ 0.68	\$ 1.24	\$ 0.34	\$ 0.14	\$ (2.18)
Diluted	\$ 0.67	\$ 1.22	\$ 0.32	\$ 0.14	\$ (2.18)
Balance Sheet Data (at year end):					
Total assets	\$ 2,382.9	\$ 2,507.7	\$ 1,116.7	\$ 1,149.6	\$ 1,106.8
External debt	920.9	1,072.1	669.0	727.6	725.8
Total stockholders' equity (deficit)	702.3	639.2	(61.9)	(79.8)	(117.2)
Other Data:					
Cash provided (used) by operating activities	\$ 194.5	\$ (7.5)	\$ 61.8	\$ 54.9	\$ 71.5
Cash (used) provided by investing activities	(33.3)	(423.2)	40.0	(14.9)	(3.9)
Cash (used) provided by financing activities	(155.5)	360.1	(63.1)	(0.1)	(44.5)

- (1) On May 1, 2012, we completed the Merger of Mead C&OP with a wholly-owned subsidiary of the Company. Accordingly, the results of Mead C&OP are included in the Company's consolidated financial statements from the date of the Merger. For further information on the Merger, see "Note 3. *Acquisitions*" to the consolidated financial statements, contained in Item 8 of this report.
- (2) Operating income for the years 2013, 2012, 2011, 2010 and 2009 was impacted by restructuring charges (income) of \$30.1 million, \$24.3 million, \$(0.7) million, \$(0.5) million and \$17.4 million, respectively.
- (3) Other expense, net for the years 2013 and 2012 was impacted by \$9.4 million and \$ 61.4 million in charges, respectively, related to the refinancings completed in 2013 and 2012. For further information on our refinancing, see "Note 4. *Long-term Debt and Short-term Borrowings*" to the consolidated financial statements, contained in Item 8 of this report.
- (4) Income (loss) from continuing operations for the year 2009, was impacted by a non-cash charge of \$108.1 million to establish a valuation allowance against our U.S. deferred taxes. Due to the Merger, we analyzed our need to maintain valuation allowances against the expected U.S. future tax benefits. Based on our analysis we determined in 2012 that there existed sufficient evidence in the form of future taxable income from the combined operations to release \$126.1 million of the valuation allowance that had been previously recorded against the U.S. deferred income tax assets. In 2013 and 2012, we released \$19.0 million and \$11.6 million, respectively, of valuation allowances in certain foreign jurisdictions. For a further discussion, see "Note 11. *Income Taxes*" to the consolidated financial statements, contained in Item 8 of this report.

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

INTRODUCTION

Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with the consolidated financial statements of ACCO Brands Corporation and the accompanying notes contained therein. Unless otherwise noted, the following discussion pertains only to our continuing operations.

ACCO Brands is a leading global manufacturer and marketer of office, school and calendar products and select computer and electronic accessories. We sell our products to consumers and commercial end-users, primarily through resellers, including traditional office resellers, wholesalers, retailers and e-tailers. We design, develop, manufacture and market a wide variety of traditional and computer-related office products, school supplies and paper-based calendar products. Through a focus on research, marketing and innovation, we seek to develop new products that meet the needs of our consumers and commercial end-users. We compete through a balance of product innovation, category management, a low-cost operating model and an efficient supply chain. We sell our products primarily to markets located in the United States, Northern Europe, Canada, Brazil, Australia and Mexico. We currently manufacture approximately half of our products locally where we operate, and source approximately the other half of our products, primarily from Asia.

We believe our leading product positions provide the scale to enable us to invest in product innovation and drive growth across our product categories. In addition, the expertise we use to satisfy the exacting technical specifications of our more demanding commercial customers is in many instances the basis for expanding our products and innovations to consumer products. We plan to grow via a strategy of organic growth supplemented by acquisitions.

ACCO Brands North America and ACCO Brands International manufacture, source and sell traditional office, school and calendar product lines under name brands such as AT-A-GLANCE[®], Day-Timer[®], Five Star[®], GBC[®], Hilroy, Marbig, Mead[®], NOBO, Quartet[®], Rexel, Swingline[®], Tilibra, Wilson Jones[®] and many others. Products and brands are not necessarily confined to one channel or product category and are sold based on end-user preference in each geographic location.

The majority of our office products, such as stapling, binding and laminating equipment and related consumable supplies, shredders and whiteboards, are used by businesses. Most of these end-users purchase their products from our customers, which include commercial contract stationers, mass merchandisers, retail superstores, wholesalers, resellers, e-tailers, club stores and dealers. We also supply some of our products directly to large commercial and industrial end-users and provide business machine maintenance and certain repair services.

Our school products include notebooks, folders, decorative calendars, and stationery products. We distribute our school products primarily through traditional and online retail, mass merchandisers, grocery, drug and office superstore channels. We also supply private label products within the school products sector.

Our calendar products are sold throughout all channels where we sell office or school products, as well as direct to consumers.

Our Computer Products Group designs, sources, distributes, markets and sells accessories for laptop and desktop computers, and tablets and smartphones. These accessories primarily include security products, tablet covers and keypads, smartphone accessories, power adapters, input devices such as mice, laptop computer carrying cases, hubs, docking stations and ergonomic devices. We sell these products mostly under the Kensington[®], Microsaver[®] and ClickSafe[®] brand names, with the majority of our revenue coming from the U.S. and Western Europe. Our computer products are manufactured by third-party suppliers, principally in Asia, and are distributed from our regional facilities. Our computer products are sold primarily to consumer electronics retailers, information technology value-added resellers, original equipment manufacturers and office products retailers.

Our results are dependent upon a number of factors, including pricing and competition. Historically, key drivers of demand in the office and school products industries have included trends in white collar employment levels, enrollment levels in education, gross domestic product (GDP) and growth in the number of small businesses and home offices together with usage of personal computers. Current pricing and demand levels for office products reflect the substantial consolidation within the global resellers of office products. This consolidation has led to multiple years of industry pricing pressure and a more efficient level of asset utilization by customers, resulting in lower sales pricing and volume for suppliers of office products. Two of our large customers, Office Depot and OfficeMax, have merged in the fourth quarter of 2013. Management currently expects the combined companies will take actions to harmonize pricing from their suppliers, close retail outlets and rationalize their supply chain which will negatively impact our sales and margins. These adverse affects are expected to take several years to be fully realized. See "Part I, Item 1A. *Risk Factors - Our customers may further consolidate, which could adversely impact our margins and sales.*"

Overall commodity pricing has been fairly flat in 2013; however paper pricing has recently increased together with Chinese wage rates and these could impact the future business performance if we are not able to recover our additional costs with increases in our product pricing. We continue to monitor commodity costs and work with suppliers and customers to negotiate balanced and fair pricing that best reflects the current economic environment. See "Part I, Item 1A. *Risk Factors - The raw materials and labor costs we incur are subject to price increases that could adversely affect our profitability .*"

With approximately 46% of our net sales for the fiscal year ended December 31, 2013 arising from foreign sales, fluctuations in currency exchange rates can have a material impact on our results of operations. Currency fluctuations impact the results of our non-U.S. operations that are reported in U.S. dollars. As a result, a weak U.S. dollar benefits, and a strong U.S. dollar reduces, the dollar-denominated contributions from foreign operations. Additionally, approximately half of the products we sell are sourced from China and other Asia-Pacific countries and are paid for in U.S. dollars. Thus, movements in the value of local currency relative to the U.S. dollar in countries where we source our products affect our cost of goods sold. Further, our international operations sell in their local currencies and are exposed to their domestic currency movements against the U.S. dollar. See "Part I, Item 1A. *Risk Factors - Risks associated with currency volatility could harm our sales, profitability, cash flows and results of operations*" and "Note 13. *Derivative Financial Instruments*" to the consolidated financial statements contained in Item 8 of this report .

Mead Consumer and Office Products Business Merger

On May 1, 2012, we completed the Merger of Mead C&OP with a wholly-owned subsidiary of the Company. Mead C&OP is a leading manufacturer and marketer of school supplies, office products, and planning and organizing tools - including the Mead®, Five Star®, Trapper Keeper®, AT-A-GLANCE®, Cambridge®, Day Runner®, Hilroy, Tilibra and Grafons brands in the U.S., Canada and Brazil.

The results of Mead C&OP are included in the Company's consolidated financial statements from the date of the Merger.

Debt Refinancing

Effective May 13, 2013 (the "Effective Date"), the Company entered into an Amended and Restated Credit Agreement (the "Restated Credit Agreement") among the Company, certain subsidiaries of the Company, Bank of America, N.A., as administrative agent, and the other agents and lenders party thereto. The Restated Credit Agreement amended and restated the Company's prior credit agreement, dated as of March 26, 2012, as amended (the "2012 Credit Agreement"), that had been entered into in connection with the Merger.

The Restated Credit Agreement provides for a \$780 million, five-year senior secured credit facility, which consists of a \$250.0 million multi-currency revolving credit facility, due May 2018 (the "Revolving Facility"), and a \$530.0 million U.S. dollar denominated Senior Secured Term Loan A, due May 2018 (the "Restated Term Loan A"). Specifically, in connection with the Restated Credit Agreement, the Company:

- replaced its then-existing U.S.-dollar denominated Senior Secured Term Loan A, due May 2017, under the 2012 Credit Agreement, which had an aggregate principal amount of \$220.8 million outstanding immediately prior to the Effective Date, with the Restated Term Loan A, due May 2018, in an aggregate original principal amount of \$530.0 million;
- prepaid in full its then-existing U.S.-dollar denominated Senior Secured Term Loan B, due May 2019, under the 2012 Credit Agreement, which had an aggregate principal amount of \$310.2 million outstanding immediately prior to the Effective Date, using a portion of the proceeds from the Restated Term A Loan; and
- replaced the \$250.0 million revolving credit facility under the 2012 Credit Agreement with the Revolving Facility, under which \$47.3 million was outstanding immediately following the Effective Date.

Prior to the Effective Date, the Company's repaid in full the \$21.4 million Canadian-dollar denominated Senior Secured Term Loan A, due May 2017 that had been drawn under the 2012 Credit Agreement.

Restructuring

During the fourth quarter of 2013, in light of current economic and industry conditions and in anticipation of an uncertain demand environment as well as the impact of industry consolidation in 2014, we committed to restructuring actions that were primarily focused on streamlining our North American school, office and computer products operations. These actions will reduce

approximately 12% of our North American salaried workforce, impacting all operational, supply chain and administrative functions, with efforts beginning in early 2014. Such efforts are expected to be complete by the end of 2014. We expect to realize approximately \$24 million in annual savings from these restructuring actions.

Also during the year 2013, we committed to incremental cost savings plans intended to improve the efficiency and effectiveness of our businesses. These plans relate to cost-reduction initiatives within our North American and International segments, and are primarily associated with post-merger integration activities of the North American operations following the Merger and changes in the European business model and manufacturing footprint. The most significant of these plans was finalized during the second quarter of 2013, and relates to the closure of our Brampton, Canada distribution and manufacturing facility and relocation of its activities to other facilities within the Company.

During the year 2012, we initiated cost savings plans related to the consolidation and integration of our then recently acquired Mead C&OP business. The most significant of these plans related to our dated goods business and included closure of a manufacturing and distribution facility in East Texas, Pennsylvania and relocation of its activities to other facilities within the Company, which was completed during the second quarter of 2013. We also committed to certain cost savings plans that are expected to improve the efficiency and effectiveness of our U.S. and European businesses, which were independent of any plans related to our acquisition of Mead C&OP.

Income Taxes

In 2012, due to the Merger, we analyzed our need for maintaining a valuation allowance against the expected U.S. future tax benefits. Based on our analysis we determined that there existed sufficient evidence in the form of future taxable income from the combined operations to release \$126.1 million of the valuation allowance that had been previously recorded against the U.S. deferred income tax assets. The resulting deferred tax assets are comprised principally of net operating loss carryforwards that are expected to be fully realized within the expiration period and other temporary differences. Also in 2012, valuation allowances in the amount of \$19.0 million were released in certain foreign jurisdictions. In 2013, the company had a net tax benefit from the release of certain foreign jurisdictions in the amount of \$11.6 million.

Discontinued Operations

As of May 31, 2011, we disposed of the GBC Fordigraph Pty Ltd ("GBC Fordigraph") business. The Australia-based business was formerly part of the ACCO Brands International segment and the results of operations are included in the financial statements as a discontinued operation for all periods presented. In 2011, we received net proceeds of \$52.9 million and recorded a gain on the sale of \$41.9 million (\$36.8 million after-tax).

For further information on discontinued operations see "Note 19. *Discontinued Operations*" to the consolidated financial statements contained in Item 8 of this report.

Overview of 2013 Company Performance

The financial results for the 2013 year include the full year results for Mead C&OP while 2012 included only eight months of Mead C&OP results. Operating income increased by \$6 million, primarily due to synergies and productivity improvements, but was adversely impacted primarily by the performance of the Computer Products Group segment and by adverse foreign exchange. The additional four months of January through April of Mead C&OP contributed additional sales and gross profit, but it was not a profit contributor to the Company as a whole as these months were not historically profitable due to the seasonality of sales of the the acquired business (absent synergies and productivity savings). Sales for the year were impacted by challenging markets in the North America and Computer Products Group segments and the adverse impact of foreign exchange, partially offset by strength in the International segment. The Company generated significant cash flow and used this to reduce its debt by \$151 million.

Fiscal 2013 versus Fiscal 2012

The following table presents the Company's results for the years ended December 31, 2013, and 2012.

<i>(in millions of dollars)</i>	Year Ended December 31,		Amount of Change	
	2013	2012	\$	%
Net sales	\$ 1,765.1	\$ 1,758.5	\$ 6.6	0.4 %
Cost of products sold	1,220.3	1,225.1	(4.8)	(0.4)%
Gross profit	544.8	533.4	11.4	2 %
<i>Gross profit margin</i>	30.9%	30.3%		0.6 pts
Advertising, selling, general and administrative expenses	344.2	349.9	(5.7)	(2)%
Amortization of intangibles	24.7	19.9	4.8	24 %
Restructuring charges	30.1	24.3	5.8	24 %
Operating income	145.8	139.3	6.5	5 %
<i>Operating income margin</i>	8.3%	7.9%		0.4 pts
Interest expense, net	54.7	89.3	(34.6)	(39)%
Equity in earnings of joint ventures	(8.2)	(6.9)	(1.3)	19 %
Other expense, net	7.6	61.3	(53.7)	(88)%
Income tax expense (benefit)	14.4	(121.4)	135.8	112 %
<i>Effective tax rate</i>	15.7%	NM		NM
Income from continuing operations	77.3	117.0	(39.7)	(34)%
Loss from discontinued operations, net of income taxes	(0.2)	(1.6)	1.4	88 %
Net income	77.1	115.4	(38.3)	(33)%

Net Sales

Net sales increased \$6.6 million, or 0.4%, to \$1.765 billion compared to \$1.759 billion in the prior-year period. The acquisition of Mead C&OP contributed incremental sales of approximately \$125 million with twelve months of results included in the current year and only eight months of results in the prior year. The underlying decline of approximately \$118 million includes an unfavorable currency translation of \$27.5 million, or 2%. The remaining sales decline was primarily in the North America segment and resulted from soft demand, consumers purchasing more lower-priced products, lost placements and the exit from unprofitable business. Additionally, the Computer Products Group segment declined primarily due to increased competition in the tablet and smartphone categories.

Cost of Products Sold

Cost of products sold includes all manufacturing, product sourcing and distribution costs, including depreciation related to assets used in the manufacturing, procurement and distribution process, inbound and outbound freight, shipping and handling costs, purchasing costs associated with materials and packaging used in the production processes, including an allocation of information technology costs. Cost of products sold decreased \$4.8 million, or 0.4% to \$1.220 billion compared to \$1.225 billion in the prior-year period and includes \$18.7 million of favorable currency translation. The underlying decrease was due to lower sales demand, together with synergies and productivity savings and the absence of \$13.3 million of amortization of step-up in inventory value due to the Merger, which was partially offset by the full year impact from the acquisition of Mead C&OP.

Gross Profit

Management believes that gross profit and gross profit margin provide enhanced shareholder appreciation of underlying profit drivers. Gross profit increased \$11.4 million, or 2%, to \$544.8 million, compared to \$533.4 million in the prior-year period, and includes \$8.8 million of unfavorable currency translation. The underlying increase was due to the full year results from the acquisition of Mead C&OP, together with synergies and productivity savings, which partly offset by the absence of \$13.3 million of amortization of step-up in inventory value due to the Merger and by lower sales volume.

Gross profit margin increased to 30.9% from 30.3%. The increase was driven by synergies and productivity savings, as well as the full year impact of Mead C&OP, which has historically higher relative margins, but was partially offset by adverse sales mix, particularly in the Computer Products Group.

Advertising, selling, general and administrative expenses

Advertising, selling, general and administrative expenses ("SG&A") include advertising, marketing, selling (including commissions), research and development, customer service, depreciation related to assets outside the manufacturing and distribution processes and all other general and administrative expenses outside the manufacturing and distribution functions (e.g., finance, human resources, information technology, corporate expenses, etc.). SG&A decreased \$5.7 million, or 2%, to \$344.2 million, compared to \$349.9 million in the prior-year period, and includes \$4.7 million of favorable currency translation. The underlying decrease was primarily due to a reduction in transaction and integration charges associated with the Merger, which were \$18.6 million higher in the prior-year period, synergies and productivity savings, and a \$2.5 million gain on the sale of a facility in 2013. The decrease was partially offset by the inclusion of the full year expense for Mead C&OP, higher stock compensation, and \$1.8 million in expenses related to the relocation of our corporate and U.S. headquarters.

As a percentage of sales, SG&A decreased to 19.5% compared to 19.9% in the prior-year period primarily due to a reduction in transaction and integration charges.

Amortization of Intangibles

Amortization of intangibles increased to \$24.7 million compared to \$19.9 million in the prior-year period. The increase was driven by incremental amortization as a result of the Merger.

Restructuring Charges

Restructuring charges were \$30.1 million compared to \$24.3 million in the prior-year period. Employee termination and severance charges included in restructuring charges in the current and prior year relate our North American and International operations and are primarily associated with post-merger integration activities following the Merger and changes in the European business model and manufacturing footprint. In addition, during the fourth quarter of 2013 we committed to restructuring actions that were primarily focused on streamlining our North American school, office and computer products operations.

Operating Income

Operating income increased \$6.5 million, or 5%, to \$145.8 million, compared to \$139.3 million in the prior-year period, including unfavorable currency translation of \$3.5 million. The increase was primarily due to synergies and productivity savings and a reduction in transaction and integration charges, which were partially offset by a less profitable sales mix.

Interest Expense, Net, Equity in Earnings of Joint Ventures and Other Expense, Net

Interest expense, net of interest income, decreased to \$54.7 million, compared to \$89.3 million in the prior-year period, due to the absence of \$16.4 million of costs, primarily Merger-related, for the committed financing in the prior-year period and substantially lower effective interest rates as a result of the May 2013 refinancing. Reduced debt outstanding and higher interest income also contributed to the decline.

Equity in earnings of joint ventures increased to \$8.2 million, compared to \$6.9 million in the prior-year period. During 2012 we took an impairment charge of \$1.9 million related our Neschen GBC Graphics Films, LLC joint venture.

Other expense, net was \$7.6 million compared to \$61.3 million in the prior-year period. The improvement was due to the absence of one-time Merger-related refinancing costs of \$61.4 million for the repurchase or discharge of all of the Company's outstanding Senior Secured Notes in the prior year. The current year includes \$9.4 million for the write-off of debt origination costs related to the May 2013 refinancing and \$2.0 million for a gain related to a bargain purchase on an acquisition completed in the fourth quarter of 2013. For a further discussion of the Company's refinancing completed in the second quarter of 2013 see "Note 4. Long-term Debt and Short-term Borrowings" to our consolidated financial statements contained in Item 8 of this report.

Income Taxes

Income tax expense from continuing operations was \$14.4 million on income from continuing operations before taxes of \$91.7 million. The low tax rate of 15.7% is primarily due to the reversal of valuation allowances for certain foreign jurisdictions

in the amount of \$11.6 million. For the prior-year period, the Company reported an income tax benefit from continuing operations of \$121.4 million on a loss from continuing operations before taxes of \$4.4 million, primarily due to the release of certain valuation allowances for the U.S. and certain foreign jurisdictions in the amount of \$126.1 million and \$19.0 million, respectively.

Segment Discussion

<i>(in millions of dollars)</i>	Year Ended December 31, 2013			Amount of Change				
	Net Sales	Segment Operating Income (A)	Operating Income Margin	Net Sales		Segment Operating Income	Segment Operating Income	Margin Points
				\$	%			
ACCO Brands North America	\$ 1,041.4	\$ 98.2	9.4%	\$ 13.2	1%	\$ 12.0	14 %	100
ACCO Brands International	566.6	66.5	11.7%	15.4	3%	4.5	7 %	50
Computer Products Group	157.1	13.7	8.7%	(22.0)	(12)%	(22.2)	(62)%	(1,130)
Total segment sales	\$ 1,765.1	\$ 178.4		\$ 6.6		\$ (5.7)		

<i>(in millions of dollars)</i>	Year Ended December 31, 2012		
	Net Sales	Segment Operating Income (A)	Operating Income Margin
ACCO Brands North America	\$ 1,028.2	\$ 86.2	8.4%
ACCO Brands International	551.2	62.0	11.2%
Computer Products Group	179.1	35.9	20.0%
Total segment operating income	\$ 1,758.5	\$ 184.1	

(A) Segment operating income excludes corporate costs; Interest expense, net; Equity in earnings of joint ventures and Other expense, net. See Note 16. *Information on Business Segments* to the consolidated financial statements contained in Item 8 of this report for a reconciliation of total segment operating income to income from continuing operations before income taxes.

ACCO Brands North America

ACCO Brands North America net sales increased \$13.2 million, or 1%, to \$1,041.4 million, compared to \$1,028.2 million in the prior-year period. The Merger contributed incremental sales of approximately \$88 million, with twelve months of results included in the current year and only eight months of results in the prior year. The underlying decline of approximately \$75 million includes unfavorable currency translation of \$4.2 million. The decline was driven by soft consumer demand, consumers purchasing more lower-priced products, and lost placements with some customers. These factors impacted both the acquired Mead and legacy ACCO Brands businesses. The planned exit from unprofitable business accounted for \$26.0 million of the decline.

ACCO Brands North Americas operating income increased \$12.0 million, or 14%, to \$98.2 million compared to \$86.2 million in the prior-year period, and operating income margin increased to 9.4% from 8.4% in the prior-year period. The improvement was due to synergies and productivity savings and the absence of \$11.5 million of amortization of step-up in inventory value due to the Merger. Partially offsetting the improvement were lower sales volume, unfavorable customer/product mix, higher amortization of intangibles of \$5.1 million and \$1.8 million of costs related to the relocation of our corporate and U.S. headquarters.

ACCO Brands International

ACCO Brands International net sales increased \$15.4 million, or 3%, to \$566.6 million compared to \$551.2 million in the prior-year period. The Merger contributed incremental sales of \$37.3 million, with twelve months of results included in the current year and only eight months of results in the prior year. The underlying decline of \$21.9 million includes unfavorable currency translation of \$23.5 million, or 4%. Excluding the effect of the Merger and currency translation, sales increased \$1.7 million with growth in Brazil due to higher pricing and volume. Partially offsetting the increase were lower sales in other regions, primarily in Europe during the first quarter, which included \$3.6 million of unprofitable business that was exited.

ACCO Brands International operating income increased \$4.5 million, or 7%, to \$66.5 million, compared to \$62.0 million in the prior-year period, and operating income margin increased to 11.7% from 11.2% in the prior-year period. Foreign currency translation negatively impacted results by \$3.7 million, or 6%. The underlying improvement (exclusive of currency translation)

reflects productivity savings, lower pension expenses, a \$2.5 million gain on the sale of a facility and the absence of \$1.8 million of amortization of step-up in inventory value due to the Merger. This was partially offset by higher restructuring charges of \$3.1 million.

Computer Products Group

Computer Products Group net sales decreased \$22.0 million, or 12%, to \$157.1 million, compared to \$179.1 million in the prior-year period. Volume decreased 9% primarily due to increased competition in the tablet and smartphone categories resulting in market share loss and lower sales and pricing. In addition, we experienced a continuation of the decline in sales of PC accessory and security products due to the ongoing contraction of worldwide PC unit sales volumes. Lower net pricing due to promotions and the loss of \$2.3 million in royalty income from security products unfavorably impacted sales by 3%.

Computer Products Group operating income decreased \$22.2 million, or 62%, to \$13.7 million, compared to \$35.9 million in the prior-year period, and operating margin decreased to 8.7% from 20.0% in the prior-year period. The decline in operating income and margin was primarily due to lower sales, lower pricing (including royalties), higher inventory obsolescence expenses and increased restructuring charges.

Fiscal 2012 versus Fiscal 2011

The following table presents the Company's results for the years ended December 31, 2012 and 2011.

<i>(in millions of dollars)</i>	Year Ended December 31,		Amount of Change	
	2012	2011	\$	%
Net sales	\$ 1,758.5	\$ 1,318.4	\$ 440.1	33 %
Cost of products sold	1,225.1	919.2	305.9	33 %
Gross profit	533.4	399.2	134.2	34 %
<i>Gross profit margin</i>	30.3%	30.3%		0.0 pts
Advertising, selling, general and administrative expenses	349.9	278.4	71.5	26 %
Amortization of intangibles	19.9	6.3	13.6	NM
Restructuring charges (income)	24.3	(0.7)	25.0	NM
Operating income	139.3	115.2	24.1	21 %
<i>Operating income margin</i>	7.9%	8.7%		(0.8) pts
Interest expense, net	89.3	77.2	12.1	16 %
Equity in earnings of joint ventures	(6.9)	(8.5)	1.6	(19)%
Other expense, net	61.3	3.6	57.7	NM
Income tax (benefit) expense	(121.4)	24.3	(145.7)	NM
<i>Effective tax rate</i>	NM	56.6%		NM
Income from continuing operations	117.0	18.6	98.4	NM
(Loss) income from discontinued operations, net of income taxes	(1.6)	38.1	(39.7)	NM
Net income	115.4	56.7	58.7	104 %

Net Sales

Net sales increased \$440.1 million, or 33%, to \$1.76 billion compared to \$1.32 billion in the prior-year period. The acquisition of Mead C&OP contributed sales of \$551.5 million. The underlying decline of \$111.4 million includes an unfavorable currency translation of \$17.1 million, or 1%. The remaining decline of \$94.3 million, or 7%, occurred primarily in the International and North America business segments.

International segment sales declined \$61 million (excluding the effect of Mead C&OP and currency translation) of which the decline in the European business accounted for \$56 million. Approximately \$32 million of the European decline was due to the Company's decision to re-focus on more profitable business; the remainder of the European decline was due to the weak economic environment. Australia also experienced weak consumer demand and lower price points.

North American segment sales declined \$27 million (excluding the effect of Mead C&OP and currency translation). Approximately half of the sales decline was in the direct channel, which services large U.S. print finishing customers, with the remainder mainly from lower Canadian sales and declines in the calendar business.

Cost of Products Sold

Cost of products sold includes all manufacturing, product sourcing and distribution costs, including depreciation related to assets used in the manufacturing, procurement and distribution process, allocation of certain information technology costs supporting those processes, inbound and outbound freight, shipping and handling costs, purchasing costs associated with materials and packaging used in the production processes. Cost of products sold increased \$305.9 million, or 33%, to \$1.23 billion. The acquisition of Mead C&OP contributed \$355.8 million, which includes \$13.3 million in amortization of the acquisition step-up in inventory value. Excluding the impact of Mead C&OP acquisition, the principal drivers of the underlying decline of \$49.9 million were lower sales volumes and a \$12.1 million impact of favorable currency translation.

Gross Profit

Management believes that gross profit and gross profit margin provide enhanced shareholder understanding of underlying profit drivers. Gross profit increased \$134.2 million, or 34%, to \$533.4 million. The acquisition of Mead C&OP contributed \$195.7 million, which includes a \$13.3 million charge for the acquisition step-up in inventory value. The principal drivers of the underlying decline of \$61.5 million were lower sales volumes and a \$5.0 million impact of unfavorable currency translation. Gross profit margin was unchanged at 30.3%. The inclusion of Mead C&OP, which has a mix of relatively higher margin products, was offset by an adverse sales mix in the legacy ACCO Brands businesses and the charge for the acquisition step-up in inventory value.

Advertising, selling, general and administrative expenses

Advertising, selling, general and administrative expenses include advertising, marketing, selling (including commissions), research and development, customer service, depreciation related to assets outside the manufacturing and distribution processes and all other general and administrative expenses outside the manufacturing and distribution functions (e.g., finance, human resources, information technology, corporate expenses, etc.). SG&A increased \$71.5 million, or 26%, to \$349.9 million, and as a percentage of sales, SG&A decreased to 19.9% from 21.1% in the prior-year period. The acquisition of Mead C&OP contributed \$77.9 million of the increase. The underlying decrease of \$6.4 million was driven by savings in the North America and International business segments and the absence of \$4.5 million of business rationalization charges within our European operations incurred during 2011 as well as favorable currency translation of \$2.6 million, partially offset by \$22.9 million in transaction and integration costs associated with the acquisition of Mead C&OP.

Restructuring Charges (Income)

Employee termination and severance charges included in restructuring charges primarily relate to our plans for integration with Mead C&OP that were initiated in the second quarter of 2012. These charges were \$24.3 million in the current year period compared to income of \$0.7 million in the prior-year period due to the release of reserves related to prior projects no longer required. The current year period charges primarily relate to consolidation and integration of the recently acquired Mead C&OP business, but also include certain cost savings plans that are expected to improve the efficiency and effectiveness of our U.S. and European businesses.

Operating Income

Operating income increased \$24.1 million, or 21%, to \$139.3 million and as a percentage of sales operating income declined to 7.9% from 8.7%. The acquisition of Mead C&OP increased operating income by \$101.2 million. The underlying decline of \$77.1 million was driven by \$24.3 million in restructuring costs, \$22.9 million in transaction and integration costs associated with the acquisition of Mead C&OP, a \$13.3 million charge for the acquisition step-up in inventory value, lower sales volume in the legacy ACCO Brands businesses and unfavorable currency translation of \$2.2 million. Savings in the North America and International business segments and the absence of \$4.5 million of business rationalization charges within our European operations incurred during 2011 partially offset the underlying decline.

Interest Expense, Net, Equity in Earnings of Joint Ventures and Other Expense, Net

Interest expense was \$89.3 million compared to \$77.2 million in the prior-year period. The increase was due to merger-related expenses for the committed financing required for the Merger of \$16.4 million and accelerated amortization of debt origination costs of \$3.6 million. The underlying decrease was due to our refinancing completed in May 2012 which substantially lowered our effective interest rate. Also, 2011 includes \$1.2 million of accelerated amortization of debt origination costs resulting from debt repayments in the third quarter of 2011.

Equity in earnings of joint ventures was income of \$6.9 million compared to \$8.5 million in the prior-year period. During the fourth quarter of 2012 we took an impairment charge of \$1.9 million related our Neschen GBC Graphics Films, LLC ("Neschen") joint venture.

Other expense, net, was \$61.3 million compared to expense of \$3.6 million in the prior year period. The significant increase was due to the refinancing of our debt in May 2012. The Company repurchased or discharged all of its outstanding Senior Secured Notes of \$425.1 million, due March 2015, for \$464.7 million including a premium and related fees of \$39.6 million, and redeemed all of its outstanding Senior Subordinated Notes of \$246.3 million, due August 2015, for \$252.6 million including a premium of \$6.3 million. The increase was also due to the write-off of debt origination costs of \$15.5 million related to the refinanced debt. In the prior year we paid \$3.0 million in premiums on the repurchase of \$34.9 million of our Senior Secured Notes.

Income Taxes

Income tax benefit from continuing operations was \$121.4 million on a loss before taxes of \$4.4 million compared to an income tax expense from continuing operations of \$24.3 million on income before taxes of \$42.9 million in the prior-year period. The tax benefit for 2012 is primarily due to the release of certain valuation allowances for the U.S. of \$126.1 million and certain foreign jurisdictions in the amount of \$19.0 million. The high effective tax rate for 2011 of 56.6% is due to no tax benefit being provided on losses incurred in the U.S. and certain foreign jurisdictions where valuation reserves are recorded against future tax benefits. For a further discussion of income taxes and the release of the valuation allowances see "Note 11. *Income Taxes*" to the consolidated financial statements contained in Item 8 of this report.

(Loss) Income from Discontinued Operations

Loss from discontinued operations was \$1.6 million, or \$0.02 per diluted share, compared to income of \$38.1 million, or \$0.66 per diluted share in the prior-year.

Discontinued operations include the results of GBC Fordigraph, which was sold during the second quarter of 2011, and the commercial print finishing business, which was sold during 2009. For a further discussion of discontinued operations see "Note 19. *Discontinued Operations*" to the consolidated financial statements contained in Item 8 of this report.

The components of discontinued operations for the years ended December 31, 2012 and 2011 are as follows:

<i>(in millions of dollars)</i>	2012	2011
Income from operations before income taxes	\$ —	\$ 2.5
(Loss) gain on sale before income taxes	(2.1)	41.5
Income tax (benefit) expense	(0.5)	5.9
(Loss) income from discontinued operations	<u>\$ (1.6)</u>	<u>\$ 38.1</u>

Segment Discussion

<i>(in millions of dollars)</i>	Year Ended December 31, 2012			Amount of Change				
	Net Sales	Segment Operating Income (A)	Operating Income Margin	Net Sales		Segment Operating Income	Segment Operating Income	Margin Points
				\$	%			
ACCO Brands North America	\$ 1,028.2	\$ 86.2	8.4%	\$ 405.1	65%	\$ 48.8	130 %	240
ACCO Brands International	551.2	62.0	11.2%	46.2	9%	3.1	5 %	(50)
Computer Products Group	179.1	35.9	20.0%	(11.2)	(6)%	(11.2)	(24)%	(480)
Total segment	\$ 1,758.5	\$ 184.1		\$ 440.1		\$ 40.7		

<i>(in millions of dollars)</i>	Year Ended December 31, 2011		
	Net Sales	Segment Operating Income (A)	Operating Income Margin
ACCO Brands North America	623.1	37.4	6.0%
ACCO Brands International	505.0	58.9	11.7%
Computer Products Group	190.3	47.1	24.8%
Total segment	\$ 1,318.4	\$ 143.4	

(A) Segment operating income excludes corporate costs; Interest expense, net; Equity in earnings of joint ventures and Other expense, net. See Note 16, *Information on Business Segments*, to the consolidated financial statements contained in Item 8 of this report for a reconciliation of total segment operating income to income from continuing operations before income taxes.

ACCO Brands North America

ACCO Brands North America net sales increased \$405.1 million, or 65%, to \$1.03 billion, compared to \$623.1 million in the prior-year period. The acquisition of Mead C&OP contributed sales of \$432.6 million. The remaining decline of \$27.5 million includes an unfavorable currency translation of \$0.9 million. The comparable decline (exclusive of currency translation) of \$26.6 million, or 4%, occurred in the legacy ACCO Brands U.S. and Canadian businesses due to lower demand from large print finishing customers, weak demand including lower customer inventories and declines in the calendar business.

ACCO Brands North Americas operating income increased \$48.8 million, or 130%, to \$86.2 million, and operating income margin increased to 8.4% from 6.0% in the prior-year period. The acquisition of Mead C&OP contributed \$81.4 million, net of other charges consisting of \$11.5 million in amortization of the acquisition step-up in inventory value and \$2.2 million of restructuring charges. The underlying decrease of \$32.6 million was driven by \$23.5 million of other charges, consisting of \$18.4 million of restructuring charges, \$5.1 million of integration charges, as well as, lower sales and unfavorable product mix (higher sales of low-margin products). This was partially offset by savings within SG&A.

ACCO Brands International

ACCO Brands International net sales increased \$46.2 million, or 9%, to \$551.2 million compared to \$505.0 million in the prior-year period. The acquisition of Mead C&OP contributed sales of \$118.9 million. The remaining decline of \$72.7 million includes an unfavorable currency translation of \$11.9 million, or 2%. The comparable decline (exclusive of currency translation) was \$60.8 million, or 12%. Of this decline, Europe accounted for \$56 million - of which approximately \$32 million was anticipated from our previously announced plans to restructure the business and focus on more profitable products, channels and/or geographic markets. The remaining \$24 million in European sales decline together with an \$11 million decline in our Australian sales was due to weak consumer demand, lower pricing, customer focus on lower-price-point items and share loss to our customers' directly sourced opening price point items. We achieved some modest growth in the legacy Latin American business that partially offset the declines noted above.

ACCO Brands International operating income increased \$3.1 million, or 5%, to \$62.0 million, and operating income margin decreased to 11.2% from 11.7% in the prior-year period. The acquisition of Mead C&OP contributed \$19.8 million, net of other charges consisting of \$1.8 million in amortization of the acquisition step-up in inventory value. Europe also incurred \$3.4 million in restructuring charges, primarily during the first quarter of 2012. The remaining decrease of \$13.3 million in operating income

was primarily driven by lower sales volume and pricing in Australia. The European business largely offset its substantial top-line decline through cost reductions.

Computer Products Group

Computer Products net sales decreased \$11.2 million, or 6%, to \$179.1 million compared to \$190.3 million in the prior-year period. Unfavorable foreign currency translation decreased sales by \$4.3 million, or 2%. The remaining decrease primarily reflects lower net pricing due to promotions and the loss of \$3.2 million in royalty income. Volume increased slightly as sales of new products for smartphones and tablets offset lower sales of PC accessories, including high-margin PC security products.

Operating income decreased \$11.2 million, or 24%, to \$35.9 million, and operating margin decreased to 20.0% from 24.8%. The decrease was primarily due to lower pricing, loss of royalty income and unfavorable product mix, impacted by the lower security product volume as noted above.

Liquidity and Capital Resources

Our primary liquidity needs are to service indebtedness, reduce our borrowings, fund capital expenditures and support working capital requirements. Our principal sources of liquidity are cash flows from operating activities, cash and cash equivalents held and seasonal borrowings under our \$250.0 million Revolving Facility. Based on our borrowing base, as of December 31, 2013, \$235.9 million remained available for borrowing under this facility. We maintain adequate financing arrangements at market rates. Because of the seasonality of our business we typically generate much of our cash flow in the first, third and fourth quarters as receivables are collected. Our Brazilian business is highly seasonal due to the combined impact of the back-to-school season coinciding with the calendar year-end in the fourth quarter. Due to various tax laws, it is costly to transfer short-term working capital in and out of Brazil. Our normal practice is therefore to hold seasonal cash requirements within Brazil, invested in Brazilian government securities. Our priority for all other cash flow use over the near term, after funding internal growth, is debt reduction, and acquisitions.

Any available overseas cash, other than that held for working capital requirements in Brazil, is repatriated on a continuous basis. Undistributed earnings of foreign subsidiaries that are expected to be permanently reinvested and thus not available for repatriation, aggregate to approximately \$606 million and \$586 million as of December 31, 2013 and 2012, respectively, of which approximately \$46 million is cash held at foreign subsidiaries as of December 31, 2013. If these amounts were distributed to the U.S., in the form of a dividend or otherwise, we would be subject to additional U.S. income taxes. Determination of the amount of unrecognized deferred income tax liabilities on these earnings is not practicable.

Refinancing Transactions

Effective May 13, 2013 the Company entered into the Restated Credit Agreement and on May 1, 2012 we entered into the 2012 Credit Agreement in conjunction with the Merger.

For further information on our refinancings see "Introduction - *Debt Refinancings*" contained elsewhere in this Item 7 and "Note 4. *Long-term Debt and Short-term Borrowings*" to the consolidated financial statements contained in Item 8 of this report.

Loan Covenants

The Restated Credit Agreement contains customary affirmative and negative covenants as well as events of default, including payment defaults, breach of representations and warranties, covenant defaults, cross-defaults, certain bankruptcy or insolvency events, certain ERISA-related events, changes in control or ownership and invalidity of any loan document.

Under the Restated Credit Agreement, the Company is required to meet certain financial tests, including a maximum consolidated leverage ratio (as defined in the Restated Credit Agreement, the "Leverage Ratio") as determined by reference to the following ratios:

Period	Maximum Consolidated Leverage Ratio⁽¹⁾
Effective Date through June 30, 2014	4.50:1.00
July 1, 2014 through June 30, 2015	4.00:1.00
July 1, 2015 through June 30, 2017	3.75:1.00
July 1, 2017 and thereafter	3.50:1.00

(1) The Leverage Ratio is computed by dividing the Company's net funded indebtedness by the cumulative four-quarter-trailing EBITDA, which excludes transaction costs, restructuring and other charges up to certain limits as well as other adjustments defined in the Restated Credit Agreement.

Beginning with the fiscal quarter ending June 30, 2013, the Restated Credit Agreement also requires the Company to maintain a consolidated fixed charge coverage ratio (as defined in the Restated Credit Agreement, the "Fixed Charge Coverage Ratio") as of the end of any fiscal quarter at or above 1.25 to 1.00. Under the Restated Credit Agreement, the Company no longer must meet certain minimum interest coverage ratios that were present in the 2012 Credit Agreement.

The indenture governing the 6.75% Senior Unsecured Notes, due April 2020 (the "Senior Notes"), does not contain financial performance covenants. However, that indenture does contain covenants that limit, among other things, our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness;
- pay dividends on our capital stock or repurchase our capital stock;
- enter into or permit to exist contractual limits on the ability of our subsidiaries to pay dividends to the Company;
- enter into certain transactions with affiliates;
- make investments;
- create liens; and
- sell certain assets or merge with or into other companies.

Certain of these covenants will be subject to suspension when and if the notes are rated at least "BBB-" by Standard & Poor's or at least "Baa3" by Moody's. Each of the covenants is subject to a number of important exceptions and qualifications.

See also "Note 4. *Long-term Debt and Short-term Borrowings*" to the consolidated financial statements contained in Item 8 of this report.

Compliance with Loan Covenants

As of December 31, 2013, our Leverage Ratio was approximately 3.3 to 1 and the Fixed Charge Coverage Ratio was approximately 3.7 to 1.

As of and for the period ended December 31, 2013, we were in compliance with all applicable loan covenants.

Guarantees and Security

Generally, obligations under the Restated Credit Agreement are irrevocably and unconditionally guaranteed, jointly and severally, by certain of the Company's existing and future domestic subsidiaries, and are secured by substantially all of the Company's and certain guarantor subsidiaries' assets, subject to certain exclusions and limitations.

The Senior Notes, are irrevocably and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by each of our existing and future domestic subsidiaries other than certain excluded subsidiaries. The Senior Notes and the related guarantees will rank equally in right of payment with all of the existing and future senior debt of the Company and the guarantors, senior in right of payment to all of the existing and future subordinated debt of the Company and the guarantors, and effectively subordinated to all of the existing and future secured indebtedness of the Company and the guarantors to the extent of the value of the assets securing such indebtedness. The Senior Notes and the guarantees are and will be structurally subordinated to all existing and future liabilities, including trade payables, of each of the Company's subsidiaries that do not guarantee the notes.

Cash Flow

Fiscal 2013 versus Fiscal 2012

Cash Flow from Operating Activities

For the year ended December 31, 2013, cash provided by operating activities was \$194.5 million, compared to the cash used in the prior-year period of \$7.5 million. Net income for 2013 was \$77.1 million, compared to \$115.4 million in 2012. The 2012 net income includes non-cash income from the release of income tax valuation allowances of \$145.1 million.

The operating cash generated in 2013 is much higher than prior year period because it includes a full 12 months of cash flow associated with the Mead C&OP business that was acquired on May 1, 2012; and due to the seasonality of the acquired business, nearly all of its net cash generation occurs during the first quarter (prior to our acquisition date). In addition, the absence of debt extinguishment and transaction costs included in the 2012 year, and increased operating profits and lower cash interest payments resulting from our debt refinancing activities in 2013 also contributed to the improvement. Cash sourced from net working capital was \$33.8 million in 2013, and was driven by cash from accounts payable of \$26.8 million that was attributed to our continued focus on extending supplier payment terms and to timing of our inventory purchases. In addition, improved supply chain management resulted in lower year end inventory levels and a cash inflow of \$6.5 million. Other significant cash payments in 2013 included interest payments of \$52.0 million, income tax payments of \$31.1 million and contributions to the Company's pension and defined benefit plans of \$14.7 million.

The table below shows our cash flow from accounts receivable, inventories and accounts payable for the years ended December 31, 2013 and 2012, respectively:

	2013	2012
Accounts receivable	\$ 0.5	\$ (153.8)
Inventories	6.5	61.8
Accounts payable	26.8	(25.0)
Cash flow provided (used) by net working capital	<u>\$ 33.8</u>	<u>\$ (117.0)</u>

Cash Flow from Investing Activities

Cash used by investing activities was \$33.3 million and \$423.2 million for the years ended December 31, 2013 and 2012, respectively. The 2012 cash outflow reflects \$397.5 million of net cash paid for the Mead C&OP business. Capital expenditures were \$36.6 million and \$30.3 million for the years ended December 31, 2013 and 2012, respectively. The increase in capital expenditures reflects investments associated with the acquisition of Mead C&OP, including integration-related spending in association with the relocation of our Day-Timer operations to other Company locations, investments in the Company's new corporate and U.S. headquarters, and continuing information technology investments.

Cash Flow from Financing Activities

Cash used by financing activities for the year ended December 31, 2013 was \$155.5 million, and reflects a net repayment of outstanding debt associated with the Company's new and previously existing debt facilities of \$150.2 million. Included in this amount were proceeds from new debt facilities of \$530.0 million, offset by repayments of the Company's extinguished and new debt facilities of \$679.5 million. In addition, debt issuance payments in 2013 were \$4.3 million. Cash provided by financing activities in 2012 was \$360.1 million, representing proceeds from new debt facilities of \$1.27 billion, offset by repayments of the Company's extinguished and new debt facilities of \$872.0 million and debt issuance payments of \$38.5 million.

Fiscal 2012 versus Fiscal 2011

Cash Flow from Operating Activities

For the year ended December 31, 2012, cash used by operating activities was \$7.5 million, compared to the cash provided in the prior-year period of \$61.8 million. Net income for 2012 was \$115.4 million, compared to \$56.7 million in 2011. Non-cash and non-operating adjustments to net income on a pre-tax basis in 2012 totaled \$106.6 million, compared to \$10.0 million in 2011. The 2012 net adjustments were substantially higher than 2011, largely due to the inclusion of Mead C&OP in 2012 and the sale of GBC Fordigraph in 2011 which resulted in a pre-tax net gain of \$41.9 million.

The operating cash outflow in 2012 of \$7.5 million for the year ended December 31, 2012 was driven by the May 1, 2012 timing of the Merger with Mead C&OP, and only includes the cash flow from Mead C&OP since that date. The outflow includes cash payments of \$16.1 million related to the transaction and \$61.6 million related to the associated debt extinguishment and refinancing. This was largely offset by cash generated from operating profits. The use of cash for net working capital was \$117.0 million in 2012, and reflects a large seasonal investment in working capital for the Mead C&OP business. The Mead business has a very seasonal cash flow pattern whereby strong sales during the fourth quarter result in substantial accounts receivable at the end of the year and strong cash collections during the early part of the following year. As a result, nearly all of the Mead annual net cash generation occurs during the first quarter. The use of cash for accounts payable reflects lower inventory purchases, primarily for Mead C&OP, due to the seasonally lower sales volume anticipated during the first quarter. Other significant cash

payments in 2012 included interest payments of \$79.3 million (excluding financing-related payments), income tax payments of \$28.8 million and contributions to the Company's pension and defined benefit plans of \$19.2 million.

The table below shows our cash flow from accounts receivable, inventories and accounts payable for the years ended December 31, 2012 and 2011, respectively:

	2012	2011
Accounts receivable	\$ (153.8)	\$ 0.6
Inventories	61.8	5.4
Accounts payable	(25.0)	16.8
Cash flow (used) provided by net working capital	<u>\$ (117.0)</u>	<u>\$ 22.8</u>

Cash Flow from Investing Activities

Cash used by investing activities was \$423.2 million for the year ended December 31, 2012 and reflects \$397.5 million of net cash paid for Mead C&OP. For additional information, see "Note 3. *Acquisitions*" to the consolidated financial statements contained in Item 8 of this report. Cash provided by investing activities in 2011 was \$40.0 million and included proceeds from the sale of GBC Fordigraph of \$53.6 million. Capital expenditures were \$30.3 million and \$13.5 million for the years ended December 31, 2012 and 2011, respectively. The increase in capital expenditures reflects the acquisition of Mead C&OP, as well as additional investments in information technology systems, including the cost of replacing the I.T. infrastructure previously supplied by Mead C&OP's former parent company. During 2012, the Company also received net proceeds of \$3.1 million from the sale of assets, which included a manufacturing facility located in the U.K. In addition, \$1.5 million of net proceeds associated with the 2009 sale of the Company's former commercial print finishing business were collected in 2012, while additional cash expenditures associated with the sale and exit of the business of approximately \$2.4 million are anticipated during the 2013 year.

Cash Flow from Financing Activities

Cash provided by financing activities for the year ended December 31, 2012 was \$360.1 million, and includes proceeds from new debt facilities of \$1.27 billion, offset by repayments of the Company's extinguished and new debt facilities of \$872.0 million and debt issuance payments of \$38.5 million. Cash used by financing activities in 2011 was \$63.1 million, primarily representing repayments of long-term debt.

Capitalization

We had approximately 113.7 million common shares outstanding as of December 31, 2013.

Adequacy of Liquidity Sources

Based on our 2014 business plan and latest forecasts, we believe that cash flows from operations, our current cash balance and other sources of liquidity, including borrowings available under our Revolving Facility will be adequate to support requirements for working capital, capital expenditures, and to service indebtedness for the foreseeable future. Our future operating performance is dependent on many factors, some of which are beyond our control, including prevailing economic, financial and industry conditions. For more information on these risks see "Part I, Item 1A. *Risk Factors*".

Off-Balance-Sheet Arrangements and Contractual Financial Obligations

We do not have any material off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources.

Our contractual obligations and related payments by period at December 31, 2013 were as follows:

	2014	2015 - 2016	2017 -2018	Thereafter	Total
<i>(in millions of dollars)</i>					
Contractual obligations					
Debt ⁽¹⁾	\$ 0.1	\$ 99.3	\$ 321.5	\$ 500.0	\$ 920.9
Interest on debt ⁽²⁾	45.3	86.5	77.4	50.6	259.8
Operating lease obligations	22.5	36.3	25.3	38.0	122.1
Purchase obligations ⁽³⁾	80.0	26.9	12.9	—	119.8
Other long-term liabilities ⁽⁴⁾	16.3	5.9	—	—	22.2
Total	<u>\$ 164.2</u>	<u>\$ 254.9</u>	<u>\$ 437.1</u>	<u>\$ 588.6</u>	<u>\$ 1,444.8</u>

- (1) The required 2014 principal cash payments on the Restated Term Loan A were made in 2013.
(2) Interest calculated at December 31, 2013 rates for variable rate debt.
(3) Purchase obligations primarily consist of contracts and non-cancelable purchase orders for raw materials and finished goods.
(4) Obligations related to the Company's pension plans.

Due to the uncertainty with respect to the timing of future cash flows associated with our unrecognized tax benefits at December 31, 2013, we are unable to make reasonably reliable estimates of the period of cash settlement with the respective taxing authorities. Therefore, \$52.1 million of unrecognized tax benefits have been excluded from the contractual obligations table above. See "Note 11. *Income Taxes*" to the consolidated financial statements contained in Item 8 of this report for a discussion on income taxes.

Critical Accounting Policies

Our financial statements are prepared in conformity with accounting principles generally accepted in the U.S. Preparation of our financial statements requires us to make judgments, estimates and assumptions that affect the amounts of actual assets, liabilities, revenues and expenses presented for each reporting period. Actual results could differ significantly from those estimates. We regularly review our assumptions and estimates, which are based on historical experience and, where appropriate, current business trends. We believe that the following discussion addresses our critical accounting policies, which require more significant, subjective and complex judgments to be made by our management.

Revenue Recognition

We recognize revenue from product sales when earned, net of applicable provisions for discounts, returns and allowances. We consider revenue to be realized or realizable and earned when all of the following criteria are met: title and risk of loss have passed to the customer, persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collectability is reasonably assured. We also provide for our estimate of potential bad debt at the time of revenue recognition.

Allowances for Doubtful Accounts and Sales Returns

Trade receivables are recorded at the stated amount, less allowances for discounts, doubtful accounts and returns. The allowance for doubtful accounts represents estimated uncollectible receivables associated with potential customer defaults on contractual obligations, usually due to customers' potential insolvency. The allowance includes amounts for certain customers where a risk of default has been specifically identified. In addition, the allowance includes a provision for customer defaults on a general formula basis when it is determined the risk of some default is probable and estimable, but cannot yet be associated with specific customers. The assessment of the likelihood of customer defaults is based on various factors, including the length of time the receivables are past due, historical experience and existing economic conditions.

The allowance for sales returns represents estimated uncollectible receivables associated with the potential return of products previously sold to customers, and is recorded at the time that the sales are recognized. The allowance includes a general provision for product returns based on historical trends. In addition, the allowance includes a reserve for currently authorized customer returns that are considered to be abnormal in comparison to the historical basis.

Inventories

Inventories are priced at the lower of cost (principally first-in, first-out with some amounts at average) or market. A reserve is established to adjust the cost of inventory to its net realizable value. Inventory reserves are recorded for obsolete or slow moving

inventory based on assumptions about future demand and marketability of products, the impact of new product introductions and specific identification of items, such as product discontinuance or engineering/material changes. These estimates could vary significantly, either favorably or unfavorably, from actual requirements if future economic conditions, customer inventory levels or competitive conditions differ from expectations.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. Depreciation is provided, principally on a straight-line basis, over the estimated useful lives of the assets. Gains or losses resulting from dispositions are included in operating income. Betterments and renewals, that improve and extend the life of an asset, are capitalized; maintenance and repair costs are expensed. Purchased computer software is capitalized and amortized over the software's useful life. The following table shows estimated useful lives of property, plant and equipment:

Buildings	40 to 50 years
Leasehold improvements	Lesser of lease term or the life of the asset
Machinery, equipment and furniture	3 to 10 years
Computer software	5 to 7 years

Long-Lived Assets

We test long-lived assets for impairment whenever events or changes in circumstances indicate that the assets' carrying amount is not recoverable from its undiscounted cash flows. When such events occur, we compare the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group to the carrying amount of a long-lived asset or asset group. The cash flows are based on our best estimate at the time of future cash flow, derived from the most recent business projections. If this comparison indicates that there is an impairment, the amount of the impairment is typically calculated using discounted expected future cash flows. The discount rate applied to these cash flows is based on our weighted average cost of capital, computed by selecting market rates at the valuation dates for debt and equity that are reflective of the risks associated with an investment in the our industry as estimated by using comparable publicly traded companies.

Intangible Assets

Intangible assets are comprised primarily of indefinite-lived and amortizable intangible assets acquired and arising from the application of purchase accounting. Indefinite-lived intangible assets are not amortized, but are evaluated annually to determine whether the indefinite useful life is appropriate. In addition, amortizable intangible assets other than goodwill are amortized over their useful lives. Certain of our trade names have been assigned an indefinite life as we currently anticipate that these trade names will contribute cash flows to ACCO Brands indefinitely.

We review indefinite-lived intangibles for impairment annually, normally in the second quarter, and whenever market or business events indicate there may be a potential adverse impact on a particular intangible. We consider the implications of both external factors (e.g., market growth, pricing, competition, and technology) and internal factors (e.g., product costs, margins, support expenses, and capital investment) and their potential impact on cash flows for each business in both the near and long term, as well as their impact on any identifiable intangible asset associated with the business. Based on recent business results, consideration of significant external and internal factors, and the resulting business projections, indefinite-lived intangible assets are reviewed to determine whether they are likely to remain indefinite-lived, or whether a finite life is more appropriate. In addition, based on events in the period and future expectations, management considers whether the potential for impairment exists. Finite lived intangibles are amortized over 10, 15, 23 or 30 years.

During 2013, we adopted ASU No. 2012-02, *Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*. ASU No. 2012-02 permits entities to first assess qualitative factors to determine if it is more likely than not that the fair value of a indefinite-lived intangible unit is less than its carrying amount as a basis for determining whether further impairment testing of indefinite-lived intangible assets is necessary.

We performed our annual assessment in the second quarter of 2013 and concluded that no impairment exists. However, due to the recent acquisition of Mead C&OP, the fair values of certain indefinite-lived trade names are not substantially above their carrying values.

As part of our review in the second quarter of 2012, \$21.4 million of the value previously assigned to one of our legacy indefinite-lived trade names was changed to an amortizable intangible asset. The legacy indefinite-lived trade name was not impaired. The change was made in respect of decisions regarding our future use of the trade name. We commenced amortizing the trade name in June of 2012 on a prospective basis over a life of 30 years.

Goodwill

The authoritative guidance on goodwill and other intangible assets requires that goodwill be tested for impairment at a reporting unit level. We have determined that our reporting units are ACCO Brands North America, ACCO Brands International and Computer Products Group segments. We test goodwill for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred. During 2012, we adopted ASU No. 2011-08, *Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. ASU No. 2011-08 permits entities to first assess qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test included in U.S. GAAP. Entities are not required to calculate the fair value of a reporting unit unless they determine that it is more likely than not that the fair value is less than the carrying amount. We performed our annual assessment in the second quarter of 2013 and concluded that no impairment exists; however we did conclude it was necessary to apply the traditional two-step fair value quantitative impairment test in ASC 350 to our reporting units in 2013 due to the Merger and the decline in sales. When applying a fair-value-based test, if it is determined to be required, the fair value of a reporting unit is compared to its carrying value. If the fair value of a reporting unit exceeds the carrying value of the net assets assigned to a reporting unit, goodwill is considered not impaired and no further testing is required. If the carrying value of the net assets assigned to a reporting unit exceeds the fair value of a reporting unit, the second step of the impairment test is performed in order to determine the implied fair value of a reporting unit's goodwill. Determining the implied fair value of goodwill requires valuation of a reporting unit's tangible and intangible assets and liabilities in a manner similar to the allocation of purchase price in a business combination. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, goodwill is deemed impaired and is written down to the extent of the difference.

Given the current economic environment and the uncertainties regarding their impact on our business, there can be no assurance that our estimates and assumptions made for purposes of our qualitative impairment testing during 2013 will prove to be accurate predictions of the future. If our assumptions regarding forecasted revenue or margin growth rates of certain reporting units are not achieved, we may be required to record impairment charges in future periods, whether in connection with our next annual impairment testing in the second quarter of fiscal year 2014 or prior to that, if a triggering event is identified outside of the quarter from when the annual impairment test is performed. It is not possible at this time to determine if any such future impairment charge would result or, if it does, whether such charge would be material.

Employee Benefit Plans

We provide a range of benefits to our employees and retired employees, including pensions, post-retirement, post-employment and health care benefits. We record annual amounts relating to these plans based on calculations specified by U.S. GAAP, which include various actuarial assumptions, including discount rates, assumed rates of return, compensation increases, turnover rates and health care cost trend rates. Actuarial assumptions are reviewed on an annual basis and modifications to these assumptions are made based on current rates and trends when it is deemed appropriate. As required by U.S. GAAP, the effect of our modifications are generally recorded and amortized over future periods. We believe that the assumptions utilized in recording our obligations under the plans are reasonable based on our experience. The actuarial assumptions used to record our plan obligations could differ materially from actual results due to changing economic and market conditions, higher or lower withdrawal rates or other factors which may impact the amount of retirement related benefit expense recorded by us in future periods.

The discount rate assumptions used to determine the post-retirement obligations of the benefit plans is based on a spot-rate yield curve that matches projected future benefit payments with the appropriate interest rate applicable to the timing of the projected future benefit payments. The assumed discount rates reflect market rates for high-quality corporate bonds currently available. Our discount rates were determined by considering the average of pension yield curves constructed of a large population of high quality corporate bonds. The resulting discount rates reflect the matching of plan liability cash flows to the yield curves.

The expected long-term rate of return on plan assets reflects management's expectations of long-term average rates of return on funds invested based on our investment profile to provide for benefits included in the projected benefit obligations. The expected return is based on the outlook for inflation, fixed income returns and equity returns, while also considering historical returns over the last 10 years, and asset allocation and investment strategy.

At the end of each calendar year an actuarial evaluation is performed to determine the funded status of our pension and post-retirement obligations and any actuarial gain or loss is recognized in other comprehensive income (loss) and then amortized into the income statement in future periods.

Pension expense was \$6.3 million, \$8.9 million and \$6.9 million for the years ended December 31, 2013, 2012 and 2011, respectively. The \$2.6 million decrease in pension expense in 2013 compared to 2012 was due to higher expected returns on the plans' assets because of higher level of assets, primarily due to actual market returns and a \$1.0 million curtailment gain, which were partially offset by higher amortization of actuarial losses in the U.S. plans. The \$2.0 million increase in pension expense in 2012 compared to 2011 was due to the inclusion of the Mead C&OP plans and the settlement losses on the Supplemental Retirement Plan (the "SRP") as part of the Merger. Post-retirement expense (income) was \$0.2 million, \$(0.8) million and \$0.2 million for the years ended December 31, 2013, 2012 and 2011, respectively. The \$1.0 million increase in post-retirement expense in 2013 compared to 2012 was due to reduced amortization of actuarial gains.

The weighted average assumptions used to determine benefit obligations for the years ended December 31, 2013, 2012, and 2011 were as follows:

	Pension Benefits						Post-retirement		
	U.S.			International			2013	2012	2011
	2013	2012	2011	2013	2012	2011			
Discount rate	5.0%	4.2%	5.0%	4.3%	4.3%	4.7%	4.4%	4.0%	4.5%
Rate of compensation increase	N/A	N/A	N/A	3.3%	4.0%	3.6%	—	—	—

The weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, 2013, 2012 and 2011 were as follows:

	Pension Benefits						Post-retirement		
	U.S.			International			2013	2012	2011
	2013	2012	2011	2013	2012	2011			
Discount rate	4.2%	5.0%	5.5%	4.3%	4.7%	5.4%	4.0%	4.5%	5.0%
Expected long-term rate of return	8.2%	8.2%	8.2%	6.8%	6.2%	6.4%	—	—	—
Rate of compensation increase	N/A	N/A	N/A	4.0%	3.6%	4.4%	—	—	—

In 2014, we expect pension income of approximately \$0.1 million and post-retirement income of approximately \$0.4 million. The estimated \$6.4 million decrease in pension expense for 2014 compared to 2013 is due to reduced amortization of actuarial losses, primarily in the U.S., which have resulted from higher discount rates at the end of 2013 compared to the end of 2012. Additionally, investment returns in excess of the expected returns contributed to an actuarial gain for the plans during 2013.

A 25-basis point change (0.25%) in our discount rate assumption would lead to an increase or decrease in our pension and post-retirement expense of approximately \$0.6 million for 2014. A 25-basis point change (0.25%) in our long-term rate of return assumption would lead to an increase or decrease in pension and post-retirement expense of approximately \$1.2 million for 2014.

Pension and post-retirement liabilities of \$61.7 million as of December 31, 2013, decreased from \$119.8 million at December 31, 2012, due to higher discount rates (primarily in the U.S.) compared to prior year assumptions and by the actual over performance of the assets of the pension plans compared to the expected long-term rate of return of the assets of the pension plans.

Customer Program Costs

Customer programs and incentives are a common practice in our industry. We incur customer program costs to obtain favorable product placement, to promote sell-through of products and to maintain competitive pricing. Customer program costs and incentives, including rebates, promotional funds and volume allowances, are accounted for as a reduction to gross sales. These costs are recorded at the time of sale based on management's best estimates. Estimates are based on individual customer contracts and projected sales to the customer in comparison to any thresholds indicated by contract. In the absence of a signed contract, estimates are based on historical or projected experience for each program type or customer. Management periodically reviews accruals for these rebates and allowances, and adjusts accruals when circumstances indicate (typically as a result of a change in sales volume expectations or customer contracts).

Income Taxes

Deferred tax liabilities or assets are established for temporary differences between financial and tax reporting bases and are subsequently adjusted to reflect changes in tax rates expected to be in effect when the temporary differences reverse. A valuation allowance is recorded to reduce deferred tax assets to an amount that is more likely than not to be realized. Facts and circumstances may change that cause us to revise the conclusions on our ability to realize certain net operating losses and other deferred tax attributes.

The amount of income taxes that we pay is subject to ongoing audits by federal, state and foreign tax authorities. Our estimate of the potential outcome of any uncertain tax position is subject to management's assessment of relevant risks, facts and circumstances existing at that time. We believe that we have adequately provided for reasonably foreseeable outcomes related to these matters. However, our future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are revised or resolved.

Deferred income taxes are not provided on certain undistributed earnings of foreign subsidiaries that are expected to be permanently reinvested in those companies, aggregating approximately \$606 million and \$586 million as of December 31, 2013 and 2012, respectively. If these amounts were distributed to the U.S., in the form of a dividend or otherwise, we would be subject to additional U.S. income taxes. Determination of the amount of unrecognized deferred income tax liabilities on these earnings is not practicable.

Stock-Based Compensation

Stock-based compensation cost is estimated at the grant date based on the fair value of the award, and the cost is recognized as expense ratably over the vesting period. Determining the appropriate fair value model to use requires judgment. Determining the assumptions that enter into the model is highly subjective and also requires judgment, including long-term projections regarding stock price volatility, employee exercise, post-vesting termination, and pre-vesting forfeiture behaviors, interest rates and dividend yields. The grant date fair value of each award is estimated using the Black-Scholes option-pricing model.

Prior to 2012 we utilized historical volatility for a pool of peer companies for a period of time that is comparable to the expected life of the option/SSAR to determine volatility assumptions for stock-based compensation. Beginning in 2012, volatility was calculated using a combination of peer companies (50%) and ACCO Brands' historic volatility (50%). In 2013, volatility was calculated using a combination of peer companies (25%) and ACCO Brands' historic volatility (75%). The weighted average expected option term reflects the application of the simplified method, which defines the life as the average of the contractual term of the options and the weighted average vesting period for all option tranches. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Forfeitures are estimated at the time of grant in order to calculate the amount of share-based payment awards ultimately expected to vest. The forfeiture rate is based on historical experience.

The use of different assumptions would result in different amounts of stock compensation expense. Holding all other variables constant, the indicated change in each of the assumptions below increases or decreases the fair value of an option (and hence, expense), as follows:

<u>Assumption</u>	<u>Change to Assumption</u>	<u>Impact on Fair Value of Option</u>
Expected volatility	Higher	Higher
Expected life	Higher	Higher
Risk-free interest rate	Higher	Higher
Dividend yield	Higher	Lower

The pre-vesting forfeitures assumption is ultimately adjusted to the actual forfeiture rate. Therefore, changes in the forfeitures assumption would not impact the total amount of expense ultimately recognized over the vesting period. Different forfeitures assumptions would only impact the timing of expense recognition over the vesting period. Estimated forfeitures will be reassessed in subsequent periods and may change based on new facts and circumstances.

Management is not able to estimate the probability of actual results differing from expected results, but believes our assumptions are appropriate, based upon our historical and expected future experience.

We recognized stock-based compensation expense of \$16.4 million, \$9.2 million and \$6.3 million for the years ended December 31, 2013, 2012 and 2011, respectively.

Recent Accounting Pronouncements

For information on recent accounting pronouncements see "Note 2. *Significant Accounting Policies*" to the consolidated financial statements contained in Item 8 of this report.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our industry is concentrated in a small number of major customers, principally office products superstores, large retailers, wholesalers and contract stationers. Customer consolidation and share growth of private-label products continue to increase pricing pressures, which may adversely affect margins for us and our competitors. We are addressing these challenges through design innovations, value-added features and services, as well as continued cost and asset reductions.

We are exposed to various market risks, including changes in foreign currency exchange rates and interest rate changes. We enter into financial instruments to manage and reduce the impact of these risks, not for trading or speculative purposes. The counterparties to these financial instruments are major financial institutions.

Foreign Exchange Risk Management

We enter into forward foreign currency contracts to reduce the effect of fluctuating foreign currencies, primarily on foreign denominated inventory purchases and intercompany loans. The majority of the Company's exposure to local currency movements is in Europe, Australia, Canada, Brazil, Mexico and Japan. All of the existing foreign exchange contracts as of December 31, 2013 have maturity dates in 2014. Increases and decreases in the fair market values of the forward agreements are expected to be offset by gains/losses in recognized net underlying foreign currency transactions or loans. Notional amounts of outstanding foreign currency forward exchange contracts were \$144.2 million and \$175.4 million at December 31, 2013 and 2012, respectively. The net fair value of these foreign currency contracts was \$0.9 million and \$0.4 million at December 31, 2013 and 2012, respectively. At December 31, 2013, a 10% unfavorable exchange rate movement in our portfolio of foreign currency forward contracts would have reduced our unrealized gains by \$12.2 million. Consistent with the use of these contracts to neutralize the effect of exchange rate fluctuations, such unrealized losses or gains would be offset by corresponding gains or losses, respectively, in the remeasurement of the underlying transactions being hedged. When taken together, we believe these forward contracts and the offsetting underlying commitments do not create material market risk.

For more information related to outstanding foreign currency forward exchange contracts see "Note 13. *Fair Value of Financial Instruments*" and "Note 14. *Derivative Financial Instruments*" to the consolidated financial statements contained in Item 8 of this report.

Interest Rate Risk Management

As discussed in "Note 4. *Long-term Debt and Short-term Borrowings*" to our consolidated financial statements contained in Item 8 of this report, our previous senior secured credit facilities were refinanced in May 2013.

Amounts outstanding under the Restated Credit Agreement bear interest (i) in the case of Eurodollar loans, at a rate per annum equal to the Eurodollar rate (which is based on an average British Bankers Association Interest Settlement Rate) plus the applicable rate; (ii) in the case of loans made at the Base Rate (which means the highest of (a) the Bank of America, N.A. prime rate then in effect, (b) the Federal Funds Effective Rate (as defined in the Restated Credit Agreement) then in effect plus ½ of 1.00% and (c) the Eurodollar rate that would be payable on such day for a Eurodollar loan with a one-month interest period plus 1.00%), at a rate per annum equal to the Base Rate plus the applicable rate; and (iii) in the case of swing line loans, at a rate per annum equal to the Base Rate plus the applicable rate for the Revolving Facility. Separate base interest rate and applicable rate provisions will apply for any Canadian or Australian currency denominated loans outstanding under the Revolving Facility.

The applicable rate applied to outstanding Eurodollar loans and Base Rate loans is based on the Company's consolidated Leverage Ratio as follows:

Consolidated Leverage Ratio	Eurodollar Credit Spread	Base Rate Credit Spread
> 4.00 to 1.00	2.50%	1.50%
≤ 4.00 to 1.00 and > 3.50 to 1.00	2.25%	1.25%
≤ 3.50 to 1.00 and > 2.50 to 1.00	2.00%	1.00%
≤ 2.50 to 1.00	1.75%	0.75%

The Senior Notes have fixed interest rates and, accordingly, are not exposed to market risk resulting from changes in interest rates. However, the fair market value of our long-term fixed interest rate debt is subject to interest rate risk. Generally, the fair market value of fixed interest rate debt will increase as interest rates fall and decrease as interest rates rise. In addition, fair market values will also reflect the credit markets' view of credit risk spreads and our risk profile. These interest rate changes may affect the fair market value of the fixed interest rate debt and any repurchases of these notes, but do not impact our earnings or cash flows.

The following table summarizes information about our major debt components as of December 31, 2013, including the principal cash payments and interest rates.

Debt Obligations

<i>(in millions of dollars)</i>	Stated Maturity Date						Total	Fair Value
	2014 ⁽¹⁾	2015	2016	2017	2018	Thereafter		
Long term debt:								
Fixed rate Senior Unsecured Notes, due April 2020	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 500.0	\$ 500.0	\$ 491.3
Average fixed interest rate	6.75%	6.75%	6.75%	6.75%	6.75%	6.75%		
Variable rate U.S. Dollar Senior Secured Term Loan A, due May 2018	\$ —	\$ 43.5	\$ 55.0	\$ 57.9	\$ 263.6	\$ —	\$ 420.0	\$ 420.9
Average variable interest rate ⁽²⁾	2.49%	2.49%	2.49%	2.49%	2.49%	—%		

(1) The required 2014 principal cash payments on the Restated Term Loan A were made in 2013.

(2) Rates presented are as of December 31, 2013.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders of ACCO Brands Corporation:

We have audited the accompanying consolidated balance sheets of ACCO Brands Corporation and subsidiaries (the Company) as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, cash flows and stockholders' equity (deficit) for each of the years in the three-year period ended December 31, 2013. In connection with our audits of the consolidated financial statements, we also audited the related consolidated financial statement schedule, Schedule II - Valuation and Qualifying Accounts and Reserves. We also have audited ACCO Brands Corporation's internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). ACCO Brands Corporation's management is responsible for these consolidated financial statements and financial statement schedule, 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(c) of the Company's December 31, 2013 annual report on Form 10-K. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule and an opinion on the Company's internal control over financial reporting 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 audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the consolidated financial statements included 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. Our audit of internal control over financial reporting 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 audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

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.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to U.S. and Canadian information technology general controls related to the configuration set-up of the system, user access and change management controls for the Mead C&OP business has been identified and included in management's assessment. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2013 consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of ACCO Brands Corporation and subsidiaries as of December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the years in the three-year period ended December 31, 2013, in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

Also in our opinion, because of the effect of the aforementioned material weakness on the achievement of the objectives of the control criteria, ACCO Brands Corporation has not maintained effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control-Integrated Framework (1992)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

/s/ KPMG LLP

Chicago, Illinois
February 25, 2014

ACCO Brands Corporation and Subsidiaries
Consolidated Balance Sheets

	<u>December 31, 2013</u>	<u>December 31, 2012</u>
<i>(in millions of dollars, except share data)</i>		
Assets		
Current assets:		
Cash and cash equivalents	\$ 53.5	\$ 50.0
Accounts receivable less allowances for discounts, doubtful accounts and returns of \$21.2 and \$19.3, respectively	471.9	498.7
Inventories	254.7	265.5
Deferred income taxes	33.5	31.1
Other current assets	28.1	29.0
Total current assets	841.7	874.3
Total property, plant and equipment	548.5	591.4
Less accumulated depreciation	(295.2)	(317.8)
Property, plant and equipment, net	253.3	273.6
Deferred income taxes	37.3	36.4
Goodwill	568.3	589.4
Identifiable intangibles, net of accumulated amortization of \$147.8 and \$123.3, respectively	607.0	646.6
Other non-current assets	75.3	87.4
Total assets	<u>\$ 2,382.9</u>	<u>\$ 2,507.7</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Notes payable to banks	\$ —	\$ 1.2
Current portion of long-term debt	0.1	0.1
Accounts payable	177.9	152.4
Accrued compensation	32.0	38.0
Accrued customer program liabilities	123.6	119.0
Accrued interest	7.0	6.3
Other current liabilities	104.5	112.4
Total current liabilities	445.1	429.4
Long-term debt	920.8	1,070.8
Deferred income taxes	169.1	165.0
Pension and post-retirement benefit obligations	61.7	119.8
Other non-current liabilities	83.9	83.5
Total liabilities	1,680.6	1,868.5
Stockholders' equity:		
Preferred stock, \$0.01 par value, 25,000,000 shares authorized; none issued and outstanding	—	—
Common stock, \$0.01 par value, 200,000,000 shares authorized; 114,056,416 and 113,403,824 shares issued and 113,663,856 and 113,143,344 outstanding, respectively	1.1	1.1
Treasury stock, 392,560 and 260,480 shares, respectively	(3.5)	(2.5)
Paid-in capital	2,035.0	2,018.5
Accumulated other comprehensive loss	(185.6)	(156.1)
Accumulated deficit	(1,144.7)	(1,221.8)
Total stockholders' equity	702.3	639.2
Total liabilities and stockholders' equity	<u>\$ 2,382.9</u>	<u>\$ 2,507.7</u>

See notes to consolidated financial statements.

ACCO Brands Corporation and Subsidiaries
Consolidated Statements of Income

<i>(in millions of dollars, except per share data)</i>	Year Ended December 31,		
	2013	2012	2011
Net sales	\$ 1,765.1	\$ 1,758.5	\$ 1,318.4
Cost of products sold	1,220.3	1,225.1	919.2
Gross profit	544.8	533.4	399.2
Operating costs and expenses:			
Advertising, selling, general and administrative expenses	344.2	349.9	278.4
Amortization of intangibles	24.7	19.9	6.3
Restructuring charges (income)	30.1	24.3	(0.7)
Total operating costs and expenses	399.0	394.1	284.0
Operating income	145.8	139.3	115.2
Non-operating expense (income):			
Interest expense, net	54.7	89.3	77.2
Equity in earnings of joint ventures	(8.2)	(6.9)	(8.5)
Other expense, net	7.6	61.3	3.6
Income (loss) from continuing operations before income tax	91.7	(4.4)	42.9
Income tax expense (benefit)	14.4	(121.4)	24.3
Income from continuing operations	77.3	117.0	18.6
(Loss) income from discontinued operations, net of income taxes	(0.2)	(1.6)	38.1
Net income	\$ 77.1	\$ 115.4	\$ 56.7
Per share:			
Basic income per share:			
Income from continuing operations	\$ 0.68	\$ 1.24	\$ 0.34
(Loss) income from discontinued operations	\$ —	\$ (0.02)	\$ 0.69
Basic income per share	\$ 0.68	\$ 1.23	\$ 1.03
Diluted income per share:			
Income from continuing operations	\$ 0.67	\$ 1.22	\$ 0.32
(Loss) income from discontinued operations	\$ —	\$ (0.02)	\$ 0.66
Diluted income per share	\$ 0.67	\$ 1.20	\$ 0.98
Weighted average number of shares outstanding:			
Basic	113.5	94.1	55.2
Diluted	115.7	96.1	57.6

See notes to consolidated financial statements.

ACCO Brands Corporation and Subsidiaries
Consolidated Statements of Comprehensive Income

<i>(in millions of dollars)</i>	Year Ended December 31,		
	2013	2012	2011
Net income	\$ 77.1	\$ 115.4	\$ 56.7
Other comprehensive income (loss), before tax:			
Unrealized gain (loss) on derivative financial instruments:			
Gain (loss) arising during the period	3.7	(0.2)	(0.3)
Reclassification of (gain) loss included in net income	(3.4)	(1.9)	4.9
Foreign currency translation:			
Foreign currency translation adjustments	(61.6)	(10.9)	(8.9)
Less: reclassification adjustment for sale of GBC Fordigraph Pty Ltd included in net income	—	—	(6.1)
Pension and other post-retirement plans:			
Actuarial gain (loss) arising during the period	39.3	(21.1)	(46.3)
Amortization of actuarial loss and prior service cost included in net income	11.5	7.2	7.8
Other	(2.1)	(4.5)	0.9
Other comprehensive loss, before tax	(12.6)	(31.4)	(48.0)
Income tax (expense) benefit related to items of other comprehensive loss	(16.9)	6.3	3.1
Comprehensive income	\$ 47.6	\$ 90.3	\$ 11.8

See notes to consolidated financial statements.

ACCO Brands Corporation and Subsidiaries
Consolidated Statements of Cash Flows

<i>(in millions of dollars)</i>	Year Ended December 31,		
	2013	2012	2011
Operating activities			
Net income	\$ 77.1	\$ 115.4	\$ 56.7
Amortization of inventory step-up	—	13.3	—
(Gain) loss on disposal of assets	(4.1)	2.0	(40.4)
Deferred income tax provision	(0.7)	(9.9)	3.9
Release of tax valuation allowance	(11.6)	(145.1)	—
Depreciation	39.9	34.5	26.5
Other non-cash charges	1.2	2.3	0.1
Amortization of debt issuance costs and bond discount	6.2	9.9	8.2
Amortization of intangibles	24.7	19.9	6.4
Stock-based compensation	16.4	9.2	6.3
Loss on debt extinguishment	9.4	15.5	2.9
Equity in earnings of joint ventures, net of dividends received	(2.7)	3.0	(2.9)
Changes in balance sheet items:			
Accounts receivable	0.5	(153.8)	0.6
Inventories	6.5	61.8	5.4
Other assets	0.1	7.4	0.2
Accounts payable	26.8	(25.0)	16.8
Accrued expenses and other liabilities	9.0	30.1	(27.8)
Accrued income taxes	(4.2)	2.0	(1.1)
Net cash provided (used) by operating activities	194.5	(7.5)	61.8
Investing activities			
Additions to property, plant and equipment	(36.6)	(30.3)	(13.5)
Assets acquired	—	—	(1.4)
(Payments) proceeds related to the sale of discontinued operations	(1.5)	1.5	53.5
Proceeds from the disposition of assets	6.1	3.1	1.4
Cost of acquisitions, net of cash acquired	(1.3)	(397.5)	—
Net cash (used) provided by investing activities	(33.3)	(423.2)	40.0
Financing activities			
Proceeds from long-term borrowings	530.0	1,270.0	0.1
Repayments of long-term debt	(679.5)	(872.0)	(63.0)
(Repayments) borrowings of short-term debt, net	(0.7)	1.2	—
Payments for debt issuance costs	(4.3)	(38.5)	—
Other	(1.0)	(0.6)	(0.2)
Net cash (used) provided by financing activities	(155.5)	360.1	(63.1)
Effect of foreign exchange rate changes on cash and cash equivalents	(2.2)	(0.6)	(0.7)
Net increase (decrease) in cash and cash equivalents	3.5	(71.2)	38.0
Cash and cash equivalents			
Beginning of the period	50.0	121.2	83.2
End of the period	\$ 53.5	\$ 50.0	\$ 121.2
Cash paid during the year for:			
Interest	\$ 52.0	\$ 94.9	\$ 71.9
Income taxes	\$ 31.1	\$ 28.8	\$ 27.7

<i>(in millions of dollars)</i>	Year Ended December 31,		
	2013	2012	2011
Significant non-cash transactions:			
Common stock issued in conjunction with the acquisition of Mead C&OP	\$ —	\$ 602.3	\$ —

See notes to consolidated financial statements.

ACCO Brands Corporation and Subsidiaries
Consolidated Statements of Stockholders' Equity (Deficit)

<i>(in millions of dollars)</i>	Common Stock	Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Treasury Stock	Accumulated Deficit	Total
Balance at December 31, 2010	\$ 0.6	\$ 1,401.1	\$ (86.1)	\$ (1.5)	\$ (1,393.9)	\$ (79.8)
Net income	—	—	—	—	56.7	56.7
Income on derivative financial instruments, net of tax	—	—	3.7	—	—	3.7
Translation impact	—	—	(15.0)	—	—	(15.0)
Pension and post-retirement adjustment, net of tax	—	—	(33.6)	—	—	(33.6)
Stock-based compensation activity	—	6.3	—	(0.2)	—	6.1
Balance at December 31, 2011	0.6	1,407.4	(131.0)	(1.7)	(1,337.2)	(61.9)
Net income	—	—	—	—	115.4	115.4
Stock issuance - Mead C&OP acquisition	0.5	601.8	—	—	—	602.3
Loss on derivative financial instruments, net of tax	—	—	(2.1)	—	—	(2.1)
Translation impact	—	—	(10.9)	—	—	(10.9)
Pension and post-retirement adjustment, net of tax	—	—	(12.1)	—	—	(12.1)
Stock-based compensation activity	—	9.4	—	(0.8)	—	8.6
Other	—	(0.1)	—	—	—	(0.1)
Balance at December 31, 2012	1.1	2,018.5	(156.1)	(2.5)	(1,221.8)	639.2
Net income	—	—	—	—	77.1	77.1
Income on derivative financial instruments, net of tax	—	—	0.2	—	—	0.2
Translation impact	—	—	(61.6)	—	—	(61.6)
Pension and post-retirement adjustment, net of tax	—	—	31.9	—	—	31.9
Stock-based compensation activity	—	16.4	—	(1.0)	—	15.4
Other	—	0.1	—	—	—	0.1
Balance at December 31, 2013	\$ 1.1	\$ 2,035.0	\$ (185.6)	\$ (3.5)	\$ (1,144.7)	\$ 702.3

Shares of Capital Stock

	Common Stock	Treasury Stock	Net Shares
Shares at December 31, 2010	55,080,463	(157,680)	54,922,783
Stock issuances - stock based compensation	579,290	(26,338)	552,952
Shares at December 31, 2011	55,659,753	(184,018)	55,475,735
Stock issuances - stock based compensation	654,263	(76,462)	577,801
Stock issuance - Mead C&OP acquisition	57,089,808	—	57,089,808
Shares at December 31, 2012	113,403,824	(260,480)	113,143,344
Stock issuances - stock based compensation	652,592	(132,080)	520,512
Shares at December 31, 2013	114,056,416	(392,560)	113,663,856

See notes to consolidated financial statements.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements

1. Basis of Presentation

The management of ACCO Brands Corporation is responsible for the accuracy and internal consistency of the preparation of the consolidated financial statements and notes contained in this annual report.

The consolidated financial statements include the accounts of ACCO Brands Corporation and its domestic and international subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. Our investments in companies that are between 20% and 50% owned are accounted for using the equity method of accounting. ACCO Brands has an equity investment in the following joint venture: Pelikan-Artline Pty Ltd ("Pelikan-Artline") - 50% ownership. Our share of earnings from equity investments is included on the line entitled "Equity in earnings of joint ventures" in the Consolidated Statements of Income.

On May 1, 2012, we completed the merger of the Mead Consumer and Office Products Business ("Mead C&OP") with a wholly-owned subsidiary of the Company (the "Merger"). Accordingly, the results of Mead C&OP are included in our consolidated financial statements from the date of the Merger, May 1, 2012. For further information on the Merger see "Note 3. *Acquisitions*".

We sold our GBC Fordigraph Pty Ltd ("GBC Fordigraph") business to The Neopost Group as of May 31, 2011. This business was part of the ACCO Brands International segment. GBC Fordigraph is reported as a discontinued operation on the Consolidated Statements of Income for all periods presented in this annual report. The cash flows from discontinued operations have not been separately classified on the accompanying consolidated statements of cash flows. For further information on the Company's discontinued operations see "Note 18. *Discontinued Operations*".

2. Significant Accounting Policies

Nature of Business

ACCO Brands is primarily involved in the manufacturing, marketing and distribution of office products; such as stapling, binding and laminating equipment and related consumable supplies, shredders and whiteboards; school products; such as notebooks, folders, decorative calendars, and stationery products; calendar products; and accessories for laptop and desktop computers, smartphones and tablets. We sell primarily to large resellers and our subsidiaries operate principally in the United States, Northern Europe, Canada, Brazil, Australia and Mexico.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Cash and Cash Equivalents

Highly liquid investments with an original maturity of three months or less are included in cash and cash equivalents.

Allowances for Doubtful Accounts, Discounts and Returns

Trade receivables are recorded at the stated amount, less allowances for discounts, doubtful accounts and returns. The allowance for doubtful accounts represents estimated uncollectible receivables associated with potential customer defaults on contractual obligations, usually due to customers' potential insolvency. The allowance includes amounts for certain customers where a risk of default has been specifically identified. In addition, the allowance includes a provision for customer defaults on a general formula basis when it is determined the risk of some default is probable and estimable, but cannot yet be associated with specific customers. The assessment of the likelihood of customer defaults is based on various factors, including the length of time the receivables are past due, historical experience and existing economic conditions.

The allowance for sales returns represents estimated uncollectible receivables associated with the potential return of products previously sold to customers, and is recorded at the time that the sales are recognized. The allowance includes a general provision

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

for product returns based on historical trends. In addition, the allowance includes a reserve for currently authorized customer returns that are considered to be abnormal in comparison to the historical basis.

Inventories

Inventories are priced at the lower of cost (principally first-in, first-out with minor amounts at average) or market. A reserve is established to adjust the cost of inventory to its net realizable value. Inventory reserves are recorded for obsolete or slow-moving inventory based on assumptions about future demand and marketability of products, the impact of new product introductions and specific identification of items, such as product discontinuance or engineering/material changes. These estimates could vary significantly, either favorably or unfavorably, from actual requirements if future economic conditions, customer inventory levels or competitive conditions differ from expectations.

Property, Plant and Equipment

Property, plant and equipment are carried at cost. Depreciation is provided, principally on a straight-line basis, over the estimated useful lives of the assets. Gains or losses resulting from dispositions are included in operating income. Betterments and renewals, which improve and extend the life of an asset are capitalized; maintenance and repair costs are expensed. Purchased computer software is capitalized and amortized over the software's useful life. The following table shows estimated useful lives of property, plant and equipment:

Buildings	40 to 50 years
Leasehold improvements	Lesser of lease term or the life of the asset
Machinery, equipment and furniture	3 to 10 years
Computer software	5 to 7 years

Long-Lived Assets

We test long-lived assets for impairment whenever events or changes in circumstances indicate that the assets' carrying amount is not recoverable from its undiscounted cash flows. When such events occur, we compare the sum of the undiscounted cash flows expected to result from the use and eventual disposition of the asset or asset group to the carrying amount of a long-lived asset or asset group. The cash flows are based on our best estimate at the time of future cash flow, derived from the most recent business projections. If this comparison indicates that there is an impairment, the amount of the impairment is typically calculated using discounted expected future cash flows. The discount rate applied to these cash flows is based on our weighted average cost of capital, computed by selecting market rates at the valuation dates for debt and equity that are reflective of the risks associated with an investment in our industry as estimated by using comparable publicly traded companies.

Intangible Assets

Intangible assets are comprised primarily of indefinite-lived and amortizable intangible assets acquired and arising from the application of purchase accounting. Indefinite-lived intangible assets are not amortized, but are evaluated annually to determine whether the indefinite useful life is appropriate. In addition, amortizable intangible assets other than goodwill are amortized over their useful lives. Certain of our trade names have been assigned an indefinite life as we currently anticipate that these trade names will contribute cash flows to ACCO Brands indefinitely.

We review indefinite-lived intangibles for impairment annually, normally in the second quarter, and whenever market or business events indicate there may be a potential adverse impact on a particular intangible. We consider the implications of both external factors (e.g., market growth, pricing, competition, and technology) and internal factors (e.g., product costs, margins, support expenses, and capital investment) and their potential impact on cash flows for each business in both the near and long term, as well as their impact on any identifiable intangible asset associated with the business. Based on recent business results, consideration of significant external and internal factors, and the resulting business projections, indefinite-lived intangible assets are reviewed to determine whether they are likely to remain indefinite-lived, or whether a finite life is more appropriate. In addition, based on events in the period and future expectations, management considers whether the potential for impairment exists. Finite lived intangibles are amortized over 10, 15, 23 or 30 years.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

During 2013, we adopted ASU No. 2012-02, *Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*. ASU No. 2012-02 permits entities to first assess qualitative factors to determine if it is more likely than not that the fair value of an indefinite-lived intangible unit is less than its carrying amount as a basis for determining whether further impairment testing of indefinite-lived intangible assets is necessary.

We performed our annual assessment in the second quarter of 2013 and concluded that no impairment exists. However, due to the recent acquisition of Mead C&OP, the fair values of certain indefinite-lived trade names are not substantially above their carrying values.

As part of our review in the second quarter of 2012, \$21.4 million of the value previously assigned to one of our legacy indefinite-lived trade names was changed to an amortizable intangible asset. The legacy indefinite-lived trade name was not impaired. The change was made in respect of decisions regarding our future use of the trade name. We commenced amortizing the trade name in June of 2012 on a prospective basis over a life of 30 years.

Goodwill

Goodwill has been recorded on our balance sheet and represents the excess of the cost of the acquisitions when compared to the fair value of the net assets acquired. The authoritative guidance on goodwill and other intangible assets requires that goodwill be tested for impairment at a reporting unit level. We have determined that our reporting units are ACCO Brands North America, ACCO Brands International and Computer Products Group segments. We test goodwill for impairment annually and whenever events or circumstances make it more likely than not that an impairment may have occurred. During 2012, we adopted ASU No. 2011-08, *Intangibles - Goodwill and Other (Topic 350): Testing Goodwill for Impairment*. ASU No. 2011-08 permits entities to first assess qualitative factors to determine if it is more likely than not that the fair value of a reporting unit is less than its carrying amount as a basis for determining whether it is necessary to perform the two-step goodwill impairment test included in U.S. GAAP. Entities are not required to calculate the fair value of a reporting unit unless they determine that it is more likely than not that the fair value is less than the carrying amount. We performed our annual assessment in the second quarter of 2013 and concluded that no impairment exists, however we did conclude it was necessary to apply the traditional two-step fair value quantitative impairment test in ASC 350 to our reporting units in 2013 due to the Merger and the decline in sales. When applying a fair-value-based test, if it is determined to be required, the fair value of a reporting unit is compared to its carrying value. If the fair value of a reporting unit exceeds the carrying value of the net assets assigned to a reporting unit, goodwill is considered not impaired and no further testing is required. If the carrying value of the net assets assigned to a reporting unit exceeds the fair value of a reporting unit, the second step of the impairment test is performed in order to determine the implied fair value of a reporting unit's goodwill. Determining the implied fair value of goodwill requires valuation of a reporting unit's tangible and intangible assets and liabilities in a manner similar to the allocation of purchase price in a business combination. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, goodwill is deemed impaired and is written down to the extent of the difference.

Employee Benefit Plans

We provide a range of benefits to our employees and retired employees, including pension, post-retirement, post-employment and health care benefits. We record annual amounts relating to these plans based on calculations, which include various actuarial assumptions, including discount rates, assumed rates of return on plan assets, compensation increases, turnover rates and health care cost trend rates. We review our actuarial assumptions on an annual basis and make modifications to the assumptions based on current rates and trends when it is deemed appropriate to do so. The effect of the modifications are generally recorded and amortized over future periods.

Income Taxes

Deferred tax liabilities or assets are established for temporary differences between financial and tax reporting bases and are subsequently adjusted to reflect changes in tax rates expected to be in effect when the temporary differences reverse. A valuation allowance is recorded to reduce deferred tax assets to an amount that is more likely than not to be realized. Facts and circumstances may change and cause us to revise the conclusions on our ability to realize certain net operating losses and other deferred tax attributes.

The amount of income taxes that we pay is subject to ongoing audits by federal, state and foreign tax authorities. Our estimate of the potential outcome of any uncertain tax position is subject to management's assessment of relevant risks, facts and circumstances existing at that time. We believe that we have adequately provided for reasonably foreseeable outcomes related to

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

these matters. However, our future results may include favorable or unfavorable adjustments to our estimated tax liabilities in the period the assessments are revised or resolved.

Revenue Recognition

We recognize revenue from product sales when earned, net of applicable provisions for discounts, returns and allowances. We consider revenue to be realized or realizable and earned when all of the following criteria are met: title and risk of loss have passed to the customer, persuasive evidence of an arrangement exists, delivery has occurred, the price is fixed or determinable and collectability is reasonably assured. We also provide for our estimate of potential uncollectible receivables at the time of revenue recognition.

Cost of Products Sold

Cost of products sold includes all manufacturing, product sourcing and distribution costs, including depreciation related to assets used in the manufacturing, procurement and distribution process, allocation of certain information technology costs supporting those processes, inbound and outbound freight, shipping and handling costs, purchasing costs associated with materials and packaging used in the production processes.

Advertising, Selling, General and Administrative Expenses

Advertising, selling, general and administrative expenses ("SG&A") include advertising, marketing, selling (including commissions), research and development, customer service, depreciation related to assets outside the manufacturing and distribution processes and all other general and administrative expenses outside the manufacturing and distribution functions (e.g., finance, human resources, information technology, corporate expenses, etc.).

Customer Program Costs

Customer program costs include, but are not limited to, sales rebates which are generally tied to achievement of certain sales volume levels, in-store promotional allowances, shared media and customer catalog allowances and other cooperative advertising arrangements, and freight allowance programs. We generally recognizes customer program costs as a deduction to gross sales at the time that the associated revenue is recognized. Certain customer incentives that do not directly relate to future revenues are expensed when initiated.

In addition, accrued customer program liabilities principally include, but are not limited to, sales volume rebates, promotional allowances, shared media and customer catalog allowances and other cooperative advertising arrangements, and freight allowances as discussed above.

Shipping and Handling

We reflect all amounts billed to customers for shipping and handling in net sales and the costs incurred from shipping and handling product (including costs to ship and move product from the seller's place of business to the buyer's place of business, as well as costs to store, move and prepare products for shipment) in cost of products sold.

Warranty Reserves

We offer our customers various warranty terms based on the type of product that is sold. Estimated future obligations related to products sold under these warranty terms are provided by charges to cost of products sold in the period in which the related revenue is recognized.

Advertising Costs

Advertising costs amounted to \$131.0 million, \$125.7 million and \$98.1 million for the years ended December 31, 2013, 2012 and 2011, respectively. These costs include, but are not limited to, cooperative advertising and promotional allowances as described in "Customer Program Costs" above, and are principally expensed as incurred.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Research and Development

Research and development expenses, which amounted to \$22.5 million, \$20.8 million and \$20.5 million for the years ended December 31, 2013, 2012 and 2011, respectively, are classified as general and administrative expenses and are charged to expense as incurred.

Stock-Based Compensation

Our primary types of share-based compensation consist of stock options, restricted stock unit awards, and performance stock unit awards. Stock-based compensation cost is measured at the grant date, based on the fair value of the award, and is recognized as expense over the requisite service period. Where awards are made with non-substantive vesting periods (for example, where a portion of the award vests upon retirement eligibility), we estimate and recognize expense based on the period from the grant date to the date on which the employee is retirement eligible.

Foreign Currency Translation

Foreign currency balance sheet accounts are translated into U.S. dollars at the rates of exchange at the balance sheet date. Income and expenses are translated at the average rates of exchange in effect during the period. The related translation adjustments are made directly to a separate component of accumulated other comprehensive income (loss) in stockholders' equity. Some transactions are made in currencies different from an entity's functional currency. Gains and losses on these foreign currency transactions are included in income as they occur.

Derivative Financial Instruments

We recognize all derivatives as either assets or liabilities on the balance sheet and measures those instruments at fair value. If the derivative is designated as a fair value hedge and is effective, the changes in the fair value of the derivative and of the hedged item attributable to the hedged risk are recognized in earnings in the same period. If the derivative is designated as a cash flow hedge, the effective portions of changes in the fair value of the derivative are recorded in other comprehensive income (loss) and are recognized in the income statement when the hedged item affects earnings. Ineffective portions of changes in the fair value of cash flow hedges are recognized in earnings.

Certain forecasted transactions, assets and liabilities are exposed to foreign currency risk. We continually monitor our foreign currency exposures in order to maximize the overall effectiveness of our foreign currency hedge positions. Principal currencies hedged include the U.S. dollar, Euro, Australian dollar, Canadian dollar and British pound.

Recent Accounting Pronouncements

In July 2012, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2012-02, *Intangibles-Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment*. It allows companies the ability to perform a qualitative assessment to determine whether further impairment testing of indefinite-lived intangible assets is necessary, similar in approach to the goodwill impairment test. It is effective for annual and interim impairment tests performed for fiscal years beginning after September 15, 2012. We adopted the standard in 2013 and it did not have a significant effect on our consolidated financial statements or results of operations.

In February 2013, the FASB issued ASU No. 2013-02, *Reporting of Amounts Reclassified Out of Accumulated Other Comprehensive Income*. The revised standard is intended to improve the reporting of reclassifications out of accumulated other comprehensive income. It is effective for fiscal periods beginning after December 15, 2012. We adopted the standard in 2013 and its required disclosure.

In July 2013, the FASB issued ASU No. 2013-11, *Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists*. This guidance requires netting unrecognized tax benefits against deferred tax assets for a loss or other carryforward that would apply in settlement of uncertain tax positions. It is effective for annual reporting periods beginning after December 15, 2013, but early adoption is permitted. We adopted the standard in 2013 and it did not have a significant effect on our consolidated financial statements or results of operations.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

3. Acquisitions

On May 1, 2012, the Company completed the Merger of Mead C&OP with a wholly-owned subsidiary of the Company. Mead C&OP is a leading manufacturer and marketer of school supplies, office products, and planning and organizing tools including the Mead®, Five Star®, Trapper Keeper®, AT-A-GLANCE®, Cambridge®, Day Runner®, Hilroy, Tilibra and Grafons brands in the U.S., Canada and Brazil.

In the Merger, MeadWestvaco Corporation (“MWV”) shareholders received 57.1 million shares of the Company's common stock, or 50.5% of the combined company, valued at \$602.3 million on the date of the Merger. After the transaction was completed the Company had 113.1 million common shares outstanding.

ACCO’s management determined that ACCO is the accounting acquiror in this combination. Accordingly, the results of Mead C&OP are included in the Company's consolidated financial statements from the date of the Merger, May 1, 2012.

The purchase price, net of working capital adjustments and cash acquired, was \$999.8 million. The consideration given included 57.1 million shares of ACCO Brands common stock, which were issued to MWV shareholders with a fair value of \$602.3 million and a \$460.0 million dividend paid to MWV. The calculation of consideration given for Mead C&OP was finalized during the fourth quarter of 2012 and is described in the following table:

<i>(in millions, except per share price)</i>	<u>At May 1, 2012</u>
Calculated consideration for Mead C&OP:	
Outstanding shares of ACCO Brands common stock ⁽¹⁾	56.0
Multiplier needed to calculate shares to be issued ⁽²⁾	1.0202020202
Number of shares issued to MWV shareholders	57.1
Closing price per share of ACCO Brands common stock ⁽³⁾	\$ 10.55
Value of common shares issued	\$ 602.3
Plus:	
Dividend paid to MWV	460.0
Less:	
Working capital adjustment ⁽⁴⁾	(30.5)
Consideration for Mead C&OP	<u>\$ 1,031.8</u>

(1) Represents the number of shares of the Company's common stock as of May 1, 2012.

(2) Represents MWV shareholders' negotiated ownership percentage in ACCO Brands of 50.5% divided by the 49.5% that was owned by ACCO Brands shareholders upon completion of the Merger.

(3) Represents the closing price per share of the Company's stock as of April 30, 2012.

(4) Represents the difference between the target net working capital and the closing net working capital as of April 30, 2012.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

The following table presents the allocation of the purchase price to the fair values of the assets acquired and liabilities assumed at the date of acquisition:

<i>(in millions of dollars)</i>	<i>At May 1, 2012</i>
Calculation of Goodwill:	
Consideration given for Mead C&OP	\$ 1,031.8
Cash acquired	(32.0)
Net purchase price	<u>\$ 999.8</u>
Plus fair value of liabilities assumed:	
Accounts payable and accrued liabilities	103.9
Current and non-current deferred tax liabilities	209.6
Other non-current liabilities	<u>72.9</u>
Fair value of liabilities assumed	\$ 386.4
Less fair value of assets acquired:	
Accounts receivable	73.3
Inventory	143.5
Property, plant and equipment	136.6
Identifiable intangibles	543.2
Other assets	<u>24.3</u>
Fair value of assets acquired	\$ 920.9
Goodwill	<u>\$ 465.3</u>

In the first quarter of 2013 we finalized our fair value estimate of assets acquired and liabilities assumed as of the acquisition date. The final excess of the purchase price over the fair value of net assets acquired has been allocated to goodwill in the amount of \$465.3 million. As the allowable one-year evaluation period since the date of acquisition has expired, no additional adjustments to the goodwill related to the acquisition of Mead C&OP will be recognized.

In connection with our May 1, 2012 acquisition of Mead C&OP we assumed all of the tax liabilities for the acquired foreign operations. See "Note 11. *Income Taxes - Income Tax Assessment*" for details on tax assessments issued by the Federal Revenue Department of the Ministry of Finance of Brazil ("FRD") against our newly acquired indirect subsidiary, Tilibra Produtos de Papelaria Ltda. ("Tilibra"), which challenged the tax deduction of goodwill from Tilibra's taxable income for the years 2007 through 2010.

Acquisition-related costs of \$14.5 million that were incurred during the twelve months ended December 31, 2012, and \$5.6 million that were expensed during 2011, were classified as SG&A expenses.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

4. Long-term Debt and Short-term Borrowings

Notes payable and long-term debt, listed in order of their security interests, consisted of the following as of December 31, 2013 and 2012:

<i>(in millions of dollars)</i>	2013	2012
U.S. Dollar Senior Secured Term Loan A, due May 2018 (floating interest rate of 2.49% at December 31, 2013)	\$ 420.0	\$ —
U.S. Dollar Senior Secured Term Loan B, due May 2019 (floating interest rate of 4.25% at December 31, 2012)	—	326.8
U.S. Dollar Senior Secured Term Loan A, due May 2017 (floating interest rate of 3.32% at December 31, 2012)	—	220.8
Canadian Dollar Senior Secured Term Loan A, due May 2017 (floating interest rate of 4.26% at December 31, 2012)	—	21.8
Senior Unsecured Notes, due April 2020 (fixed interest rate of 6.75%)	500.0	500.0
Other borrowings	0.9	2.7
Total debt	920.9	1,072.1
Less: current portion	(0.1)	(1.3)
Total long-term debt	\$ 920.8	\$ 1,070.8

Effective May 13, 2013 (the "Effective Date"), the Company entered into an Amended and Restated Credit Agreement (the "Restated Credit Agreement") among the Company, certain subsidiaries of the Company, Bank of America, N.A., as administrative agent, and the other agents and lenders party thereto. The Restated Credit Agreement amended and restated the Company's prior credit agreement, dated as of March 26, 2012, as amended (the "2012 Credit Agreement"), that had been entered into in connection with the Merger.

The Restated Credit Agreement provides for a \$780 million, five-year senior secured credit facility, which consists of a \$250.0 million multi-currency revolving credit facility, due May 2018 (the "Revolving Facility") and a \$530.0 million U.S. dollar denominated Senior Secured Term Loan A, due May 2018 (the "Restated Term Loan A"). Specifically, in connection with the Restated Credit Agreement, the Company:

- replaced its then-existing U.S.-dollar denominated Senior Secured Term Loan A, due May 2017 ("the Term Loan A"), under the 2012 Credit Agreement, which had an aggregate principal amount of \$220.8 million outstanding immediately prior to the Effective Date, with the Restated Term Loan A, due May 2018, in an aggregate original principal amount of \$530.0 million;
- prepaid in full its then-existing U.S.-dollar denominated Senior Secured Term Loan B (the "Term Loan B"), due May 2019, under the 2012 Credit Agreement, which had an aggregate principal amount of \$310.2 million outstanding immediately prior to the Effective Date, using a portion of the proceeds from the Restated Term A Loan; and
- replaced the \$250.0 million revolving credit facility under the 2012 Credit Agreement with the Revolving Facility, under which \$47.3 million was outstanding immediately following the Effective Date.

Prior to the Effective Date, the Company repaid in full the \$21.4 million Canadian-dollar denominated Senior Secured Term Loan A, due May 2017, that had been drawn under the 2012 Credit Agreement.

As of December 31, 2013, there were no borrowings under the Revolving Facility. The amount available for borrowings was \$235.9 million (allowing for \$14.1 million of letters of credit outstanding on that date).

During the twelve months ended December 31, 2013, we included in "Other expense, net" a \$9.4 million charge for the write-off of debt origination costs associated with the refinancing. Additionally, we incurred approximately \$4.5 million in bank, legal and other fees associated with the Restated Credit Agreement. Of these fees, \$4.2 million were capitalized and will be amortized over the life of the Restated Term Loan A and the Revolving Facility.

The Revolving Facility is expected to be available for working capital and general corporate purposes. Undrawn amounts

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

under the Revolving Facility are subject to a commitment fee rate of 0.25% to 0.50% per annum, depending on the Company's consolidated leverage ratio (as defined in the Restated Credit Agreement, the "Leverage Ratio"). As of December 31, 2013, the commitment fee rate was 0.375%. Prior to the refinancing the commitment fee rate was 0.50%.

Maturity and amortization

Borrowings under the Revolving Facility and the Restated Term Loan A will mature on May 13, 2018. Amounts under the Revolving Facility are non-amortizing. Beginning September 30, 2013, the outstanding principal amount under the Restated Term Loan A was payable in quarterly installments in an amount representing, on an annual basis, 5.0% of the initial aggregate principal amount of such loan and increasing to 12.5% of the initial aggregate principal amount of such loan by June 30, 2016. Due to prepayments made during 2013, the next scheduled installment is due March 31, 2015.

Interest rates

Amounts outstanding under the Restated Credit Agreement will bear interest (i) in the case of Eurodollar loans, at a rate per annum equal to the Eurodollar rate (which is based on an average British Bankers Association Interest Settlement Rate) plus the applicable rate; (ii) in the case of loans made at the Base Rate (which means the highest of (a) the Bank of America, N.A. prime rate then in effect, (b) the Federal Funds Effective Rate (as defined in the Restated Credit Agreement) then in effect plus ½ of 1.00% and (c) the Eurodollar rate that would be payable on such day for a Eurodollar loan with a one-month interest period plus 1.00%), at a rate per annum equal to the Base Rate plus the applicable rate; and (iii) in the case of swing line loans, at a rate per annum equal to the Base Rate plus the applicable rate for the Revolving Facility. Separate base interest rate and applicable rate provisions will apply for any Canadian or Australian currency denominated loans outstanding under the Revolving Facility.

As of December 31, 2013, the Eurodollar credit spread for the Restated Term Loan A and amounts drawn under the Revolving Credit Facility was 2.25%, which represents a reduction from the Eurodollar credit spread of 3.00% for Term Loan A and 3.25% for Term Loan B in effect immediately prior to the Effective Date under the 2012 Credit Agreement. In addition, under the 2012 Credit Agreement, the Eurodollar rate for Term Loan B was subject to a minimum rate of 1%. This minimum is no longer applicable to the Restated Credit Agreement.

The credit spread applied to outstanding Eurodollar loans and Base Rate loans is based on our Leverage Ratio as calculated in the most recently submitted compliance certificate. The credit spreads are as follows:

Consolidated Leverage Ratio	Eurodollar Credit Spread	Base Rate Credit Spread
> 4.00 to 1.00	2.50%	1.50%
≤ 4.00 to 1.00 and > 3.50 to 1.00	2.25%	1.25%
≤ 3.50 to 1.00 and > 2.50 to 1.00	2.00%	1.00%
≤ 2.50 to 1.00	1.75%	0.75%

Prepayments

Subject to certain conditions and exceptions, the Restated Credit Agreement requires the Company to prepay outstanding loans in certain circumstances, including (a) in an amount equal to 100% of the net cash proceeds from sales or dispositions of property or assets in excess of \$10.0 million per fiscal year, (b) in an amount equal to 100% of the net cash proceeds from property insurance or condemnation awards in excess of \$10.0 million per fiscal year and (c) in an amount equal to 100% of the net cash proceeds from additional debt other than debt permitted under the Restated Credit Agreement. The Company also is required to prepay outstanding loans with specified percentages of excess cash flow based on its leverage. The Restated Credit Agreement contains other customary prepayment obligations and provides for voluntary commitment reductions and prepayment of loans, subject to certain conditions and exceptions.

Loan Covenants

We must meet certain restrictive financial covenants as defined under the Restated Credit Agreement. The covenants become more restrictive over time and require us to maintain certain ratios related to Leverage Ratio. We are also subject to certain customary restrictive covenants under the Senior Unsecured Notes, due April 2020 (the "Senior Notes").

The Restated Credit Agreement contains customary affirmative and negative covenants as well as events of default, including

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

payment defaults, breach of representations and warranties, covenant defaults, cross-defaults, certain bankruptcy or insolvency events, certain ERISA-related events, changes in control or ownership and invalidity of any loan document.

Under the Restated Credit Agreement, the Company is required to meet certain financial tests, including a maximum Leverage Ratio as determined by reference to the following ratios:

Period	Maximum Consolidated Leverage Ratio ⁽¹⁾
Effective Date through June 30, 2014	4.50:1.00
July 1, 2014 through June 30, 2015	4.00:1.00
July 1, 2015 through June 30, 2017	3.75:1.00
July 1, 2017 and thereafter	3.50:1.00

(1) The Leverage Ratio is computed by dividing the Company's net funded indebtedness by the cumulative four-quarter-trailing EBITDA, which excludes transaction costs, restructuring and other charges up to certain limits as well as other adjustments defined in the Restated Credit Agreement.

Beginning with the fiscal quarter ending June 30, 2013, the Restated Credit Agreement also requires the Company to maintain a consolidated fixed charge coverage ratio (as defined in the Restated Credit Agreement) as of the end of any fiscal quarter at or above 1.25 to 1.00. Under the Restated Credit Agreement, the Company no longer must meet certain minimum interest coverage ratios that were present in the 2012 Credit Agreement.

The indenture governing the Senior Notes does not contain financial performance covenants. However, that indenture does contain covenants that limit, among other things, our ability and the ability of our restricted subsidiaries to:

- incur additional indebtedness;
- pay dividends on our capital stock or repurchase our capital stock;
- enter into or permit to exist contractual limits on the ability of our subsidiaries to pay dividends to the Company;
- enter into certain transactions with affiliates;
- make investments;
- create liens; and
- sell certain assets or merge with or into other companies.

Certain of these covenants will be subject to suspension when and if the notes are rated at least "BBB-" by Standard & Poor's or at least "Baa3" by Moody's. Each of the covenants is subject to a number of important exceptions and qualifications.

Guarantees and Security

Generally, obligations under the Restated Credit Agreement are irrevocably and unconditionally guaranteed, jointly and severally, by certain of the Company's existing and future domestic subsidiaries, and are secured by substantially all of the Company's and certain guarantor subsidiaries' assets, subject to certain exclusions and limitations.

The Senior Notes, are irrevocably and unconditionally guaranteed, jointly and severally, on a senior unsecured basis by each of our existing and future domestic subsidiaries other than certain excluded subsidiaries. The Senior Notes and the related guarantees will rank equally in right of payment with all of the existing and future senior debt of the Company and the guarantors, senior in right of payment to all of the existing and future subordinated debt of the Company, and the guarantors, and effectively subordinated to all of the existing and future secured indebtedness of all of the Company and the guarantors to the extent of the value of the assets securing such indebtedness. The Senior Notes and the guarantees are and will be structurally subordinated to all existing and future liabilities, including trade payables, of each of the Company's subsidiaries that do not guarantee the notes.

Compliance with Loan Covenants

As of and for the year ended December 31, 2013, we were in compliance with all applicable loan covenants.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

5. Pension and Other Retiree Benefits

We have a number of pension plans, principally in the U.K. and the U.S. The plans provide for payment of retirement benefits, primarily commencing between the ages of 60 and 65, and also for payment of certain disability and severance benefits. After meeting certain qualifications, an employee acquires a vested right to future benefits. The benefits payable under the plans are generally determined on the basis of an employee's length of service and earnings. Cash contributions to the plans are made as necessary to ensure legal funding requirements are satisfied.

We provide post-retirement health care and life insurance benefits to certain employee groups outside of the U.S and certain employees and retirees in the U.S. These benefit plans for most employees have been frozen to new participants. Many employees and retirees outside of the U.S. are covered by government health care programs.

On January 20, 2009, the Company's Board of Directors approved plan amendments to temporarily freeze our ACCO Brands Corporation Pension Plan for Salaried and Certain Hourly Paid Employees in the U.S. effective March 7, 2009. No additional benefits will accrue under these plans after that date until further action by the Board of Directors. On September 30, 2012, our U.K. pension plan was frozen.

The Merger has added additional pension and post-retirement plans in the U.S. and Canada. In the U.S. we have added a pension plan for certain bargained hourly employees of Mead C&OP. In Canada we have assumed the Mead C&OP pension and post-retirement plans for its Canadian employees. As of December 31, 2013, we have frozen the Salaried and Supplemental Executive Retirement Plans in Canada.

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Notes to Consolidated Financial Statements (Continued)

The following table sets forth our defined benefit pension and post-retirement plans funded status and the amounts recognized in our consolidated balance sheets:

<i>(in millions of dollars)</i>	Pension Benefits				Post-retirement	
	U.S.		International		2013	2012
	2013	2012	2013	2012		
Change in projected benefit obligation (PBO)						
Projected benefit obligation at beginning of year	\$ 191.7	\$ 171.9	\$ 361.0	\$ 284.6	\$ 16.0	\$ 13.4
Service cost	2.0	1.2	1.6	2.1	0.2	0.2
Interest cost	7.9	8.4	14.7	14.3	0.6	0.6
Actuarial (gain) loss	(19.0)	19.9	1.9	30.7	(2.8)	0.1
Participants' contributions	—	—	0.3	0.8	0.1	0.2
Benefits paid	(8.9)	(12.2)	(13.9)	(13.2)	(0.7)	(0.8)
Curtailment gain	—	—	(1.0)	—	—	—
Plan amendments	3.7	—	—	—	—	—
Foreign exchange rate changes	—	—	6.8	13.6	(0.1)	0.2
Other items	—	0.7	—	(0.4)	—	—
Mead C&OP acquisition	—	1.8	—	28.5	—	2.1
Projected benefit obligation at end of year	177.4	191.7	371.4	361.0	13.3	16.0
Change in plan assets						
Fair value of plan assets at beginning of year	135.4	119.1	311.9	242.7	—	—
Actual return on plan assets	21.7	19.8	32.2	35.5	—	—
Employer contributions	8.1	8.7	6.0	9.9	0.6	0.6
Participants' contributions	—	—	0.3	0.8	0.1	0.2
Benefits paid	(8.9)	(12.2)	(13.9)	(13.2)	(0.7)	(0.8)
Foreign exchange rate changes	—	—	6.3	11.8	—	—
Mead C&OP acquisition	—	—	—	24.4	—	—
Fair value of plan assets at end of year	156.3	135.4	342.8	311.9	—	—
Funded status (Fair value of plan assets less PBO)	\$ (21.1)	\$ (56.3)	\$ (28.6)	\$ (49.1)	\$ (13.3)	\$ (16.0)
Amounts recognized in the consolidated balance sheet consist of:						
Other non-current assets	\$ —	\$ —	\$ 0.3	\$ —	\$ —	\$ —
Other current liabilities	—	—	0.6	0.5	1.0	1.1
Pension and post-retirement benefit obligations ⁽¹⁾	21.1	56.3	28.3	48.6	12.3	14.9
Components of accumulated other comprehensive income, net of tax:						
Unrecognized prior service cost (credit)	2.7	0.4	(0.3)	(0.2)	(0.1)	—
Unrecognized actuarial loss (gain)	33.3	57.8	63.6	74.2	(2.9)	(1.1)

(1) Pension and post-retirement obligations of \$61.7 million as of December 31, 2013, decreased from \$119.8 million as of December 31, 2012, due to higher discount rates (primarily in the U.S.) compared to prior year assumptions and the actual over performance of the assets of the pension plans compared to the expected long-term rate of return of the assets of the pension plans.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Of the amounts included within accumulated other comprehensive income (loss), we expect to recognize the following pre-tax amounts as components of net periodic benefit cost during 2014:

<i>(in millions of dollars)</i>	Pension Benefits		
	U.S.	International	Post-retirement
Prior service cost	\$ 0.4	\$ —	\$ —
Actuarial loss (gain)	5.1	2.0	(1.2)
	<u>\$ 5.5</u>	<u>\$ 2.0</u>	<u>\$ (1.2)</u>

All of our plans have projected benefit obligations in excess of plan assets, except for two of our Canadian pension plans which are fully funded.

The accumulated benefit obligation for all pension plans was \$533.5 million and \$536.2 million at December 31, 2013 and 2012, respectively.

The following table sets out information for pension plans with an accumulated benefit obligation in excess of plan assets:

<i>(in millions of dollars)</i>	U.S.		International	
	2013	2012	2013	2012
Projected benefit obligation	\$ 177.4	\$ 191.7	\$ 331.2	\$ 349.6
Accumulated benefit obligation	173.0	189.8	321.7	335.3
Fair value of plan assets	156.3	135.4	302.8	300.6

The components of net periodic benefit cost for pension and post-retirement plans for the years ended December 31, 2013, 2012, and 2011, respectively, were as follows:

<i>(in millions of dollars)</i>	Pension Benefits						Post-retirement		
	U.S.			International			2013	2012	2011
	2013	2012	2011	2013	2012	2011			
Service cost	\$ 2.0	\$ 1.2	\$ —	\$ 1.6	\$ 2.1	\$ 2.1	\$ 0.2	\$ 0.2	\$ 0.2
Interest cost	7.9	8.4	8.6	14.7	14.3	14.7	0.6	0.6	0.6
Expected return on plan assets	(10.4)	(10.4)	(10.7)	(20.6)	(16.2)	(16.0)	—	—	—
Amortization of prior service cost	0.1	—	—	—	0.4	0.2	—	—	—
Amortization of net loss (gain)	9.6	6.2	4.3	2.4	2.2	3.9	(0.6)	(1.6)	(0.6)
Curtailement gain	—	—	—	(1.0)	—	(0.2)	—	—	—
Settlement loss	—	0.7	—	—	—	—	—	—	—
Net periodic benefit cost (income)	<u>\$ 9.2</u>	<u>\$ 6.1</u>	<u>\$ 2.2</u>	<u>\$ (2.9)</u>	<u>\$ 2.8</u>	<u>\$ 4.7</u>	<u>\$ 0.2</u>	<u>\$ (0.8)</u>	<u>\$ 0.2</u>

In 2013 we had a curtailment gain of \$1.0 million due to the freezing of two of our Canadian pension plans.

During the second quarter of 2012, due to the Merger, we settled the Amended and Restated ACCO Brands Corporation Supplemental Retirement Plan (the "SRP"), which resulted in a settlement charge of \$0.7 million. The SRP provided that the accrued vested benefit of each participant be paid in an actuarial equivalent lump sum upon the occurrence of a change of control (as defined in the SRP).

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

During the first quarter of 2012, we changed the amortization of our net loss included in accumulated other comprehensive income (loss) for our U.K. pension plan from the average remaining service period of active employees expected to receive benefits under the plan to the average remaining life expectancy of the inactive participants. This change was the result of decreases in plan participation resulting in substantially all of the participants now being inactive. This change reduced the net periodic benefit cost by approximately \$3.3 million for the year ended December 31, 2012.

Other changes in plan assets and benefit obligations that were recognized in other comprehensive income (loss) during the years ended December 31, 2013, 2012, and 2011 were as follows:

<i>(in millions of dollars)</i>	Pension Benefits						Post-retirement		
	U.S.			International			2013	2012	2011
	2013	2012	2011	2013	2012	2011			
Current year actuarial loss (gain)	\$ (30.2)	\$ 9.6	\$ 23.5	\$ (10.0)	\$ 11.4	\$ 22.8	\$ (2.8)	\$ 0.1	\$ —
Amortization of actuarial (loss) gain	(9.6)	(6.2)	(4.3)	(2.4)	(2.2)	(3.9)	0.6	1.6	0.6
Current year prior service cost (credit)	3.7	0.8	—	—	(0.3)	—	—	—	—
Amortization of prior service cost	(0.1)	—	—	—	(0.4)	(0.2)	—	—	—
Foreign exchange rate changes	—	—	—	2.1	4.1	(1.0)	—	(0.1)	—
Total recognized in other comprehensive income (loss)	<u>\$ (36.2)</u>	<u>\$ 4.2</u>	<u>\$ 19.2</u>	<u>\$ (10.3)</u>	<u>\$ 12.6</u>	<u>\$ 17.7</u>	<u>\$ (2.2)</u>	<u>\$ 1.6</u>	<u>\$ 0.6</u>
Total recognized in net periodic benefit cost and other comprehensive income (loss)	<u>\$ (27.0)</u>	<u>\$ 10.3</u>	<u>\$ 21.4</u>	<u>\$ (13.2)</u>	<u>\$ 15.4</u>	<u>\$ 22.4</u>	<u>\$ (2.0)</u>	<u>\$ 0.8</u>	<u>\$ 0.8</u>

Assumptions

The weighted average assumptions used to determine benefit obligations for the years ended December 31, 2013, 2012, and 2011 were as follows:

	Pension Benefits						Post-retirement		
	U.S.			International			2013	2012	2011
	2013	2012	2011	2013	2012	2011			
Discount rate	5.0%	4.2%	5.0%	4.3%	4.3%	4.7%	4.4%	4.0%	4.5%
Rate of compensation increase	N/A	N/A	N/A	3.3%	4.0%	3.6%	—	—	—

The weighted average assumptions used to determine net periodic benefit cost for the years ended December 31, 2013, 2012, and 2011 were as follows:

	Pension Benefits						Post-retirement		
	U.S.			International			2013	2012	2011
	2013	2012	2011	2013	2012	2011			
Discount rate	4.2%	5.0%	5.5%	4.3%	4.7%	5.4%	4.0%	4.5%	5.0%
Expected long-term rate of return	8.2%	8.2%	8.2%	6.8%	6.2%	6.4%	—	—	—
Rate of compensation increase	N/A	N/A	N/A	4.0%	3.6%	4.4%	—	—	—

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Notes to Consolidated Financial Statements (Continued)

The weighted average health care cost trend rates used to determine post-retirement benefit obligations and net periodic benefit cost as of December 31, 2013, 2012, and 2011 were as follows:

	Post-retirement Benefits		
	2013	2012	2011
Health care cost trend rate assumed for next year	8%	7%	7%
Rate that the cost trend rate is assumed to decline (the ultimate trend rate)	5%	5%	5%
Year that the rate reaches the ultimate trend rate	2020	2020	2020

Assumed health care cost trend rates may have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

<i>(in millions of dollars)</i>	1-Percentage- Point Increase	1-Percentage- Point Decrease
Increase (decrease) on total of service and interest cost	\$ 0.2	\$ (0.2)
Increase (decrease) on post-retirement benefit obligation	1.3	(1.1)

Plan Assets

The investment strategy for the Company is to optimize investment returns through a diversified portfolio of investments, taking into consideration underlying plan liabilities and asset volatility. Each plan has a different target asset allocation, which is reviewed periodically and is based on the underlying liability structure. The target asset allocation for our U.S. plan is 65% in equity securities, 20% in fixed income securities and 15% in alternative assets. The target asset allocation for non-U.S. plans is set by the local plan trustees.

Our pension plan weighted average asset allocations as of December 31, 2013 and 2012 were as follows:

Asset category	2013		2012	
	U.S.	International	U.S.	International
Equity securities	62%	48%	64%	47%
Fixed income	31	36	30	39
Real estate	—	3	—	4
Other ⁽¹⁾	7	13	6	10
Total	100%	100%	100%	100%

(1) Insurance contracts, multi-strategy hedge funds and cash and cash equivalents for certain of our plans.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

U.S. Pension Plan Assets

The fair value measurements of our U.S. pension plan assets by asset category as of December 31, 2013 were as follows:

<i>(in millions of dollars)</i>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of December 31, 2013
Common stocks	\$ 9.4	\$ —	\$ —	\$ 9.4
Mutual funds	87.8	—	—	87.8
Common collective trust funds	—	7.5	—	7.5
Government debt securities	—	6.2	—	6.2
Corporate debt securities	—	14.9	—	14.9
Asset-backed securities	—	9.7	—	9.7
Multi-strategy hedge funds	—	7.8	—	7.8
Government mortgage-backed securities	—	7.5	—	7.5
Collateralized mortgage obligations, mortgage backed securities, and other	—	5.5	—	5.5
Total	\$ 97.2	\$ 59.1	\$ —	\$ 156.3

The fair value measurements of our U.S. pension plan assets by asset category as of December 31, 2012 were as follows:

<i>(in millions of dollars)</i>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of December 31, 2012
Common stocks	\$ 8.1	\$ —	\$ —	\$ 8.1
Mutual funds	79.1	—	—	79.1
Common collective trust funds	—	8.0	—	8.0
Government debt securities	—	4.4	—	4.4
Corporate debt securities	—	11.2	—	11.2
Asset-backed securities	—	8.6	—	8.6
Multi-strategy hedge funds	—	6.2	—	6.2
Government mortgage-backed securities	—	4.2	—	4.2
Collateralized mortgage obligations, mortgage backed securities, and other	—	5.6	—	5.6
Total	\$ 87.2	\$ 48.2	\$ —	\$ 135.4

Mutual funds and common stocks: The fair values of mutual fund and common stock fund investments are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs).

Debt securities: Fixed income securities, such as corporate and government bonds, collateralized mortgage obligations, asset-backed securities, government mortgage-backed securities and other debt securities are valued using quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads, and estimated prepayment rates, where applicable (level 2 inputs).

Multi-strategy hedge funds: The fair values of participation units held in multi-strategy hedge funds are based on their net asset values, as reported by the managers of the funds and are based on the daily closing prices of the underlying investments (level 2 inputs).

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Common collective trusts: The fair values of participation units held in common collective trusts are based on their net asset values, as reported by the managers of the common collective trusts and as supported by the unit prices of actual purchase and sale transactions occurring as of or close to the financial statement date (level 2 inputs).

International Pension Plans Assets

The fair value measurements of our international pension plans assets by asset category as of December 31, 2013 were as follows:

<i>(in millions of dollars)</i>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of December 31, 2013
Cash and cash equivalents	\$ 2.2	\$ —	\$ —	\$ 2.2
Equity securities	150.6	17.1	—	167.7
Corporate debt securities	—	110.0	—	110.0
Multi-strategy hedge funds	—	25.9	—	25.9
Insurance contracts	—	13.6	—	13.6
Other debt securities	—	10.6	—	10.6
Real estate	—	9.0	1.0	10.0
Government debt securities	—	2.8	—	2.8
Total	\$ 152.8	\$ 189.0	\$ 1.0	\$ 342.8

The fair value measurements of our international pension plans assets by asset category as of December 31, 2012 were as follows:

<i>(in millions of dollars)</i>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value as of December 31, 2012
Cash and cash equivalents	\$ 4.3	\$ —	\$ —	\$ 4.3
Equity securities	130.5	15.8	—	146.3
Corporate debt securities	—	103.6	—	103.6
Multi-strategy hedge funds	—	15.0	—	15.0
Insurance contracts	—	12.2	—	12.2
Other debt securities	—	10.3	—	10.3
Real estate	—	9.9	1.0	10.9
Government debt securities	—	9.3	—	9.3
Total	\$ 134.8	\$ 176.1	\$ 1.0	\$ 311.9

Equity securities: The fair values of equity securities are determined by obtaining quoted prices on nationally recognized securities exchanges (level 1 inputs).

Debt securities: Fixed income securities, such as corporate and government bonds and other debt securities, consist of index linked securities. These debt securities are valued using quotes from independent pricing vendors based on recent trading activity and other relevant information, including market interest rate curves, referenced credit spreads, and estimated prepayment rates, where applicable (level 2 inputs).

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Real estate: Real estate, exclusive of the Canadian plan, consists of managed real estate investment trust securities (level 2 inputs). Real estate in the Canadian plans is appraised by a third party on an annual basis (level 3 inputs). There have been no substantial purchases or gains/losses in 2013 or 2012.

Insurance contracts: Valued at contributions made, plus earnings, less participant withdrawals and administrative expenses, which approximate fair value (level 2 inputs).

Multi-strategy hedge funds: The fair values of participation units held in multi-strategy hedge funds are based on their net asset values, as reported by the managers of the funds and are based on the daily closing prices of the underlying investments (level 2 inputs).

Cash Contributions

We contributed \$14.7 million to our pension and post-retirement plans in 2013 and expect to contribute \$16.3 million in 2014.

The following table presents estimated future benefit payments for the next ten fiscal years:

<i>(in millions of dollars)</i>	Pension Benefits	Post-retirement Benefits
2014	\$ 24.7	\$ 1.0
2015	\$ 25.3	\$ 0.9
2016	\$ 26.1	\$ 0.9
2017	\$ 27.0	\$ 0.9
2018	\$ 28.2	\$ 0.9
Years 2019 — 2023	\$ 145.9	\$ 4.0

We also sponsor a number of defined contribution plans. Contributions are determined under various formulas. Costs related to such plans amounted to \$8.4 million, \$8.0 million and \$6.6 million for the years ended December 31, 2013, 2012, and 2011, respectively. The \$1.4 million increase in defined contribution plan costs in 2012 compared to 2011 was due to the Merger.

6. Stock-Based Compensation

The ACCO Brands Corporation 2011 Amended and Restated ACCO Brands Corporation Incentive Plan provides for stock based awards in the form of RSUs, PSUs, non-qualified stock options, and stock appreciation rights, any of which may be granted alone or with other types of awards and dividend equivalents. We have one share-based compensation plan under which a total of 15,665,000 shares may be issued under awards to key employees and non-employee directors.

The following table summarizes the impact of all stock-based compensation expense on our Consolidated Statements of Income for the years ended December 31, 2013, 2012 and 2011.

<i>(in millions of dollars)</i>	2013	2012	2011
Advertising, selling, general and administrative expense	\$ 16.4	\$ 9.2	\$ 6.3
Income from continuing operations before income tax	16.4	9.2	6.3
Income tax expense	5.9	3.3	0.2
Net income	\$ 10.5	\$ 5.9	\$ 6.1

There was no capitalization of stock based compensation expense.

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Notes to Consolidated Financial Statements (Continued)

Stock-based compensation expense by award type (including stock options, stock-settled appreciation rights (“SSARs”), restricted stock units (“RSUs”) and performance stock units (“PSUs”)) for the years ended December 31, 2013, 2012 and 2011 were as follows:

<i>(in millions of dollars)</i>	2013	2012	2011
Stock option compensation expense	\$ 3.0	\$ 1.8	\$ 0.6
SSAR compensation expense	—	0.1	0.2
RSU compensation expense	5.5	3.9	3.0
PSU compensation expense	7.9	3.4	2.5
Total stock-based compensation	\$ 16.4	\$ 9.2	\$ 6.3

Stock Option and SSAR Awards

The exercise price of each stock option and SSAR equals or exceeds the fair market price of our stock on the date of grant. Options/SSARs can generally be exercised over a maximum term of up to seven years. Stock options/SSARs outstanding as of December 31, 2013 generally vest ratably over three years. During 2013, 2012 and 2011, we granted only option awards. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model using the weighted average assumptions as outlined in the following table:

	Year Ended December 31,		
	2013	2012	2011
Weighted average expected lives	4.5 years	4.5 years	4.5 years
Weighted average risk-free interest rate	0.75 %	0.75 %	1.65 %
Weighted average expected volatility	55.3 %	55.7 %	50.7 %
Expected dividend yield	0.0 %	0.0 %	0.0 %
Weighted average grant date fair value	\$ 3.43	\$ 5.41	\$ 3.85

Prior to 2012 we utilized historical volatility for a pool of peer companies for a period of time that is comparable to the expected life of the option/SSAR to determine volatility assumptions for stock-based compensation. Beginning in 2012 volatility was calculated using a combination of peer companies (50%) and ACCO Brands' historic volatility (50%). In 2013, volatility was calculated using a combination of peer companies (25%) and ACCO Brands' historic volatility (75%). The weighted average expected option/SSAR term reflects the application of the simplified method, which defines the life as the average of the contractual term of the option/SSAR and the weighted average vesting period for all option tranches. The risk-free interest rate for the expected term of the option is based on the U.S. Treasury yield curve in effect at the time of grant. Forfeitures are estimated at the time of grant in order to calculate the amount of share-based payment awards ultimately expected to vest. The forfeiture rate is based on historical experience.

A summary of the changes in stock options/SSARs outstanding under our stock compensation plans during the year ended December 31, 2013 is presented below:

	Number Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2012	4,878,553	\$ 10.12		
Granted	1,312,986	\$ 7.59		
Exercised	(115,212)	\$ 0.81		
Lapsed	(1,269,852)	\$ 15.27		
Outstanding at December 31, 2013	4,806,475	\$ 8.30	3.6 years	\$ 8.1 million
Exercisable shares at December 31, 2013	2,969,369	\$ 8.07	2.2 years	\$ 8.1 million
Options/SSARs vested or expected to vest	4,684,508	\$ 8.28	3.5 years	\$ 8.1 million

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

We received cash of \$0.2 million from the exercise of stock options for the year ended December 31, 2012. No options were exercised in the year ended December 31, 2013. The aggregate intrinsic value of options exercised during the year ended December 31, 2012, was not significant.

The aggregate intrinsic value of SSARs exercised during the years ended December 31, 2013, 2012 and 2011 totaled \$0.7 million, \$2.5 million and \$3.0 million, respectively.

The fair value of options and SSARs vested during the years ended December 31, 2013, 2012 and 2011 was \$1.9 million, \$1.0 million and \$0.6 million, respectively. As of December 31, 2013, we had unrecognized compensation expense related to stock options of \$4.7 million, which will be recognized over a weighted-average period of 1.9 years.

Stock Unit Awards

RSUs vest over a pre-determined period of time, generally three to four years from the date of grant. Stock-based compensation expense for the years ended December 31, 2013, 2012 and 2011 includes \$0.9 million, \$0.9 million and \$0.6 million, respectively, of expense related to RSUs granted to non-employee directors, which became fully vested on the grant date. PSUs also vest over a pre-determined period of time, minimally three years, but are further subject to the achievement of certain business performance criteria in future periods. Based upon the level of achieved performance, the number of shares actually awarded can vary from 0% to 150% of the original grant.

There were 2,021,123 RSUs outstanding at December 31, 2013. All outstanding RSUs as of December 31, 2013 vest within four years of their date of grant. Also outstanding at December 31, 2013 were 2,294,792 PSUs. All outstanding PSUs as of December 31, 2013 vest at the end of their respective performance periods subject to achievement of the performance targets associated with such awards. Upon vesting, all of the remaining PSU awards will be converted into the right to receive one share of common stock of the Company for each unit that vests. The cost of these awards is determined using the fair value of the shares on the date of grant, and compensation expense is generally recognized over the period during which the employees provide the requisite service to the Company. We generally recognize compensation expense for our PSU awards ratably over the performance period based on management's judgment of the likelihood that performance measures will be attained. We generally recognize compensation expense for our RSU awards ratably over the service period.

A summary of the changes in the stock unit awards outstanding under our equity compensation plans during 2013 is presented below:

	Stock Units	Weighted Average Grant Date Fair Value
Outstanding at December 31, 2012	2,999,597	\$ 9.78
Granted	1,965,814	\$ 7.54
Vested	(506,663)	\$ 7.15
Forfeited and cancelled	(278,723)	\$ 9.63
Other - increase due to performance of PSU's	135,890	\$ 9.03
Outstanding at December 31, 2013	4,315,915	\$ 9.06

The weighted-average grant date fair value of our stock unit awards was \$7.54, \$11.54, and \$8.73 for the years ended December 31, 2013, 2012 and 2011, respectively. The fair value of stock unit awards that vested during the years ended December 31, 2013, 2012 and 2011 was \$3.6 million, \$5.0 million and \$2.5 million, respectively. As of December 31, 2013, we have unrecognized compensation expense related to RSUs and PSUs of \$6.7 million and \$8.0 million, respectively. The unrecognized compensation expense related to RSUs and PSUs will be recognized over a weighted-average period of 1.7 years and 1.6 years, respectively.

We will satisfy the requirement for delivering the common shares for stock-based plans by issuing new shares.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

7. Inventories

Inventories are stated at the lower of cost or market value. The components of inventories were as follows:

<i>(in millions of dollars)</i>	December 31,	
	2013	2012
Raw materials	\$ 36.1	\$ 40.1
Work in process	2.4	5.4
Finished goods	216.2	220.0
Total inventories	<u>\$ 254.7</u>	<u>\$ 265.5</u>

8. Property, Plant and Equipment, Net

The components of net property, plant and equipment were as follows:

<i>(in millions of dollars)</i>	December 31,	
	2013	2012
Land and improvements	\$ 23.3	\$ 27.5
Buildings and improvements to leaseholds	133.3	151.3
Machinery and equipment	352.4	379.2
Construction in progress	39.5	33.4
	<u>548.5</u>	<u>591.4</u>
Less: accumulated depreciation	(295.2)	(317.8)
Property, plant and equipment, net ⁽¹⁾	<u>\$ 253.3</u>	<u>\$ 273.6</u>

(1) Net property, plant and equipment as of December 31, 2013 and 2012 contained \$32.6 million and \$26.9 million of computer software assets, which are classified within machinery and equipment and construction in progress. Amortization of software costs was \$6.7 million, \$8.4 million and \$9.5 million for the years ended December 31, 2013, 2012 and 2011, respectively.

9. Goodwill and Identifiable Intangible Assets

Goodwill

Changes in the net carrying amount of goodwill by segment were as follows:

<i>(in millions of dollars)</i>	ACCO Brands North America	ACCO Brands International	Computer Products Group	Total
	Balance at December 31, 2011	\$ 77.8	\$ 50.4	\$ 6.8
Mead C&OP acquisition	318.7	144.7	—	463.4
Translation	(0.2)	(8.8)	—	(9.0)
Balance at December 31, 2012	<u>396.3</u>	<u>186.3</u>	<u>6.8</u>	<u>589.4</u>
Mead C&OP acquisition	1.4	0.5	—	1.9
Translation	(4.6)	(18.4)	—	(23.0)
Balance at December 31, 2013	<u>\$ 393.1</u>	<u>\$ 168.4</u>	<u>\$ 6.8</u>	<u>\$ 568.3</u>
Goodwill	\$ 524.0	\$ 252.6	\$ 6.8	\$ 783.4
Accumulated impairment losses	(130.9)	(84.2)	—	(215.1)
Balance at December 31, 2013	<u>\$ 393.1</u>	<u>\$ 168.4</u>	<u>\$ 6.8</u>	<u>\$ 568.3</u>

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Goodwill has been recorded on our balance sheet related to the Merger and represents the excess of the cost of the acquisition when compared to the fair value estimate of the net assets acquired on May 1, 2012 (the date of the Merger). See "Note 3. *Acquisitions*" for details on the calculation of the goodwill acquired in the Merger with Mead C&OP.

Identifiable Intangibles

We test indefinite-lived intangibles for impairment at least annually and on an interim basis if an event or circumstance indicates that it is more likely than not that an impairment loss has been incurred. We performed this annual assessment in the second quarter of 2013 and concluded that no impairment exists. However, due to the recent acquisition of Mead C&OP, the fair values of certain indefinite-lived trade names are not substantially above their carrying values.

The gross carrying value and accumulated amortization by class of identifiable intangible assets as of December 31, 2013 and 2012 were as follows:

<i>(in millions of dollars)</i>	December 31, 2013			December 31, 2012		
	Gross Carrying Amounts	Accumulated Amortization	Net Book Value	Gross Carrying Amounts	Accumulated Amortization	Net Book Value
Indefinite-lived intangible assets:						
Trade names	\$ 510.5	\$ (44.5) ⁽¹⁾	\$ 466.0	\$ 524.9	\$ (44.5) ⁽¹⁾	\$ 480.4
Amortizable intangible assets:						
Trade names	131.3	(47.5)	83.8	130.9	(36.7)	94.2
Customer and contractual relationships	102.7	(46.4)	56.3	103.7	(32.7)	71.0
Patents/proprietary technology	10.3	(9.4)	0.9	10.4	(9.4)	1.0
Subtotal	244.3	(103.3)	141.0	245.0	(78.8)	166.2
Total identifiable intangibles	\$ 754.8	\$ (147.8)	\$ 607.0	\$ 769.9	\$ (123.3)	\$ 646.6

(1) Accumulated amortization prior to the adoption of authoritative guidance on goodwill and other intangible assets, at which time further amortization ceased.

The Company's intangible amortization was \$24.7 million, \$19.9 million and \$6.3 million for the years ended December 31, 2013, 2012 and 2011, respectively. The increase was driven by incremental amortization as a result of the Merger.

Estimated amortization expense for amortizable intangible assets for the next five years is as follows:

<i>(in millions of dollars)</i>	2014	2015	2016	2017	2018
Estimated amortization expense	\$ 22.3	\$ 19.9	\$ 17.5	\$ 14.3	\$ 12.1

Actual amounts of amortization expense may differ from estimated amounts due to changes in foreign currency exchange rates, additional intangible asset acquisitions, impairment of intangible assets, accelerated amortization of intangible assets and other events.

10. Restructuring

During the fourth quarter of 2013, in light of current economic and industry conditions and in anticipation of an uncertain demand environment as well as the impact of industry consolidation in 2014, we committed to restructuring actions that were primarily focused on streamlining our North American school, office and computer products operations. These actions will reduce approximately 12% of our North American salaried workforce, impacting all operational, supply chain and administrative functions, with efforts beginning in early in 2014. Such efforts are expected to be complete by the end of 2014.

Also during the year 2013, we committed to incremental cost savings plans intended to improve the efficiency and effectiveness of our businesses. These plans relate to cost-reduction initiatives within our North American and International segments, and are primarily associated with post-merger integration activities of the North American operations following the Merger and changes in the European business model and manufacturing footprint. The most significant of these plans was finalized

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

during the second quarter of 2013, and relates to the closure of our Brampton, Canada distribution and manufacturing facility and relocation of its activities to other facilities within the Company.

During the year 2012, we initiated cost savings plans related to the consolidation and integration of our then recently acquired Mead C&OP business. The most significant of these plans related to our dated goods business and included closure of a manufacturing and distribution facility in East Texas, Pennsylvania and relocation of its activities to other facilities within the Company, which was completed during the second quarter of 2013. We also committed to certain cost savings plans that are expected to improve the efficiency and effectiveness of our U.S. and European businesses, which were independent of any plans related to our acquisition of Mead C&OP.

During the years ended December 31, 2013 and 2012, we recorded restructuring charges of \$30.1 million and \$24.3 million, respectively. No new restructuring initiatives were expensed in the year ended December 31, 2011.

A summary of the activity in the restructuring accounts and a reconciliation of the liability for the year ended December 31, 2013 was as follows:

<i>(in millions of dollars)</i>	Balance at December 31, 2012	Provision	(Cash Expenditures)/ Proceeds	Non-cash Items/ Currency Change	Balance at December 31, 2013
Employee termination costs	\$ 15.2	\$ 26.4	\$ (22.5)	\$ —	\$ 19.1
Termination of lease agreements	0.2	1.9	(0.7)	—	1.4
Asset impairments/net loss on disposal of assets resulting from restructuring activities	—	1.2	0.5	(1.7)	—
Other	—	0.6	(0.6)	—	—
Total restructuring liability	\$ 15.4	\$ 30.1	\$ (23.3)	\$ (1.7)	\$ 20.5

Management expects the \$19.1 million employee termination costs balance to be substantially paid within the next 12 months. Cash payments associated with lease termination costs of \$1.4 million are expected to be paid within the next 6 months.

Not included in the restructuring table above is a \$2.5 million net gain on the sale of the Company's Ireland distribution facility. The sale, which occurred during the second quarter of 2013, generated net cash proceeds of \$3.8 million. The gain on sale has been recognized in the Consolidated Statements of Income in SG&A.

A summary of the activity in the restructuring accounts and a reconciliation of the liability for the year ended December 31, 2012 was as follows:

<i>(in millions of dollars)</i>	Balance at December 31, 2011	Provision/ (Income)	Cash Expenditures	Non-cash Items/ Currency Change	Balance at December 31, 2012
Employee termination costs	\$ 0.3	\$ 24.0	\$ (9.2)	\$ 0.1	\$ 15.2
Termination of lease agreements	0.7	(0.1)	(0.4)	—	0.2
Asset impairments/net loss on disposal of assets resulting from restructuring activities	0.2	0.3	(0.3)	(0.2)	—
Other	—	0.1	(0.1)	—	—
Total restructuring liability	\$ 1.2	\$ 24.3	\$ (10.0)	\$ (0.1)	\$ 15.4

Not included in the restructuring table above is a \$0.1 million net gain on the sale of a manufacturing facility and certain assets in the U.K. The sale, which occurred during the second quarter of 2012, generated net cash proceeds of \$2.7 million. The gain on sale has been recognized in the Consolidated Statements of Income in SG&A.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

A summary of the activity in the restructuring accounts and a reconciliation of the liability for the year ended December 31, 2011 was as follows:

<i>(in millions of dollars)</i>	Balance at December 31, 2010	Provision/ (Income)	Cash Expenditures	Non-cash Items/ Currency Change	Balance at December 31, 2011
Employee termination costs	\$ 2.2	\$ (0.6)	\$ (1.4)	\$ 0.1	\$ 0.3
Termination of lease agreements	3.0	(0.5)	(1.9)	0.1	0.7
Asset impairments/net loss on disposal of assets resulting from restructuring activities	—	0.4	(0.1)	(0.1)	0.2
Total restructuring liability	<u>\$ 5.2</u>	<u>\$ (0.7)</u>	<u>\$ (3.4)</u>	<u>\$ 0.1</u>	<u>\$ 1.2</u>

In addition to the restructuring described above, in the first quarter of 2011 we initiated plans to rationalize our European operations. The associated costs primarily relate to employee terminations, which were accounted for as regular business expenses and were largely offset by associated savings realized during the remainder of the 2011 year. These costs totaled \$4.5 million during the year ended December 31, 2011 and are included within SG&A in the Consolidated Statements of Income.

A summary of the activity in the rationalization charges and a reconciliation of the liability for the year ended December 31, 2011 was as follows:

<i>(in millions of dollars)</i>	Balance at December 31, 2010	Provision	Cash Expenditures	Non-cash Items/ Currency Change	Balance at December 31, 2011
Employee termination costs	\$ —	\$ 4.5	\$ (4.2)	\$ 0.1	\$ 0.4

The \$0.4 million of employee termination costs remaining as of December 31, 2011 were paid in 2012.

11. Income Taxes

The components of income (loss) before income taxes from continuing operations were as follows:

<i>(in millions of dollars)</i>	2013	2012	2011
Domestic operations	\$ 1.8	\$ (94.9)	\$ (48.6)
Foreign operations	89.9	90.5	91.5
Total	<u>\$ 91.7</u>	<u>\$ (4.4)</u>	<u>\$ 42.9</u>

The reconciliation of income taxes computed at the U.S. federal statutory income tax rate of 35% to our effective income tax rate for continuing operations was as follows:

<i>(in millions of dollars)</i>	2013	2012	2011
Income tax at U.S. statutory rate of 35%	\$ 32.1	\$ (1.5)	\$ 15.0
State, local and other tax, net of federal benefit	(1.4)	(0.6)	(1.3)
U.S. effect of foreign dividends and earnings	7.5	23.7	11.6
Unrealized foreign currency (loss) gain on intercompany debt	(3.5)	(7.7)	0.9
Foreign income taxed at a lower effective rate	(6.4)	(7.2)	(7.7)
(Decrease) increase in valuation allowance	(11.6)	(145.1)	5.4
U.S. effect of capital gain	—	11.0	—
Correction of deferred tax error	(3.1)	0.8	—
Change in prior year tax estimates	(0.8)	(0.4)	1.0
Other	1.6	5.6	(0.6)
Income taxes as reported	<u>\$ 14.4</u>	<u>\$ (121.4)</u>	<u>\$ 24.3</u>
Effective tax rate	15.7%	NM	56.6%

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Notes to Consolidated Financial Statements (Continued)

For 2013, we recorded an income tax expense from continuing operations of \$14.4 million on income before taxes of \$91.7 million. Included in the results for 2013 is an out-of-period adjustment of \$3.1 million made to correct an error related to the estimate of the tax benefit for certain equity compensation grants exercised during 2012. The Company determined that the impact of the error was not significant to the current or prior period, and accordingly a restatement of the prior period tax expense was not deemed to be necessary. The low effective rate for 2013 of 15.7% is primarily due to the net tax benefit from the release of foreign valuation allowances of \$11.6 million and due to earnings from foreign jurisdictions which are taxed at a lower rate.

We continually review the need for establishing or releasing valuation allowances on our deferred tax attributes. Following the Merger in the second quarter of 2012, the Company analyzed its need for maintaining valuation reserves against the expected U.S. future tax benefits. Based on that analysis the Company determined that as of June 30, 2012 there existed sufficient evidence in the form of future taxable income from the combined operations to release \$126.1 million of the valuation allowance that had been previously recorded against the U.S. deferred income tax assets. Also in 2012, valuation allowances in the amount of \$19.0 million were released in certain foreign jurisdictions. In 2013, the company had a net tax benefit from the release and generation of valuation allowances in certain foreign jurisdictions in the amount of \$11.6 million due to there being sufficient evidence in the form of future taxable income in those jurisdictions. The resulting deferred tax assets are comprised principally of net operating loss carryforwards that are expected to be fully realized within the expiration period and other temporary differences.

For 2012, we recorded an income tax benefit from continuing operations of \$121.4 million on a loss before taxes of \$4.4 million. The tax benefit for 2012 was primarily due to the \$145.1 million release of certain valuation allowances.

For the year ended December 31, 2011, income tax expense from continuing operations was \$24.3 million on income before taxes of \$42.9 million. The high effective rate for 2011 of 56.6% was due to net increases in the valuation allowance of \$5.4 million. No tax benefit was being provided on losses incurred in the U.S. and certain foreign jurisdictions where valuation allowances were recorded against certain tax benefits.

The effective tax rates for discontinued operations were 35.0%, 25.6% and 13.4% in 2013, 2012 and 2011, respectively. The lower rate in 2011 reflects the benefit of the goodwill tax basis and prior year capital loss carryforwards that reduced the taxable gain on the sale of GBC Fordigraph in Australia.

The U.S. federal statute of limitations remains open for the year 2010 and forward. Foreign and U.S. state jurisdictions have statutes of limitations generally ranging from 3 to 5 years. Years still open to examination by foreign tax authorities in major jurisdictions include Australia (2009 forward), Brazil (2008 forward), Canada (2005 forward) and the U.K. (2011 forward). We are currently under examination in various foreign jurisdictions.

The components of the income tax expense from continuing operations were as follows:

<i>(in millions of dollars)</i>	2013	2012	2011
Current expense			
Federal and other	\$ 0.8	\$ 6.0	\$ 0.3
Foreign	25.3	27.1	19.8
Total current income tax expense	26.1	33.1	20.1
Deferred (benefit) expense			
Federal and other	(2.8)	(129.5)	4.9
Foreign	(8.9)	(25.0)	(0.7)
Total deferred income tax (benefit) expense	(11.7)	(154.5)	4.2
Total income tax expense (benefit)	\$ 14.4	\$ (121.4)	\$ 24.3

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Notes to Consolidated Financial Statements (Continued)

The components of deferred tax assets (liabilities) were as follows:

<i>(in millions of dollars)</i>	2013	2012
Deferred tax assets		
Compensation and benefits	\$ 17.6	\$ 15.6
Pension	19.0	38.5
Inventory	7.2	5.8
Other reserves	20.9	18.0
Accounts receivable	6.8	6.0
Foreign tax credit carryforwards	20.5	20.5
Net operating loss carryforwards	113.5	135.2
Other	8.8	6.3
Gross deferred income tax assets	214.3	245.9
Valuation allowance	(33.0)	(55.4)
Net deferred tax assets	181.3	190.5
Deferred tax liabilities		
Depreciation	(19.6)	(27.3)
Identifiable intangibles	(260.0)	(257.4)
Unrealized foreign currency gain on intercompany debt	—	(3.3)
Gross deferred tax liabilities	(279.6)	(288.0)
Net deferred tax liabilities	\$ (98.3)	\$ (97.5)

Deferred income taxes are not provided on certain undistributed earnings of foreign subsidiaries that are expected to be permanently reinvested in those companies, which aggregate to approximately \$606 million and \$586 million as of December 31, 2013 and at 2012, respectively. If these amounts were distributed to the U.S., in the form of a dividend or otherwise, we would be subject to additional U.S. income taxes. Determination of the amount of unrecognized deferred income tax liabilities on these earnings is not practicable.

At December 31, 2013, \$334.6 million of net operating loss carryforwards are available to reduce future taxable income of domestic and international companies. These loss carryforwards expire in the years 2014 through 2032 or have an unlimited carryover period.

Interest and penalties related to unrecognized tax benefits are recognized within "Income tax expense (benefit)" in the Consolidated Statements of Income. As of December 31, 2013, we have accrued a cumulative amount of \$3.6 million for interest and penalties on unrecognized tax benefits.

A reconciliation of the beginning and ending amount of unrecognized tax benefits were as follows:

<i>(in millions of dollars)</i>	2013	2012	2011
Balance at beginning of year	\$ 56.3	\$ 5.5	\$ 5.7
Additions for tax positions of prior years	2.4	2.0	0.1
Reductions for tax positions of prior years	—	(1.5)	(0.2)
Settlements	(0.1)	—	(0.1)
Mead C&OP acquisition	—	50.3	—
Foreign exchange changes	(6.5)	—	—
Balance at end of year	\$ 52.1	\$ 56.3	\$ 5.5

As of December 31, 2013 the amount of unrecognized tax benefits decreased to \$52.1 million, of which \$47.4 million would affect our effective tax rate, if recognized. We expect the amount of unrecognized tax benefits to change within the next twelve months, but these changes are not expected to have a significant impact on our results of operations or financial position. None of the positions included in the unrecognized tax benefit relate to tax positions for which the ultimate deductibility is highly certain, but for which there is uncertainty about the timing of such deductibility.

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Notes to Consolidated Financial Statements (Continued)

Income Tax Assessment

In connection with our May 1, 2012 acquisition of Mead C&OP we assumed all of the tax liabilities for the acquired foreign operations. In December of 2012, the Federal Revenue Department of the Ministry of Finance of Brazil ("FRD") issued a tax assessment against our newly acquired indirect subsidiary, Tilibra Produtos de Papelaria Ltda. ("Tilibra"), which challenged the tax deduction of goodwill from Tilibra's taxable income for the year 2007. A second assessment challenging the deduction of goodwill from Tilibra's taxable income for the years 2008, 2009 and 2010 was issued by FRD in October 2013. The assessments seek payment of approximately R 95.2 million (\$40.4 million based on current exchange rates) of tax, penalties and interest.

Tilibra is disputing both of the tax assessments through established administrative procedures. We believe we have meritorious defenses and intend to vigorously contest these matters; however, there can be no assurances that we will ultimately prevail. We are in the early stages of the process to challenge the FRD's tax assessments, and the ultimate outcome will not be determined until the Brazilian tax appeal process is complete, which is expected to take a number of years. In addition, Tilibra's 2011-2012 tax years remain open and subject to audit, and there can be no assurances that we will not receive additional tax assessments regarding the goodwill deducted for the Tilibra acquisition for one or more of those years. If the FRD's initial position is ultimately sustained, the amount assessed would adversely affect our cash flow in the year of settlement.

Because there is no settled legal precedent on which to base a definitive opinion as to whether we will ultimately prevail, the Company considers the outcome of this dispute to be uncertain. Since it is not more likely than not that we will prevail, in the fourth quarter of 2012, we recorded a reserve in the amount of \$44.5 million in consideration of this contingency, of which \$43.3 million was recorded as an adjustment to the purchase price and included the 2008-2012 tax years plus interest and penalties through December 2012. In addition, the Company will continue to accrue interest related to this contingency until such time as the outcome is known or until evidence is presented that we are more likely than not to prevail. During 2013 and 2012, the Company accrued additional interest as a charge to current tax expense of \$1.8 million and \$1.2 million, respectively.

12. Earnings per Share

Total outstanding shares as of December 31, 2013 and 2012 were 113.7 million and 113.1 million, respectively. On May 1, 2012 we issued 57.1 million shares of stock related to the Merger. The calculation of basic earnings per common share is based on the weighted average number of common shares outstanding in the year, or period, over which they were outstanding. Our calculation of diluted earnings per common share assumes that any common shares outstanding were increased by shares that would be issued upon exercise of those stock units for which the average market price for the period exceeds the exercise price; less, the shares that could have been purchased by us with the related proceeds, including compensation expense measured but not yet recognized, net of tax.

<i>(in millions)</i>	2013	2012	2011
Weighted-average number of common shares outstanding — basic	113.5	94.1	55.2
Stock options	—	0.1	0.1
Stock-settled stock appreciation rights	0.9	0.9	1.7
Restricted stock units	1.3	1.0	0.6
Adjusted weighted-average shares and assumed conversions — diluted	115.7	96.1	57.6

Awards of shares representing approximately 4.9 million, 5.4 million and 4.3 million as of December 31, 2013, 2012 and 2011, respectively, of potentially dilutive shares of common stock were outstanding and are not included in the computation of dilutive earnings per share as their effect would have been anti-dilutive because their exercise prices were higher than the average market price during the period.

13. Derivative Financial Instruments

We are exposed to various market risks, including changes in foreign currency exchange rates and interest rate changes. We enter into financial instruments to manage and reduce the impact of these risks, not for trading or speculative purposes. The counterparties to these financial instruments are major financial institutions. We continually monitor our foreign currency exposures in order to maximize the overall effectiveness of our foreign currency hedge positions. Principal currencies hedged include the U.S. dollar, Euro, Australian dollar, Canadian dollar and British pound. We are subject to credit risk, which relates to the ability

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of counterparties to meet their contractual payment obligations or the potential non-performance by counterparties to financial instrument contracts. Management continues to monitor the status of our counterparties and will take action, as appropriate, to further manage our counterparty credit risk. There are no credit contingency features in our derivative financial instruments.

When hedge accounting is applicable, the date in which we enter into a derivative, the derivative is designated as a hedge of the identified exposure. We measure the effectiveness of our hedging relationships both at hedge inception and on an ongoing basis.

Forward Currency Contracts

We enter into forward foreign currency contracts to reduce the effect of fluctuating foreign currencies, primarily on foreign denominated inventory purchases and intercompany loans. The majority of the Company's exposure to local currency movements is in Europe, Australia, Canada, Brazil, Mexico and Japan.

Forward currency contracts are used to hedge foreign denominated inventory purchases for Europe, Australia, Canada and Japan and are designated as cash flow hedges. Unrealized gains and losses on these contracts for inventory purchases are deferred in other comprehensive income (loss) until the contracts are settled and the underlying hedged transactions are recognized, at which time the deferred gains or losses will be reported in the "Cost of products sold" line in the Consolidated Statements of Income. As of December 31, 2013 and December 31, 2012, the Company had cash flow designated foreign exchange contracts outstanding with a U.S. dollar equivalent notional value of \$88.7 million and \$85.0 million, respectively.

Forward currency contracts used to hedge foreign denominated intercompany loans are not designated as hedging instruments. Gains and losses on these derivative instruments are recognized within "Other expense, net" in the Consolidated Statements of Income and are largely offset by the changes in the fair value of the hedged item. The periods of the forward foreign exchange contracts correspond to the periods of the hedged transactions, and do not extend beyond 2014. As of December 31, 2013 and 2012, we have undesignated foreign exchange contracts outstanding with a U.S. dollar equivalent notional value of \$55.5 million and \$90.4 million, respectively.

The following table summarizes the fair value of our derivative financial instruments as of December 31, 2013 and 2012:

		Fair Value of Derivative Instruments					
		Derivative Assets			Derivative Liabilities		
		Balance Sheet Location	December 31, 2013	December 31, 2012	Balance Sheet Location	December 31, 2013	December 31, 2012
<i>(in millions of dollars)</i>							
Derivatives designated as hedging instruments:							
Foreign exchange contracts	Other current assets	\$ 1.4	\$ 0.7	Other current liabilities	\$ 0.8	\$ 0.6	
Derivatives not designated as hedging instruments:							
Foreign exchange contracts	Other current assets	0.4	0.5	Other current liabilities	0.1	0.2	
Total derivatives		\$ 1.8	\$ 1.2		\$ 0.9	\$ 0.8	

The following tables summarizes the pre-tax effect of the Company's derivative financial instruments on the Consolidated Statements of Income for the years ended December 31, 2013, 2012 and 2011:

The Effect of Derivative Instruments in Cash Flow Hedging Relationships on the Consolidated Statements of Income for the Years Ended December 31,							
	Amount of Gain (Loss) Recognized in OCI (Effective Portion)			Location of (Gain) Loss Reclassified from OCI to Income	Amount of (Gain) Loss Reclassified from AOCI to Income (Effective Portion)		
	2013	2012	2011		2013	2012	2011
<i>(in millions of dollars)</i>							
Cash flow hedges:							
Foreign exchange contracts	3.7	\$ (0.2)	\$ (0.3)	Cost of products sold	\$ (3.4)	\$ (1.9)	\$ 4.4

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

**The Effect of Derivatives Not Designated as Hedging Instruments
on the Consolidated Statements of Income**

	Location of (Gain) Loss Recognized in Income on Derivatives	Amount of (Gain) Loss Recognized in Income year ended December 31,		
		2013	2012	2011
Foreign exchange contracts	Other expense, net	\$ (0.6)	\$ 2.3	\$ 0.9

14. Fair Value of Financial Instruments

In establishing a fair value, there is a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The basis of the fair value measurement is categorized in three levels, in order of priority, as described below:

Level 1	Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2	Unadjusted quoted prices in active markets for similar assets or liabilities, or Unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or Inputs other than quoted prices that are observable for the asset or liability
Level 3	Unobservable inputs for the asset or liability

We utilize the best available information in measuring fair value. Financial assets and liabilities are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

We have determined that our financial assets and liabilities described in See "Note 13. *Derivative Financial Instruments*" are Level 2 in the fair value hierarchy. The following table sets forth our financial assets and liabilities that were accounted for at fair value on a recurring basis as of December 31, 2013 and 2012:

<i>(in millions of dollars)</i>	December 31, 2013	December 31, 2012
Assets:		
Forward currency contracts	\$ 1.8	\$ 1.2
Liabilities:		
Forward currency contracts	\$ 0.9	\$ 0.8

Our forward currency contracts are included in "Other current assets" or "Other current liabilities" and mature within 12 months. The forward foreign currency exchange contracts are primarily valued based on the foreign currency spot and forward rates quoted by the banks or foreign currency dealers. As such, these derivative instruments are classified within Level 2.

The fair values of cash and cash equivalents, notes payable to banks, accounts receivable and accounts payable approximate carrying amounts due principally to their short maturities. The carrying amount of total debt was \$920.9 million and \$1,072.1 million and the estimated fair value of total debt was \$912.2 million and \$1,097.5 million at December 31, 2013 and 2012, respectively. The fair values are determined from quoted market prices, where available, and from investment bankers using current interest rates considering credit ratings and the remaining terms of maturity.

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Notes to Consolidated Financial Statements (Continued)

15. Accumulated Other Comprehensive Income (Loss)

Comprehensive income is defined as net income (loss) and other changes in stockholders' equity from transactions and other events from sources other than stockholders. The components of, and changes in, accumulated other comprehensive income (loss) were as follows:

<i>(in millions of dollars)</i>	Derivative Financial Instruments	Foreign Currency Adjustments	Unrecognized Pension and Other Post-retirement Benefit Costs	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2011	\$ 2.2	\$ (17.1)	\$ (116.1)	\$ (131.0)
Other comprehensive loss before reclassifications	(0.2)	(10.9)	(19.3)	(30.4)
Amounts reclassified from accumulated other comprehensive income (loss)	(1.9)	—	7.2	5.3
Balance at December 31, 2012	0.1	(28.0)	(128.2)	(156.1)
Other comprehensive income (loss) before reclassifications	2.6	(61.6)	24.4	(34.6)
Amounts reclassified from accumulated other comprehensive income (loss)	(2.4)	—	7.5	5.1
Balance at December 31, 2013	\$ 0.3	\$ (89.6)	\$ (96.3)	\$ (185.6)

The reclassifications out of accumulated other comprehensive income (loss) for the year ended December 31, 2013 were as follows:

<i>(in millions of dollars)</i>	Year Ended December 31,	
	2013	
Details about Accumulated Other Comprehensive Income Components	Amount of (Gain) Loss Reclassified from Accumulated Other Comprehensive Income (Loss)	Affected Line Item in the Statement of Comprehensive Income (Loss)
Gain on cash flow hedges:		
Foreign exchange contracts	\$ (3.4)	Cost of products sold
	(3.4)	Total before tax
	1.0	Tax benefit
	\$ (2.4)	Net of tax
Defined benefit plan items:		
Amortization of actuarial loss	\$ 11.5	(1)
	11.5	Total before tax
	(4.0)	Tax expense
	\$ 7.5	Net of tax
Total reclassifications for the period	\$ 5.1	Net of tax

- (1) This accumulated other comprehensive income component is included in the computation of net periodic benefit cost for pension and post-retirement plans (See "Note 5. Pension and Other Retiree Benefits" for additional details).

16. Information on Business Segments

ACCO Brands is organized into three business segments: ACCO Brands North America, ACCO Brands International and Computer Products Group. Our three business segments are described below.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

ACCO Brands North America and ACCO Brands International

ACCO Brands North America and ACCO Brands International manufacture, source and sell traditional office products, school supplies and calendar products. ACCO Brands North America comprises the U.S. and Canada, and ACCO Brands International comprises the rest of the world, principally Europe, Latin America, Australia, and Asia-Pacific.

Our office, school and calendar product lines use name brands such as: AT-A-GLANCE®, Day-Timer®, Five Star®, GBC®, Hilroy®, Marbig, Mead®, NOBO, Quartet®, Rexel, Swingline®, Tilibra®, Wilson Jones® and many others. Products and brands are not confined to one channel or product category and are sold based on end-user preference in each geographic location. We manufacture approximately 50% of our products, and specify and source approximately 50% of our products, primarily from Asia.

The majority of our office products, such as stapling, binding and laminating equipment and related consumable supplies, shredders and whiteboards, are used by businesses. Most of these end-users purchase their products from our customers, which include commercial contract stationers, mass merchandisers, retail superstores, wholesalers, resellers, e-tailers, club stores and dealers. We also supply some of our products directly to large commercial and industrial end-users and provide business machine maintenance and certain repair services.

Our school products include notebooks, folders, decorative calendars, and stationery products. We distribute our school products primarily through traditional and online retail, mass merchandisers, grocery, drug and office superstore channels. We also supply private label products within the school products sector.

Our calendar products are sold throughout all channels where we sell office or school products, as well as direct to consumers.

The customer base to which we sell our products is primarily made up of large global and regional resellers of our products. Mass and retail channels primarily sell to individual consumers but also to small businesses. Office superstores primarily sell to commercial customers but also to individual consumers and small businesses at their retail stores. As a result, there is no clear correlation between product, consumer or distribution channel. We also sell to commercial contract stationers, wholesalers, distributors, e-tailers, and independent dealers. Over half of our product sales by our customers are to business end-users, who generally seek premium products that have added value or ease-of-use features and a reputation for reliability, performance and professional appearance. Some of our binding and laminating equipment products are sold directly to high-volume end-users and commercial reprographic centers.

Computer Products Group

Our Computer Products Group designs, sources, distributes, markets and sells accessories for laptop and desktop computers and tablets and smartphones. These accessories primarily include security products, tablet covers and keypads, smartphone accessories, power adapters, input devices such as mice, laptop computer carrying cases, hubs, docking stations and ergonomic devices. We sell these products mostly under the Kensington®, Microsaver® and ClickSafe® brand names, with the majority of our revenue coming from the U.S. and Western Europe. Our computer products are manufactured by third-party suppliers, principally in Asia, and distributed from our regional facilities. Our computer products are sold primarily to consumer electronics retailers, information technology value-added resellers, original equipment manufacturers and office products retailers.

Net sales by business segment for the years ended December 31, 2013, 2012 and 2011 were as follows:

<i>(in millions of dollars)</i>	2013	2012	2011
ACCO Brands North America	\$ 1,041.4	\$ 1,028.2	\$ 623.1
ACCO Brands International	566.6	551.2	505.0
Computer Products Group	157.1	179.1	190.3
Net sales	<u>\$ 1,765.1</u>	<u>\$ 1,758.5</u>	<u>\$ 1,318.4</u>

Operating income by business segment for the years ended December 31, 2013, 2012 and 2011 were as follows (a):

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

<i>(in millions of dollars)</i>	2013	2012	2011
ACCO Brands North America	\$ 98.2	\$ 86.2	\$ 37.4
ACCO Brands International	66.5	62.0	58.9
Computer Products Group	13.7	35.9	47.1
Segment operating income	178.4	184.1	143.4
Corporate	(32.6)	(44.8)	(28.2)
Operating income	145.8	139.3	115.2
Interest expense, net	54.7	89.3	77.2
Equity in earnings of joint ventures	(8.2)	(6.9)	(8.5)
Other expense, net	7.6	61.3	3.6
Income (loss) from continuing operations before income tax	\$ 91.7	\$ (4.4)	\$ 42.9

- (a) Operating income as presented in the segment table above is defined as i) net sales; ii) less cost of products sold; iii) less advertising, selling, general and administrative expenses; iv) less amortization of intangibles; and v) less restructuring charges.

Segment assets:

The following table presents the measure of segment assets used by the Company's chief operating decision maker.

<i>(in millions of dollars)</i>	December 31,	
	2013	2012
ACCO Brands North America (b)	\$ 465.4	\$ 505.1
ACCO Brands International (b)	464.1	486.4
Computer Products Group (b)	88.1	90.3
Total segment assets	1,017.6	1,081.8
Unallocated assets	1,364.3	1,424.5
Corporate (b)	1.0	1.4
Total assets	\$ 2,382.9	\$ 2,507.7

- (b) Represents total assets, excluding: goodwill and identifiable intangibles resulting from business acquisitions, intercompany balances, cash, deferred taxes, prepaid pension assets, prepaid debt issuance costs and joint ventures accounted for on an equity basis.

As a supplement to the presentation of segment assets presented above, the table below presents segment assets, including the allocation of identifiable intangible assets and goodwill resulting from business combinations.

<i>(in millions of dollars)</i>	December 31,	
	2013	2012
ACCO Brands North America (c)	\$ 1,332.0	\$ 1,398.6
ACCO Brands International (c)	758.4	814.3
Computer Products Group (c)	102.4	104.8
Total segment assets	2,192.8	2,317.7
Unallocated assets	189.1	188.6
Corporate (c)	1.0	1.4
Total assets	\$ 2,382.9	\$ 2,507.7

- (c) Represents total assets, excluding: intercompany balances, cash, deferred taxes, prepaid pension assets, prepaid debt issuance costs and joint ventures accounted for on an equity basis.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Property, plant and equipment, net by geographic region were as follows:

<i>(in millions of dollars)</i>	December 31,	
	2013	2012
U.S.	\$ 134.4	\$ 141.0
Brazil	54.7	62.1
U.K.	30.5	22.7
Australia	13.7	17.1
Other countries	20.0	30.7
Property, plant and equipment, net	<u>\$ 253.3</u>	<u>\$ 273.6</u>

Net sales by geographic region for the years ended December 31, 2013, 2012 and 2011 were as follows (d):

<i>(in millions of dollars)</i>	Year Ended December 31,		
	2013	2012	2011
U.S.	\$ 955.5	\$ 959.2	\$ 621.3
Canada	159.7	160.8	105.2
Brazil	157.2	118.9	—
Netherlands	130.2	45.9	29.3
Australia	119.8	133.4	143.0
U.K.	101.3	98.0	115.6
Other countries	141.4	242.3	304.0
Net sales	<u>\$ 1,765.1</u>	<u>\$ 1,758.5</u>	<u>\$ 1,318.4</u>

(d) Net sales are attributed to geographic areas based on the location of the selling company.

Major Customers

Sales to our five largest customers totaled \$680.5 million, \$716.2 million and \$508.2 million in the years ended December 31, 2013, 2012 and 2011, respectively. Sales to Staples, our largest customer, were \$229.5 million (13%), \$236.3 million (13%) and \$175.9 million (13%) in the years ended December 31, 2013, 2012 and 2011, respectively. Sales to Office Depot, our second largest customer were \$138.9 million (11%) in the year ended December 31, 2011. Sales to no other customer exceeded 10% of consolidated sales for any of the last three years.

A significant percentage of our sales are to customers engaged in the office products resale industry. Concentration of credit risk with respect to trade accounts receivable is partially mitigated because a large number of geographically diverse customers make up each operating companies' domestic and international customer base, thus spreading the credit risk. At December 31, 2013 and 2012, our top five trade account receivables totaled \$194.0 million and \$184.3 million, respectively.

17. Joint Venture Investment

Summarized below is aggregated financial information for the Company's joint venture, which is accounted for under the equity method. Accordingly, we record our proportionate share of earnings or losses on the line entitled "Equity in earnings of joint ventures" in the Consolidated Statements of Income. Our share of the net assets of the joint venture is included within "Other non-current assets" in the Consolidated Balance Sheets.

<i>(in millions of dollars)</i>	Year Ended December 31,		
	2013	2012	2011
Net sales	\$ 105.4	\$ 116.6	\$ 121.0
Gross profit	44.8	47.9	48.5
Operating income	23.0	24.7	25.3
Net income	16.4	17.3	18.0

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

<i>(in millions of dollars)</i>	December 31,	
	2013	2012
Current assets	\$ 71.8	\$ 78.8
Non-current assets	32.5	34.2
Current liabilities	32.1	33.1
Non-current liabilities	4.9	9.7

The Company had previously announced its intention to pursue an exit strategy related to its Neschen GBC Graphics Films, LLC joint venture ("Neschen"). In October of 2013 we purchased the 50% of Neschen that we did not already own, and with effect from February 12, 2014 we sold all of our interest related to Neschen. As a result we have restated the historical presentation in this note to include only our one remaining joint venture.

18. Commitments and Contingencies

Pending Litigation

In connection with our May 1, 2012 acquisition of Mead C&OP we assumed all of the tax liabilities for the acquired foreign operations. See "Note 11. *Income Taxes - Income Tax Assessment*" for details on tax assessments issued by the Federal Revenue Department of the Ministry of Finance of Brazil ("FRD") against our newly acquired indirect subsidiary, Tilibra Produtos de Papelaria Ltda. ("Tilibra"), which challenged the tax deduction of goodwill from Tilibra's taxable income for the years 2007 through 2010.

There are various other claims, lawsuits and pending actions against us incidental to our operations. It is the opinion of management that the ultimate resolution of these matters will not have a material adverse effect on our consolidated financial position, results of operations or cash flows. However, we can make no assurances that we will ultimately be successful in our defense of any of these matters.

Lease Commitments

Future minimum rental payments for all non-cancelable operating leases (reduced by minor amounts from subleases) at December 31, 2013 were as follows:

<i>(in millions of dollars)</i>	
2014	\$ 22.5
2015	19.8
2016	16.5
2017	13.6
2018	11.7
Thereafter	38.0
Total minimum rental payments	\$ 122.1
Less minimum rentals to be received under non-cancelable subleases	6.4
	\$ 115.7

Total rental expense reported in our Consolidated Statements of Income for all non-cancelable operating leases (reduced by minor amounts for subleases) amounted to \$25.3 million, \$22.3 million and \$21.7 million for the years ended December 31, 2013, 2012 and 2011, respectively.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Unconditional Purchase Commitments

Future minimum payments under unconditional purchase commitments, primarily for inventory purchase commitments at December 31, 2013 were as follows:

(in millions of dollars)

2014	\$	80.0
2015		16.5
2016		10.4
2017		10.4
2018		2.5
Thereafter		—
Total unconditional purchase commitments	\$	119.8

Environmental

We are subject to federal, state and local laws and regulations concerning the discharge of materials into the environment and the handling, disposal and clean-up of waste materials and otherwise relating to the protection of the environment. It is not possible to quantify with certainty the potential impact of actions regarding environmental matters, particularly remediation and other compliance efforts that we may undertake in the future. In the opinion of our management, compliance with the present environmental protection laws, before taking into account estimated recoveries from third parties, will not have a material adverse effect upon our capital expenditures, financial condition or results of operations.

19. Discontinued Operations

During the second quarter of 2011, we sold GBC Fordigraph to The Neopost Group. The Australia-based business was formerly part of the ACCO Brands International segment and is included in the financial statements as discontinued operations. GBC Fordigraph represented \$45.9 million in annual net sales for the year ended December 31, 2010. We received final proceeds of \$52.9 million during 2011, inclusive of working capital adjustments and selling costs. In connection with this transaction, in 2011, the Company recorded a gain on sale of \$41.9 million (\$36.8 million after-tax).

Also included in discontinued operations are residual costs of our commercial print finishing business, which was sold in 2009. In association with ongoing legal disputes related to this business, the Company recorded expenses of \$0.2 million and \$2.0 million, during 2013 and 2012, respectively.

The operating results and financial position of discontinued operations were as follows:

(in millions, except per share data)

	2013	2012	2011
Operating Results:			
Net sales	\$ —	\$ —	\$ 19.9
Income from operations before income taxes	—	—	2.5
(Loss) gain on sale before income taxes	(0.3)	(2.1)	41.5
Income tax (benefit) expense	(0.1)	(0.5)	5.9
(Loss) income from discontinued operations	\$ (0.2)	\$ (1.6)	\$ 38.1
Per share:			
Basic income (loss) from discontinued operations	\$ —	\$ (0.02)	\$ 0.69
Diluted income (loss) from discontinued operations	\$ —	\$ (0.02)	\$ 0.66

Litigation-related accruals of \$1.2 million and \$2.4 million for discontinued operations are included in the line "Other current liabilities" as of December 31, 2013 and 2012, respectively.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

20. Quarterly Financial Information (Unaudited)

The following is an analysis of certain items in the Consolidated Statements of Income by quarter for 2013 and 2012:

<i>(in millions of dollars, except per share data)</i>	<u>1st Quarter</u>	<u>2nd Quarter</u>	<u>3rd Quarter</u>	<u>4th Quarter</u>
2013				
Net sales	\$ 352.0	\$ 440.2	\$ 469.2	\$ 503.7
Gross profit	96.7	137.1	141.1	169.9
Operating income (loss)	(9.2)	37.9	50.3	66.8
Income (loss) from continuing operations	(8.9)	9.5	26.4	50.3
Loss from discontinued operations, net of income taxes	(0.1)	—	—	(0.1)
Net income (loss)	\$ (9.0)	\$ 9.5	\$ 26.4	\$ 50.2
Basic income (loss) per share:				
Income (loss) from continuing operations (1)	\$ (0.08)	\$ 0.08	\$ 0.23	\$ 0.44
Loss from discontinued operations (1)	\$ —	\$ —	\$ —	\$ —
Net income (loss) (1)	\$ (0.08)	\$ 0.08	\$ 0.23	\$ 0.44
Diluted income (loss) per share:				
Income (loss) from continuing operations (1)	\$ (0.08)	\$ 0.08	\$ 0.23	\$ 0.43
Loss from discontinued operations (1)	\$ —	\$ —	\$ —	\$ —
Net income (loss) (1)	\$ (0.08)	\$ 0.08	\$ 0.23	\$ 0.43
2012				
Net sales	\$ 288.9	\$ 438.7	\$ 501.2	\$ 529.7
Gross profit	79.8	124.3	151.2	178.1
Operating income	4.0	11.6	56.4	67.3
Income (loss) from continuing operations	(17.3)	94.2	55.2	(15.1)
Loss from discontinued operations, net of income taxes	(0.1)	—	—	(1.5)
Net income (loss)	\$ (17.4)	\$ 94.2	\$ 55.2	\$ (16.6)
Basic income (loss) per share:				
Income (loss) from continuing operations (1)	\$ (0.31)	\$ 1.00	\$ 0.49	\$ (0.13)
Loss from discontinued operations (1)	\$ —	\$ —	\$ —	\$ (0.01)
Net income (loss) (1)	\$ (0.31)	\$ 1.00	\$ 0.49	\$ (0.15)
Diluted income (loss) per share:				
Income (loss) from continuing operations (1)	\$ (0.31)	\$ 0.98	\$ 0.48	\$ (0.13)
Loss from discontinued operations (1)	\$ —	\$ —	\$ —	\$ (0.01)
Net income (loss) (1)	\$ (0.31)	\$ 0.98	\$ 0.48	\$ (0.15)

- (1) The sum of the quarterly earnings per share amounts may not equal the total for the year due to the effects of rounding and dilution as a result of issuing common shares during the year.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

21. Condensed Consolidated Financial Information

Certain of the Company's 100% owned domestic subsidiaries are required to jointly and severally, fully and unconditionally guarantee the 6.75% Senior Unsecured Notes that are due in the year 2020. Rather than filing separate financial statements for each guarantor subsidiary with the Securities and Exchange Commission, the Company has elected to present the following condensed consolidating financial statements, which detail the results of operations for the years ended December 31, 2013, 2012 and 2011, cash flows for the years ended December 31, 2013, 2012 and 2011 and financial position as of December 31, 2013 and 2012 of the Company and its guarantor and non-guarantor subsidiaries (in each case carrying investments under the equity method), and the eliminations necessary to arrive at the reported amounts included in the condensed consolidated financial statements of the Company. Certain previously reported amounts within the December 2012 condensed consolidating balance sheet have been revised to appropriately reflect the allocation of \$70.9 million of goodwill and receivables from affiliates within the Guarantor balance sheet. The revisions resulted in these line items in the condensed consolidating balance sheet moving between the guarantor and non-guarantor columns of the accompanying balance sheet presentation. Such revisions were immaterial to the previously reported guarantors' condensed consolidating balance sheet.

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Condensed Consolidating Balance Sheets

<i>(in millions of dollars)</i>	December 31, 2013				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 7.0	\$ 1.0	\$ 45.5	\$ —	\$ 53.5
Accounts receivable, net	—	177.3	294.6	—	471.9
Inventories	—	124.8	129.9	—	254.7
Receivables from affiliates	8.2	101.5	65.0	(174.7)	—
Deferred income taxes	20.9	—	12.6	—	33.5
Other current assets	0.6	8.8	18.7	—	28.1
Total current assets	36.7	413.4	566.3	(174.7)	841.7
Property, plant and equipment, net	4.1	130.3	118.9	—	253.3
Deferred income taxes	—	—	37.3	—	37.3
Goodwill	—	330.9	237.4	—	568.3
Identifiable intangibles, net	57.6	415.4	134.0	—	607.0
Other non-current assets	20.0	6.2	49.1	—	75.3
Investment in, long term receivable from affiliates	1,818.2	868.4	441.0	(3,127.6)	—
Total assets	\$ 1,936.6	\$ 2,164.6	\$ 1,584.0	\$ (3,302.3)	\$ 2,382.9
Liabilities and Stockholders' Equity					
Current liabilities:					
Current portion of long-term debt	\$ —	\$ 0.1	\$ —	\$ —	\$ 0.1
Accounts payable	—	81.4	96.5	—	177.9
Accrued compensation	4.6	12.3	15.1	—	32.0
Accrued customer programs liabilities	—	65.5	58.1	—	123.6
Accrued interest	7.0	—	—	—	7.0
Other current liabilities	3.0	39.1	62.4	—	104.5
Payables to affiliates	9.5	206.4	244.0	(459.9)	—
Total current liabilities	24.1	404.8	476.1	(459.9)	445.1
Long-term debt	920.7	0.1	—	—	920.8
Long-term notes payable to affiliates	178.3	26.7	35.2	(240.2)	—
Deferred income taxes	109.2	—	59.9	—	169.1
Pension and post-retirement benefit obligations	1.5	24.2	36.0	—	61.7
Other non-current liabilities	0.5	22.0	61.4	—	83.9
Total liabilities	1,234.3	477.8	668.6	(700.1)	1,680.6
Stockholders' equity:					
Common stock	1.1	448.1	267.4	(715.5)	1.1
Treasury stock	(3.5)	—	—	—	(3.5)
Paid-in capital	2,035.0	1,551.2	743.0	(2,294.2)	2,035.0
Accumulated other comprehensive loss	(185.6)	(45.6)	(99.7)	145.3	(185.6)
(Accumulated deficit) retained earnings	(1,144.7)	(266.9)	4.7	262.2	(1,144.7)
Total stockholders' equity	702.3	1,686.8	915.4	(2,602.2)	702.3
Total liabilities and stockholders' equity	\$ 1,936.6	\$ 2,164.6	\$ 1,584.0	\$ (3,302.3)	\$ 2,382.9

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Condensed Consolidating Balance Sheets

<i>(in millions of dollars)</i>	December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	\$ 12.1	\$ (3.0)	\$ 40.9	\$ —	\$ 50.0
Accounts receivable, net	—	193.9	304.8	—	498.7
Inventories	—	133.7	131.8	—	265.5
Receivables from affiliates	7.9	219.4	17.5	(244.8)	—
Deferred income taxes	18.1	—	13.0	—	31.1
Other current assets	1.0	13.0	15.0	—	29.0
Total current assets	39.1	557.0	523.0	(244.8)	874.3
Property, plant and equipment, net	0.3	140.7	132.6	—	273.6
Deferred income taxes	—	—	36.4	—	36.4
Goodwill	—	329.7	259.7	—	589.4
Identifiable intangibles, net	57.7	434.3	154.6	—	646.6
Other non-current assets	16.3	16.6	54.5	—	87.4
Investment in, long term receivable from affiliates	1,248.0	869.0	441.0	(2,558.0)	—
Total assets	\$ 1,361.4	\$ 2,347.3	\$ 1,601.8	\$ (2,802.8)	\$ 2,507.7
Liabilities and Stockholders' Equity					
Current liabilities:					
Notes payable to banks	\$ —	\$ —	\$ 1.2	\$ —	\$ 1.2
Current portion of long-term debt	—	0.1	—	—	0.1
Accounts payable	—	76.5	75.9	—	152.4
Accrued compensation	4.7	16.8	16.5	—	38.0
Accrued customer programs liabilities	—	63.8	55.2	—	119.0
Accrued interest	0.2	6.1	—	—	6.3
Other current liabilities	12.3	44.9	55.2	—	112.4
Payables to affiliates	28.5	191.8	245.0	(465.3)	—
Total current liabilities	45.7	400.0	449.0	(465.3)	429.4
Long-term debt	401.6	647.4	21.8	—	1,070.8
Long-term notes payable to affiliates	178.2	26.7	373.0	(577.9)	—
Deferred income taxes	93.8	—	71.2	—	165.0
Pension and post-retirement benefit obligations	1.8	60.9	57.1	—	119.8
Other non-current liabilities	1.1	13.9	68.5	—	83.5
Total liabilities	722.2	1,148.9	1,040.6	(1,043.2)	1,868.5
Stockholders' equity:					
Common stock	1.1	448.0	315.5	(763.5)	1.1
Treasury stock	(2.5)	—	—	—	(2.5)
Paid-in capital	2,018.5	1,192.0	347.6	(1,539.6)	2,018.5
Accumulated other comprehensive loss	(156.1)	(68.9)	(52.2)	121.1	(156.1)
Accumulated deficit	(1,221.8)	(372.7)	(49.7)	422.4	(1,221.8)
Total stockholders' equity	639.2	1,198.4	561.2	(1,759.6)	639.2
Total liabilities and stockholders' equity	\$ 1,361.4	\$ 2,347.3	\$ 1,601.8	\$ (2,802.8)	\$ 2,507.7

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Condensed Consolidating Statement of Comprehensive Income

<i>(in millions of dollars)</i>	Year Ended December 31, 2013				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Unaffiliated sales	\$ —	\$ 955.5	\$ 809.6	\$ —	\$ 1,765.1
Affiliated sales	—	15.7	4.4	(20.1)	—
Net sales	—	971.2	814.0	(20.1)	1,765.1
Cost of products sold	—	672.7	567.7	(20.1)	1,220.3
Gross profit	—	298.5	246.3	—	544.8
Advertising, selling, general and administrative expenses	40.6	180.6	123.0	—	344.2
Amortization of intangibles	0.1	19.7	4.9	—	24.7
Restructuring charges	0.5	14.3	15.3	—	30.1
Operating income (loss)	(41.2)	83.9	103.1	—	145.8
Expense (income) from affiliates	(1.5)	(21.7)	23.2	—	—
Interest expense (income), net	58.6	(0.1)	(3.8)	—	54.7
Equity in earnings of joint ventures	—	—	(8.2)	—	(8.2)
Other expense, net	4.8	0.8	2.0	—	7.6
Income (loss) from continuing operations before income taxes and earnings of wholly owned subsidiaries	(103.1)	104.9	89.9	—	91.7
Income tax expense (benefit)	(1.5)	—	15.9	—	14.4
Income (loss) from continuing operations	(101.6)	104.9	74.0	—	77.3
Loss from discontinued operations, net of income taxes	—	(0.2)	—	—	(0.2)
Income (loss) before earnings of wholly owned subsidiaries	(101.6)	104.7	74.0	—	77.1
Earnings of wholly owned subsidiaries	178.7	72.6	—	(251.3)	—
Net income	\$ 77.1	\$ 177.3	\$ 74.0	\$ (251.3)	\$ 77.1
Comprehensive income	\$ 47.6	\$ 200.6	\$ 26.5	\$ (227.1)	\$ 47.6

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Condensed Consolidating Statement of Comprehensive Income

<i>(in millions of dollars)</i>	Year Ended December 31, 2012				
	Parent	Guarantors	Non-Guarantors	Eliminations	Consolidated
Unaffiliated sales	\$ —	\$ 959.2	\$ 799.3	\$ —	\$ 1,758.5
Affiliated sales	—	17.3	4.1	(21.4)	—
Net sales	—	976.5	803.4	(21.4)	1,758.5
Cost of products sold	—	687.7	558.8	(21.4)	1,225.1
Gross profit	—	288.8	244.6	—	533.4
Advertising, selling, general and administrative expenses	46.6	172.9	130.4	—	349.9
Amortization of intangibles	0.1	15.3	4.5	—	19.9
Restructuring charges	—	20.2	4.1	—	24.3
Operating income (loss)	(46.7)	80.4	105.6	—	139.3
Expense (income) from affiliates	(1.3)	(24.6)	25.9	—	—
Interest expense (income), net	61.4	28.2	(0.3)	—	89.3
Equity in (earnings) losses of joint ventures	—	1.9	(8.8)	—	(6.9)
Other expense (income), net	59.7	3.3	(1.7)	—	61.3
(Loss) income from continuing operations before income taxes and earnings of wholly owned subsidiaries	(166.5)	71.6	90.5	—	(4.4)
Income tax benefit	(121.1)	(0.2)	(0.1)	—	(121.4)
Income (loss) from continuing operations	(45.4)	71.8	90.6	—	117.0
(Loss) income from discontinued operations, net of income taxes	0.5	(1.4)	(0.7)	—	(1.6)
Income (loss) before earnings of wholly owned subsidiaries	(44.9)	70.4	89.9	—	115.4
Earnings of wholly owned subsidiaries	160.3	79.0	—	(239.3)	—
Net income	\$ 115.4	\$ 149.4	\$ 89.9	\$ (239.3)	\$ 115.4
Comprehensive income	\$ 90.3	\$ 146.3	\$ 67.5	\$ (213.8)	\$ 90.3

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Condensed Consolidating Statement of Comprehensive Income

<i>(in millions of dollars)</i>	Year Ended December 31, 2011				
	Parent	Guarantors	Non- Guarantors	Eliminations	Consolidated
Unaffiliated sales	\$ —	\$ 621.3	\$ 697.1	\$ —	\$ 1,318.4
Affiliated sales	—	18.9	5.9	(24.8)	—
Net sales	—	640.2	703.0	(24.8)	1,318.4
Cost of products sold	—	471.6	472.4	(24.8)	919.2
Gross profit	—	168.6	230.6	—	399.2
Advertising, selling, general and administrative expenses	30.4	126.6	121.4	—	278.4
Amortization of intangibles	0.1	3.5	2.7	—	6.3
Restructuring income	—	—	(0.7)	—	(0.7)
Operating income (loss)	(30.5)	38.5	107.2	—	115.2
Interest expense (income) from affiliates	(1.1)	(23.4)	24.5	—	—
Interest expense, net	67.4	9.8	—	—	77.2
Equity in (earnings) losses of joint ventures	—	0.5	(9.0)	—	(8.5)
Other expense (income), net	3.1	0.6	(0.1)	—	3.6
Income (loss) from continuing operations before income taxes and earnings of wholly owned subsidiaries	(99.9)	51.0	91.8	—	42.9
Income tax expense	6.0	—	18.3	—	24.3
Income (loss) from continuing operations	(105.9)	51.0	73.5	—	18.6
Income (loss) from discontinued operations, net of income taxes	—	(0.4)	38.5	—	38.1
Income (loss) before earnings of wholly owned subsidiaries	(105.9)	50.6	112.0	—	56.7
Earnings of wholly owned subsidiaries	162.6	103.3	—	(265.9)	—
Net income	\$ 56.7	\$ 153.9	\$ 112.0	\$ (265.9)	\$ 56.7
Comprehensive income	\$ 11.8	\$ 135.1	\$ 86.6	\$ (221.7)	\$ 11.8

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Condensed Consolidating Statement of Cash Flows

<i>(in millions of dollars)</i>	Year Ended December 31, 2013			
	Parent	Guarantors	Non-Guarantors	Consolidated
Net cash provided (used) by operating activities	\$ (81.7)	\$ 186.5	\$ 89.7	194.5
Investing activities:				
Additions to property, plant and equipment	—	(21.2)	(15.4)	(36.6)
Payments for (proceeds from) interest in affiliates	—	55.6	(55.6)	—
Payments related to the sale of discontinued operations	—	(1.5)	—	(1.5)
Proceeds from the disposition of assets	—	—	6.1	6.1
Cost of acquisition, net of cash acquired	—	(1.3)	—	(1.3)
Net cash (used) provided by investing activities	—	31.6	(64.9)	(33.3)
Financing activities:				
Intercompany financing	143.8	(168.2)	24.4	—
Net dividends	65.7	(45.9)	(19.8)	—
Proceeds from long-term borrowings	530.0	—	—	530.0
Repayments of long-term debt	(658.1)	—	(21.4)	(679.5)
(Repayments) borrowings of short-term debt, net	0.5	—	(1.2)	(0.7)
Payments for debt issuance costs	(4.3)	—	—	(4.3)
Other	(1.0)	—	—	(1.0)
Net cash (used) provided by financing activities	76.6	(214.1)	(18.0)	(155.5)
Effect of foreign exchange rate changes on cash	—	—	(2.2)	(2.2)
Net increase (decrease) in cash and cash equivalents	(5.1)	4.0	4.6	3.5
Cash and cash equivalents:				
Beginning of the period	12.1	(3.0)	40.9	50.0
End of the period	\$ 7.0	\$ 1.0	\$ 45.5	\$ 53.5

ACCO Brands Corporation and Subsidiaries
Notes to Consolidated Financial Statements (Continued)

Condensed Consolidating Statement of Cash Flows

<i>(in millions of dollars)</i>	Year Ended December 31, 2012			
	Parent	Guarantors	Non-Guarantors	Consolidated
Net cash (used) provided by operating activities	\$ (156.0)	\$ 137.5	\$ 11.0	(7.5)
Investing activities:				
Additions to property, plant and equipment	—	(22.4)	(7.9)	(30.3)
Proceeds (payments) related to the sale of discontinued operations	—	2.1	(0.6)	1.5
Proceeds from the disposition of assets	—	—	3.1	3.1
Cost of acquisition, net of cash acquired	(429.5)	—	32.0	(397.5)
Net cash (used) provided by investing activities.	(429.5)	(20.3)	26.6	(423.2)
Financing activities:				
Intercompany financing	775.6	(777.4)	1.8	—
Net dividends	53.3	27.3	(80.6)	—
Proceeds from long-term borrowings	545.0	690.0	35.0	1,270.0
Repayments of long-term debt	(816.2)	(42.8)	(13.0)	(872.0)
Borrowings of short-term debt, net	—	—	1.2	1.2
Payments for debt issuance costs	(21.5)	(16.1)	(0.9)	(38.5)
Other	(0.6)	—	—	(0.6)
Net cash provided (used) by financing activities.	535.6	(119.0)	(56.5)	360.1
Effect of foreign exchange rate changes on cash	—	—	(0.6)	(0.6)
Net decrease in cash and cash equivalents	(49.9)	(1.8)	(19.5)	(71.2)
Cash and cash equivalents:				
Beginning of the period	62.0	(1.2)	60.4	121.2
End of the period	\$ 12.1	\$ (3.0)	\$ 40.9	\$ 50.0

<i>(in millions of dollars)</i>	Year Ended December 31, 2011			
	Parent	Guarantors	Non-Guarantors	Consolidated
Net cash provided (used) by operating activities:	\$ (95.5)	\$ 66.6	\$ 90.7	61.8
Investing activities:				
Additions to property, plant and equipment	—	(6.6)	(6.9)	(13.5)
Assets acquired	—	(0.6)	(0.8)	(1.4)
Proceeds related to the sale of discontinued operations	—	0.4	53.1	53.5
Proceeds from the disposition of assets	—	—	1.4	1.4
Net cash provided (used) by investing activities	—	(6.8)	46.8	40.0
Financing activities:				
Intercompany financing	111.9	(94.8)	(17.1)	—
Net dividends	69.2	34.3	(103.5)	—
Proceeds from long-term borrowings	—	—	0.1	0.1
Repayments of long-term debt	(62.9)	(0.1)	—	(63.0)
Other	(0.2)	—	—	(0.2)
Net cash (used) provided by financing activities	118.0	(60.6)	(120.5)	(63.1)
Effect of foreign exchange rate changes on cash	—	—	(0.7)	(0.7)
Net increase (decrease) in cash and cash equivalents	22.5	(0.8)	16.3	38.0
Cash and cash equivalents:				
Beginning of the period	39.5	(0.4)	44.1	83.2
End of the period	\$ 62.0	\$ (1.2)	\$ 60.4	\$ 121.2

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable.

ITEM 9A. CONTROLS AND PROCEDURES

(a) Management's Evaluation of Disclosure Controls and Procedures

We seek to maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in reports filed or submitted under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified in the applicable SEC rules and forms, and that such information is accumulated and communicated to management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosures.

As of the end of the period covered by this report, our management, under the supervision and with the participation of our Disclosure Committee and our Chief Executive Officer and Chief Financial Officer, conducted an evaluation of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective because of material weakness in internal control over financial reporting that existed as of December 31, 2013. The material weakness is related to deficiencies in information technology ("IT") general controls for the Mead C&OP business in the U.S. and Canada, which was acquired by the Company in May 2012. Following the acquisition, the Mead C&OP business was operated within its former parent company's IT environment under a transition services agreement. In 2013, the business was transferred onto a standalone SAP environment and the servers subsequently were moved to the Company's outsourced data center which hosts our Oracle environment. It was during this transition that certain deficiencies aggregating to the identified material weakness were created primarily as a result of failures to properly configure change management control settings, including tracking of access and the history of changes. These incorrect change management control settings were not detected until we formally tested the controls in the fourth quarter of 2013.

In light of this material weakness in internal control over financial reporting, prior to filing this report, we completed additional procedures, including validating the completeness and accuracy of the related financial records. These additional procedures have allowed us to conclude that, notwithstanding the material weakness and the ineffectiveness of our controls and procedures, the Consolidated Financial Statements in this report fairly present, in all material respects, our financial position, results of operations and cash flows as of the dates, and for the periods presented, in conformity with generally accepted accounting principles in the U.S.

The material weakness and actions taken to address the material weakness as well as additional remediation plans are more fully described below.

(b) Changes in Internal Control over Financial Reporting

Except as described below, there were no changes in our internal control over financial reporting during the quarter ended December 31, 2013 that have materially affected or are reasonably likely to materially affect our internal control over financial reporting.

(c) Management's Report on Internal Control Over Financial Reporting

Management of ACCO Brands Corporation and its subsidiaries is responsible for establishing and maintaining adequate internal controls over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our internal control over financial reporting is designed by and under the supervision of our Chief Executive Officer and Chief Financial Officer and effected by management and our board of directors to provide reasonable assurance regarding the reliability of the Company's financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles in the U.S.

In designing and evaluating our internal control over financial reporting, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable, and not absolute, assurance of achieving the desired control objective. Also, projections of any evaluation of the effectiveness of our internal control over financial reporting 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.

A material weakness is a deficiency or combination of deficiencies in internal control over financial reporting such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

As required by Section 404 of the Sarbanes-Oxley Act of 2002, management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2013. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (1992) in Internal Control-Integrated Framework.

In the course of completing our assessment of internal control over financial reporting as of December 31, 2013, management identified a number of deficiencies related to the design, implementation and effectiveness of certain U.S. and Canadian information technology general controls for the Mead C&OP business that have a direct impact on our financial reporting. Based on the nature and interrelationship of the noted deficiencies, management concluded that these deficiencies, in the aggregate, resulted in a reasonable possibility that a material misstatement in our interim or annual financial statements would not be prevented or detected on a timely basis, and as such, constitute a material weakness. In particular, these deficiencies related to the configuration set-up of the system, user access and change management controls that are intended to ensure that access to financial applications and data is adequately restricted to appropriate personnel and that all changes affecting the financial applications and underlying account records are identified, tested and implemented appropriately. Based on our assessment, management concluded that the Company did not maintain effective internal control over financial reporting as of December 31, 2013.

The effectiveness of the Company's internal control over financial reporting as of December 31, 2013 has been audited by KPMG LLP, an independent registered public accounting firm, as stated in their report, which is included in Item 8 of this report.

(d) Remediation Plan

Management has been actively engaged in developing and implementing a remediation plan to address the material weakness noted above. The remediation actions include the following:

- The appropriate change management control settings, including tracking of access and history of changes, have been properly configured.
- Additional internal resources have been added to remediate the deficiencies identified and to control the IT environment.
- An additional dedicated resource, reporting through our Chief Financial Officer, has been appointed to monitor and verify the IT control environment on an ongoing basis.
- Appropriate change management processes are being implemented.
- Control techniques associated with IT system access are being reviewed, and where necessary revised.
- Access rules for our outsourced service providers are being codified and implemented to remediate the deficiencies identified and to control the IT environment.
- A robust training program is being designed and implemented to train or re-train all responsible personnel regarding the IT general control objectives and their roles and responsibilities for them.

Management believes the foregoing efforts will effectively remediate the material weakness. Because the reliability of the internal control process requires repeatable execution, the successful remediation of this material weakness will require review and evidence of effectiveness prior to management concluding that the controls are effective and there is no assurance that additional remediation steps will not be necessary. Management believes the remediation efforts will be completed during the first quarter of 2014 and will test and re-evaluate the effectiveness of the Mead C&OP information technology general controls thereafter.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Information required under this Item is contained in the Company's 2014 Definitive Proxy Statement, which is to be filed with the Securities and Exchange Commission prior to April 30, 2014 and is incorporated herein by reference.

Code of Business Conduct

The Company has adopted a code of business conduct as required by the listing standards of the New York Stock Exchange and rules of the Securities and Exchange Commission. This code applies to all of the Company's directors, officers and employees. The code of business conduct is published and available at the Investor Relations Section of the Company's internet website at www.accobrand.com. The Company will post on its website any amendments to, or waivers from, our code of business conduct applicable to any of its directors or executive officers. The foregoing information will be available in print to any shareholder who requests such information from ACCO Brands Corporation, Four Corporate Drive, Lake Zurich, IL 60047-2997, Attn: Office of the General Counsel.

As required by Section 303A.12(a) of the New York Stock Exchange Listed Company Manual, the Company's Chief Executive Officer certified to the NYSE within 30 days after the Company's 2013 Annual Meeting of Stockholders that he was not aware of any violation by the Company of the NYSE Corporate Governance Listing Standards.

ITEM 11. EXECUTIVE COMPENSATION

Information required under this Item is contained in the Company's 2014 Definitive Proxy Statement, which is to be filed with the Securities and Exchange Commission prior to April 30, 2014 and is incorporated herein by reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Equity Compensation Plan Information

The following table gives information, as of December 31, 2013, about our common stock that may be issued upon the exercise of options, stock-settled appreciation rights ("SSARs") and other equity awards under all compensation plans under which equity securities are reserved for issuance.

Plan category	Number of securities to be issued upon exercise of outstanding options, warrants and rights (a)	Weighted-average exercise price of outstanding options, warrants and rights (b)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a)) (c)
Equity compensation plans approved by security holders ⁽¹⁾	4,806,475	\$ 8.30	8,208,141 ⁽²⁾
Equity compensation plans not approved by security holders	—	—	—
Total	4,806,475	\$ 8.30	8,208,141 ⁽²⁾

(1) This number includes 4,246,272 common shares that were subject to issuance upon the exercise of stock options/SSARs granted under the 2011 Amended and Restated ACCO Brands Corporation Incentive Plan (the "Restated Plan"), and 560,203 common shares that were subject to issuance upon the exercise of stock options/SSARs pursuant to the Company's 2005 Assumed Option and Restricted Stock Unit Plan. The weighted-average exercise price in column (b) of the table reflects all such options/SSARs.

(2) These are shares available for grant as of December 31, 2013 under the Restated Plan pursuant to which the Compensation Committee of the Board of Directors may make various stock-based awards including grants of stock options, stock-settled appreciation rights, restricted stock, restricted stock units and performance share units. In addition to these shares, the

following shares may become available for grant under the Restated Plan and, to the extent such shares have become available as of December 31, 2013, they are included in the table as available for grant: shares covered by outstanding awards under the Plan that were forfeited or otherwise terminated.

Other information required under this Item is contained in the Company's 2014 Definitive Proxy Statement, which is to be filed with the Securities and Exchange Commission prior to April 30, 2014, and is incorporated herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information required under this Item is contained in the Company's 2014 Definitive Proxy Statement, which is to be filed with the Securities and Exchange Commission prior to April 30, 2014 and is incorporated herein by reference.

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Information required under this Item is contained in the Company's 2014 Definitive Proxy Statement, which is to be filed with the Securities and Exchange Commission prior to April 30, 2014 and is incorporated herein by reference.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following Exhibits are filed herewith or are incorporated by reference to exhibits previously filed with the Commission, as indicated in the description of each. We agree to furnish to the Commission upon request a copy of any instrument with respect to long-term debt not filed herewith as to which the total amount of securities authorized thereunder does not exceed 10 percent of our total assets on a consolidated basis.

(a) Financial Statements, Financial Statement Schedules and Exhibits

1. All Financial Statements

The following consolidated financial statements of the Company and its subsidiaries are filed as part of this report under Item 8 - Financial Statements and Supplementary Data:

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2. Financial Statement Schedule:

Schedule II - Valuation and Qualifying Accounts and Reserves, for each of the years ended December 31, 2013, 2012 and 2011.

The separate consolidated financial statements of Pelikan-Artline Pty Ltd, the Company's 50 percent owned joint venture as of September 30, 2013 and 2012 and for each of the years in the three-year period ended September 30, 2013 required to be included in this report pursuant to Rule 3-09 of Regulation S-X, are filed as Exhibit 99.1.

3. Exhibits:

A list of exhibits filed or furnished with this Report on Form 10-K (or incorporated by reference to exhibits previously filed or furnished by the Company) is provided in the accompanying Exhibit Index.

EXHIBIT INDEX

Number Description of Exhibit

- 2.1 Agreement and Plan of Merger, dated November 17, 2011, by and among MeadWestvaco Corporation, Monaco SpinCo Inc., ACCO Brands Corporation and Augusta Sub, Inc. (incorporated by reference to Exhibit 2.1 to Form 8-K filed by the Registrant on November 22, 2011 (File No. 001-08454))
- 2.2 Amendment No. 1, dated as of March 19, 2012, to the Agreement and Plan of Merger, dated as of November 17, 2011, by and among MeadWestvaco Corporation, Monaco SpinCo Inc., ACCO Brands Corporation and Augusta Acquisition Sub, Inc. (incorporated by reference to Exhibit 2.1 to Form 8-K filed by the Registrant on March 22, 2012 (File No. 001-08454))
- 2.3 Share Sale Agreement dated May 25, 2011 entered into by and between GBC Australia Pty Ltd, ACCO Brands Corporation, Neopost Holding Pty Ltd and NEOPOST S.A. (incorporated by reference to Exhibit 2.1 to Form 10-Q filed by the Registrant on July 27, 2011 (File No. 001-08454))
- 3.1 Restated Certificate of Incorporation of ACCO Brands Corporation, as amended (incorporated by reference to Exhibit 3.1 to Form 8-K filed by the Registrant on May 19, 2008 (File No. 001-08454))
- 3.2 Certificate of Designation of Series A Junior Participating Preferred Stock (incorporated by reference to Exhibit 3.2 to the Registrant's Current Report on Form 8-K filed August 17, 2005 (File No. 001-08454))
- 3.3 By-laws of ACCO Brands Corporation, as amended through February 20, 2013 (incorporated by reference to Exhibit 3.1 to the Registrant's Current Report on Form 8-K filed February 26, 2013 (File No. 001-08454))
- 4.1 Rights Agreement, dated as of August 16, 2005, between ACCO Brands Corporation and Wells Fargo Bank, National Association, as rights agent (incorporated by reference to Exhibit 4.1 to Form 8-K filed by the Registrant on August 17, 2005 (File No. 001-08454))
- 4.2 Indenture, dated as of April 30, 2012, among Monaco SpinCo Inc., as issuer, the guarantors named therein, and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 10.3 of the Registrant's Form 8-K filed on May 7, 2012 (File No. 001-08454))
- 4.3 First Supplemental Indenture, dated as of May 1, 2012, among the Company, Monaco SpinCo Inc., the guarantors named therein and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 10.4 of the Registrant's Form 8-K filed on May 7, 2012 (File No. 001-08454))
- 4.4 Second Supplemental Indenture, dated as of May 1, 2012, among the Company, Mead Products LLC, the guarantors named therein and Wells Fargo Bank, National Association, as trustee (incorporated by reference to Exhibit 10.5 of the Registrant's Form 8-K filed on May 7, 2012 (File No. 001-08454))
- 4.5 Registration Rights Agreement, dated as of May 1, 2012, among Monaco SpinCo Inc., the Company, the guarantors named therein, and representatives of the initial purchasers named therein (incorporated by reference to Exhibit 10.6 of the Registrant's Form 8-K filed on May 7, 2012 (File No. 001-08454))
- 10.1 ACCO Brands Corporation 2005 Assumed Option and Restricted Stock Unit Plan, together with Sub-Plan A thereto (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated August 3, 2005 and filed August 8, 2005 (File No. 001-08454))
- 10.2 Tax Allocation Agreement, dated as of August 16, 2005, between ACCO World Corporation and Fortune Brands, Inc. (incorporated by reference to Exhibit 10.1 to the Registrant's Current Report on Form 8-K dated August 12, 2005 and filed August 17, 2005 (File No. 001-08454))
- 10.3 Tax Allocation Agreement, dated as of August 16, 2005, between General Binding Corporation and Lane Industries, Inc. (incorporated by reference to Exhibit 10.2 to the Registrant's Current Report on Form 8-K dated August 12, 2005 and filed August 17, 2005 filed May 13, 2005 (File No. 001-08454))

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Number Description of Exhibit

- 10.4 Employee Matters Agreement, dated as of March 15, 2005, by and among Fortune Brands, Inc., ACCO World Corporation and General Binding Corporation (incorporated by reference to Exhibit 10.2 to the Registrant's Registration Statement on Form S-4 (File No. 333-124946))
- 10.5 Amended and Restated ACCO Brands Corporation 2005 Incentive Plan (incorporated by reference to Annex A of the Registrant's definitive proxy statement filed April 4, 2006 (File No. 001-08454))
- 10.6 Amendment to the Amended and Restated ACCO Brands Corporation 2005 Incentive Plan (incorporated by reference to Exhibit 10.1 to Form 8-K filed by the Registrant on May 19, 2008 (File No. 001-08454))
- 10.7 ACCO Brands Corporation Executive Severance Plan (effective December 1, 2007) (incorporated by reference to Exhibit 10.1 to Form 8-K filed by the Registrant on November 29, 2007 (File No. 001-08454))
- 10.8 2008 Amended and Restated ACCO Brands Corporation Supplemental Retirement Plan (incorporated by reference to Exhibit 10.31 to Form 10-K filed by the Registrant on February 29, 2008 (File No. 001-08454))
- 10.9 Amendment to the 2008 Amended and Restated ACCO Brands Corporation Supplemental Retirement Plan (incorporated by reference to Exhibit 10.1 to Form 8-K filed by the Registrant on January 22, 2009 (File No. 001-08454))
- 10.10 Retirement Agreement for Neal V. Fenwick effective as of May 1, 2008 (incorporated by reference to Exhibit 10.4 to Form 10-Q filed by the Registrant on May 7, 2008 (File No. 001-08454))
- 10.11 Letter Agreement dated November 4, 2008, between ACCO Brands Corporation and Robert J. Keller (incorporated by reference to Exhibit 10.1 to Form 8-K filed by the Registrant on November 5, 2008 (File No. 001-08454))
- 10.12 Form of Indemnification Agreement (incorporated by reference to Exhibit 10.1 to Form 8-K filed by the Registrant on December 24, 2008 (File No. 001-08454))
- 10.13 Form of Stock-settled Stock Appreciation Rights Agreement under the ACCO Brands Corporation Amended and Restated 2005 Long-Term Incentive Plan, as amended (incorporated by reference to Exhibit 10.46 to Form 10-K filed by the Registrant on March 2, 2009 (File No. 001-08454))
- 10.14 Amended and Restated ACCO Brands Deferred Compensation Plan for Non-Employee Directors, effective December 14, 2009 (incorporated by reference to Exhibit 10.41 to Form 10-K filed by the Registrant on February 26, 2010 (File No. 001-089454))
- 10.15 Amendment to Deferred Compensation Plan for Non-Employee Directors, effective January 1, 2014*
- 10.16 Form of 2011 Amended and Restated Incentive Plan Directors Restricted Stock Unit Award Agreement,*
- 10.17 Letter agreement, dated November 4, 2008, from ACCO Brands Corporation to Christopher M. Franey (incorporated by reference to Exhibit 10.42 to Form 10-K filed by the Registrant on February 26, 2010 (File No. 001-08454))
- 10.18 Description of certain compensation arrangements with respect to the Registrant's named executive officers (incorporated by reference to Item 5.02 of Registrant's Form 8-K filed on March 1, 2010 (File No. 001-08454))
- 10.19 Description of changes to compensation arrangements for Christopher M. Franey (incorporated by reference to Item 5.02 of Registrant's Form 8-K filed on September 21, 2010 (File No. 001-08454))
- 10.20 Description of changes to compensation arrangements for Boris Elisman (incorporated by reference to Item 5.02 of Registrant's Form 8-K filed on December 14, 2010 (File No. 001-08454))
- 10.21 Amended and Restated 2005 Incentive Plan Restricted Stock Unit Award Agreement, effective as of February 24, 2011 between Robert J. Keller and ACCO Brands Corporation (incorporated by reference to Exhibit 10.1 to Form 8-K filed by the Registrant on February 15, 2011 (File No. 001-08454))

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- 10.22 2011 Amended and Restated ACCO Brands Corporation Incentive Plan (incorporated by reference to Exhibit 10.1 to ACCO Brands Corporation's Current Report on Form 8-K filed with the SEC on May 20, 2011 (File No. 001-08454))
- 10.23 Form of Directors Restricted Stock Unit Award Agreement under the 2011 Amended and Restated ACCO Brands Corporation Incentive Plan (incorporated by reference to Exhibit 10.2 to ACCO Brands Corporation's Current Report on Form 8-K filed with the SEC on May 20, 2011 (File No. 001-08454))
- 10.24 Form of Nonqualified Stock Option Agreement under the 2011 Amended and Restated ACCO Brands Corporation Incentive Plan (incorporated by reference to Exhibit 10.3 to ACCO Brands Corporation's Current Report on Form 8-K filed with the SEC on May 20, 2011 (File No. 001-08454))
- 10.25 Form of Restricted Stock Unit Award Agreement under the 2011 Amended and Restated ACCO Brands Corporation Incentive Plan (incorporated by reference to Exhibit 10.4 to ACCO Brands Corporation's Current Report on Form 8-K filed with the SEC on May 20, 2011 (File No. 001-08454))
- 10.26 Form of Performance Stock Unit Award Agreement under the 2011 Amended and Restated ACCO Brands Corporation Incentive Plan (incorporated by reference to Exhibit 10.5 to ACCO Brands Corporation's Current Report on Form 8-K filed with the SEC on May 20, 2011 (File No. 001-08454))
- 10.27 Form of Stock-Settled Stock Appreciation Rights Award Agreement under the 2011 Amended and Restated ACCO Brands Corporation Incentive Plan (incorporated by reference to Exhibit 10.6 to ACCO Brands Corporation's Current Report on Form 8-K filed with the SEC on May 20, 2011 (File No. 001-08454))
- 10.28 Separation Agreement, dated November 17, 2011, by and between MeadWestvaco and Monaco SpinCo Inc. (incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed on November 22, 2011 (File No. 001-08454))
- 10.29 Employee Benefits Agreement, dated as of November 17, 2011, by and among MeadWestvaco Corporation, Monaco Spinc Co. and ACCO Brands Corporation. (incorporated by reference to Exhibit 10.3 of Registrant's Form S-4/A filed on February 13, 2012 (File No. 333-178869))
- 10.30 Amendment to the February 24, 2011 Amended and Restated 2005 Restricted Stock Unit Award Agreement, made and entered into as of December 7, 2011, between Robert J. Keller and ACCO Brands Corporation (incorporated by reference to Exhibit 10.1 of Registrant's Form 8-K filed on December 12, 2011 (File No. 001-08454))
- 10.31 Amendment No. 1, dated as of March 19, 2012, to the Separation Agreement, dated as of November 17, 2011, by and among MeadWestvaco Corporation and Monaco SpinCo Inc. (incorporated by reference to Exhibit 10.1 to Form 8-K filed by the Registrant on March 22, 2012 (File No. 001-08454))
- 10.32 Credit Agreement, dated as of March 26, 2012, among ACCO Brands Corporation, certain direct and indirect subsidiaries of ACCO Brands Corporation, Barclays Bank PLC and Bank of Montreal, as administrative agents, and the other agents and lenders named therein (incorporated by reference to Exhibit 10.1 to Form 8-K filed by the Registrant on March 30, 2012 (File No. 001-08454))
- 10.33 Amendment of 2011 Amended and Restated ACCO Brands Corporation Incentive Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K filed on April 24, 2012 (File No. 001-08454))
- 10.34 Transition Services Agreement, effective as of May 1, 2012, between Monaco SpinCo Inc. and MeadWestvaco Corporation (incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K filed on May 7, 2012 (File No. 001-08454))
- 10.35 Tax Matters Agreement, effective as of May 1, 2012, among the Company, MeadWestvaco Corporation and Monaco SpinCo Inc. (incorporated by reference to Exhibit 10.2 of the Registrant's Form 8-K filed on May 7, 2012 (File No. 001-08454))
- 10.36 Amendment to the 2008 Amended and Restated ACCO Brands Corporation Supplemental Retirement Plan (incorporated by reference to Exhibit 10.8 of the Registrant's Form 8-K filed on May 7, 2012 (File No. 001-08454))

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- 10.37 Amendment of the ACCO Brands Corporation Executive Severance Plan, adopted as of October 23, 2012 (incorporated by reference to Exhibit 10.1 to Form 10-Q filed by the Registrant on October 31, 2012 (File No. 001-08454))
- 10.38 Form of Restricted Stock Unit Award Agreement (Robert J. Keller) under the 2011 Amended and Restated Incentive Plan (incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K filed on February 26, 2013 (File No. 001-08454))
- 10.39 Form of Non-qualified Stock Option Agreement (Robert J. Keller) under the 2011 Amended and Restated Incentive Plan (incorporated by reference to Exhibit 10.2 of the Registrant's Form 8-K filed on February 26, 2013 (File No. 001-08454))
- 10.40 Form of Performance Stock Unit Award Agreement under the 2011 Amended and Restated Incentive Plan (incorporated by reference to Exhibit 10.3 of the Registrant's Form 8-K filed on February 26, 2013 (File No. 001-08454))
- 10.41 Form of Performance Stock Unit Award Agreement (Robert J. Keller) under the 2011 Amended and Restated Incentive Plan (incorporated by reference to Exhibit 10.4 of the Registrant's Form 8-K filed on February 26, 2013 (File No. 001-08454))
- 10.42 Second Amendment, dated as of May 13, 2013, to the Credit Agreement, dated as of March 26, 2012, among the Company, certain subsidiaries of the Company, Barclays Bank PLC and Bank of Montreal, as administrative agents, and the other agents and lenders party thereto. (incorporated by reference to Exhibit 10.1 of the Registrant's Form 8-K filed on May 13, 2013 (File No. 001-08454))
- 10.43 Amended and Restated Credit Agreement, dated as of May 13, 2013, among the Company, certain subsidiaries of the Company, Bank of America, N.A., as administrative agent, and the other agents and lenders party thereto. (incorporated by reference to Exhibit 10.2 of the Registrant's Form 8-K filed on May 13, 2013 (File No. 001-08454))
- 10.44 ACCO Brands 2013 Annual Incentive Plan (incorporated by reference to 10.5 of the Registrant's Form 10-Q filed May 8, 2013 (File No. 001-08454))
- 21.1 Subsidiaries of the Registrant*
- 23.1 Consent of KPMG LLP*
- 23.2 Consent of BDO*
- 24.1 Power of attorney*
- 31.1 Certification of the Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
- 31.2 Certification of the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002*
- 32.1 Certification of the Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
- 32.2 Certification of the Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002*
- 99.1 Pelikan-Artline Pty Ltd Financial Statements as of September 30, 2013*
- 101 The following financial statements from the Company's Annual Report on Form 10-K for the year ended December 31, 2013 formatted in XBRL (eXtensible Business Reporting Language): (i) the Consolidated Balance Sheets as of December 31, 2013 and 2012, (ii) the Consolidated Statements of Income for the years ended December 31, 2013, 2012 and 2011, (iii) the Consolidated Statements of Comprehensive Income (Loss) for the years ended December 31, 2013, 2012 and 2011, (iv) the Consolidated Statements of Cash Flows for the years ended December 31, 2013, 2012 and 2011, (v) Consolidated Statements of Stockholders Equity (Deficit) for the years ended December 31, 2013, 2012 and 2011, and (vi) related notes to those financial statements*

* Filed herewith.

Signature	Title	Date
<hr/> /s/ Kathleen S. Dvorak* Kathleen S. Dvorak	Director	February 25, 2014
<hr/> /s/ G. Thomas Hargrove* G. Thomas Hargrove	Director	February 25, 2014
<hr/> /s/ Robert H. Jenkins* Robert H. Jenkins	Director	February 25, 2014
<hr/> /s/ Thomas Kroeger* Thomas Kroeger	Director	February 25, 2014
<hr/> /s/ Michael Norkus* Michael Norkus	Director	February 25, 2014
<hr/> /s/ E. Mark Rajkowski* E. Mark Rajkowski	Director	February 25, 2014
<hr/> /s/ Sheila G. Talton* Sheila G. Talton	Director	February 25, 2014
<hr/> /s/ Norman H. Wesley* Norman H. Wesley	Director	February 25, 2014
<hr/> /s/ Neal V. Fenwick * Neal V. Fenwick as Attorney-in-Fact		

ACCO Brands Corporation
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
SCHEDULE II

Allowances for Doubtful Accounts

Changes in the allowances for doubtful accounts were as follows:

<i>(in millions of dollars)</i>	Year Ended December 31,		
	2013	2012	2011
Balance at beginning of year	\$ 6.5	\$ 5.1	\$ 5.2
Additions charged to expense	1.5	2.2	1.4
Deductions - write offs	(1.6)	(3.0)	(1.3)
Mead C&OP acquisition	—	2.1	—
Foreign exchange changes	(0.3)	0.1	(0.2)
Balance at end of year	<u>\$ 6.1</u>	<u>\$ 6.5</u>	<u>\$ 5.1</u>

Allowances for Sales Returns and Discounts

Changes in the allowances for sales returns and discounts were as follows:

<i>(in millions of dollars)</i>	Year Ended December 31,		
	2013	2012	2011
Balance at beginning of year	\$ 10.6	\$ 7.7	\$ 9.2
Additions charged to expense	41.3	41.0	41.6
Deductions - returns	(39.1)	(41.6)	(43.1)
Mead C&OP acquisition	—	2.8	—
Foreign exchange changes	0.1	0.7	—
Balance at end of year	<u>\$ 12.9</u>	<u>\$ 10.6</u>	<u>\$ 7.7</u>

Allowances for Cash Discounts

Changes in the allowances for cash discounts were as follows:

<i>(in millions of dollars)</i>	Year Ended December 31,		
	2013	2012	2011
Balance at beginning of year	\$ 2.2	\$ 1.1	\$ 1.2
Additions charged to expense	16.0	16.4	11.0
Deductions - discounts taken	(16.2)	(16.0)	(11.0)
Mead C&OP acquisition	—	0.6	—
Foreign exchange changes	0.2	0.1	(0.1)
Balance at end of year	<u>\$ 2.2</u>	<u>\$ 2.2</u>	<u>\$ 1.1</u>

ACCO Brands Corporation
VALUATION AND QUALIFYING ACCOUNTS AND RESERVES
SCHEDULE II (Continued)

Warranty Reserves

Changes in the reserve for warranty claims were as follows:

<i>(in millions of dollars)</i>	Year Ended December 31,		
	2013	2012	2011
Balance at beginning of year	\$ 2.8	\$ 2.7	\$ 3.1
Provision for warranties issued	2.0	3.3	3.0
Settlements made (in cash or in kind)	(2.6)	(3.2)	(3.4)
Balance at end of year	<u>\$ 2.2</u>	<u>\$ 2.8</u>	<u>\$ 2.7</u>

Income Tax Valuation Allowance

Changes in the deferred tax valuation allowances were as follows:

<i>(in millions of dollars)</i>	Year Ended December 31,		
	2013	2012	2011
Balance at beginning of year	\$ 55.4	\$ 204.3	\$ 193.2
(Credits) charges to expense	(11.6)	(145.1)	5.4
(Credited) charged to other accounts	(10.5)	(4.3)	7.0
Foreign exchange changes	(0.3)	0.5	(1.3)
Balance at end of year	<u>\$ 33.0</u>	<u>\$ 55.4</u>	<u>\$ 204.3</u>

See accompanying report of independent registered public accounting firm.

**AMENDMENT OF THE
ACCO BRANDS CORPORATION
DEFERRED COMPENSATION PLAN
FOR NON-EMPLOYEE DIRECTORS**

This Amendment of the ACCO Brands Corporation Deferred Compensation Plan for Non-Employee Directors (the “Plan”) is adopted this December 3, 2013 by ACCO Brands Corporation (the “Company”).

W I T N E S S E T H

WHEREAS, the Company sponsors the Plan, which it most recently amended and completely restated effective December 14, 2009;

WHEREAS, the Board may amend the Plan at any time in such manner that does not deprive any participant (or his or her beneficiary) of a non-forfeitable accrued benefit under the Plan; and

WHEREAS, the Board has determined it appropriate to amend the Plan to eliminate the Change of Control payment feature with respect to all deferrals of compensation (and earnings thereon) occurring on and after January 1, 2014, in conformity with Section 409A of the Internal Revenue Code.

NOW, THEREFORE, the Company amends the Plan as follows:

1. Capitalized terms not defined herein shall have the meaning of such term provided under the Plan.
2. There is added to the Plan a new Section 29, to follow immediately after Section 28, that shall provide as follows:

“Elimination of Change of Control Payments for Post-2013 Deferrals. Anything in the Plan to the contrary notwithstanding, effective for deferrals of compensation pursuant to Section 4 occurring on and after January 1, 2014 (together with all Dividend Equivalents, Fixed Income Account Interest Credits and Phantom Stock Unit Adjustments thereon) (“Post-2013 Deferrals”), all references in the Plan to a Change of Control, and the consequences of a Change of Control under the Plan, shall be disregarded as if not stated in the Plan, including references to a Change of Control as a Participant payment event and to the definition of the term “Change of Control”. Accordingly, payment of such Post-2013 Deferrals to Participants shall be made only in accordance with the Plan provisions for payment upon a separation from service with the Company (including as a member of the Board) and all Affiliates.”

3. The Plan is affirmed, ratified and continued, as amended hereby.
-

WHEREFORE, the Company hereby adopts this Amendment the date and year first set forth above.

ACCO BRANDS CORPORATION

By: /s/ Pamela R. Schneider

Its: Sr. Vice President, General Counsel and Corporate Secretary

ACCO BRANDS CORPORATION
2011 AMENDED AND RESTATED INCENTIVE PLAN
DIRECTORS RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS AGREEMENT is made and entered into this _____, 20__ and effective _____, 20__ (the “**Grant Date**”) by and between ACCO Brands Corporation, a Delaware corporation (the “**Company**”) and _____ (“**Grantee**”).

WHEREAS, Grantee is a member of the Board of Directors (the “**Board**”) of the Company and in compensation for Grantee’s services to be provided hereafter, the Board deems it advisable to award to Grantee a Director Award of Restricted Stock Units representing shares of the Company’s Common Stock, pursuant to the ACCO Brands Corporation 2011 Amended and Restated Incentive Plan (“**Plan**”), as set forth herein.

NOW THEREFORE, subject to the terms and conditions set forth herein:

1. Plan Governs; Capitalized Terms. This Agreement is made pursuant to the Plan, and the terms of the Plan are incorporated into this Agreement, except as otherwise specifically stated herein. Capitalized terms used in this Agreement that are not defined in this Agreement shall have the meanings as used or defined in the Plan. References in this Agreement to any specific Plan provision shall not be construed as limiting the applicability of any other Plan provision.

2. Award of Restricted Stock Units. The Company hereby awards to Grantee on the Grant Date a Director Award of _____ Restricted Stock Units. Each Restricted Stock Unit constitutes an unfunded and unsecured promise of the Company to deliver (or cause to be delivered) to Grantee, subject to the terms and conditions of this Agreement, one (1) share of Common Stock (“**Shares**”). Each Restricted Stock Unit shall be fully vested and nonforfeitable, and payable in accordance with Section 3, below. The Company shall hold the Restricted Stock Units in book-entry form. The Grantee shall have no direct or secured claim in any specific assets of the Company or the Shares to be issued to Grantee under Section 3 hereof, and shall have the status of a general unsecured creditor of the Company. THIS DIRECTOR AWARD IS CONDITIONED ON GRANTEE SIGNING THIS AGREEMENT AND RETURNING IT TO THE COMPANY BY _____, 200__, AND IS SUBJECT TO ALL TERMS, CONDITIONS AND PROVISIONS OF THE PLAN AND THIS AGREEMENT, WHICH GRANTEE ACCEPTS UPON SIGNING AND DELIVERING THIS AGREEMENT TO THE COMPANY.

3. Delivery of Shares. As a condition to the award of this Director Award, Grantee hereby agrees to defer payment of the Restricted Stock Units until the date in which Grantee ceases to be a member of the Board (and constituting a separation from service) as so provided under the ACCO Brands Corporation Deferred Compensation Plan for Non-Employee Directors as in effect from time to time (“**Directors Deferred Compensation Plan**”). As of the date on which the Restricted Stock Units shall be payable under the Directors Deferred Compensation Plan, the Company shall cause its transfer agent for the Common Stock to register Shares in book-entry form in the name of the Grantee (or, in the discretion of the Committee, issue to Grantee a stock certificate) representing a number of Shares equal to the number of Restricted Stock Units then payable; provided, such Shares shall not be paid to the Grantee earlier than or later than is permitted under Section 409A of the Code.

4. No Transfer or Assignment of Restricted Stock Units; Restrictions on Sale. Except as otherwise provided in this Agreement, the Restricted Stock Units and the rights and privileges conferred thereby shall not be sold, pledged or otherwise transferred (whether by operation of law or otherwise) and shall not be subject to sale under execution, attachment, levy or similar process until the Shares represented by the Restricted Stock Units are delivered to Grantee or his designated representative. The Grantee shall not sell any Shares at any time when applicable laws or Company policies prohibit a sale. This restriction shall apply as long as Grantee is a Director of the Company or an Affiliate of the Company.

5. Legality of Initial Issuance. No Shares shall be issued unless and until the Company has determined that (a) any applicable listing requirement of any stock exchange or other securities market on which the Common Stock is listed has been satisfied; and (b) all other applicable provisions of state or federal law have been satisfied.

6. Miscellaneous Provisions.

(a) Rights as a Stockholder. Neither Grantee nor Grantee's representative shall have any rights as a stockholder with respect to any Shares underlying the Restricted Stock Units until the date that the Company is obligated to deliver such Shares to Grantee or Grantee's representative.

(b) Dividend Equivalents. As of each dividend date with respect to Shares, a fully vested dividend equivalent shall be awarded to Grantee in the dollar amount equal to the amount of the dividend that would have been paid on the number of Shares equal to the number of Restricted Stock Units held by Grantee as of the close of business on the record date for such dividend. Such dividend equivalent amount shall be converted into a number of Restricted Stock Units equal to the number of whole and fractional Shares that could have been purchased at the closing price on the dividend payment date with such dollar amount. In the case of any dividend declared on Shares which is payable in Shares, Grantee shall be awarded a fully vested dividend equivalent of an additional number of Restricted Stock Units equal to the product of (x) the number of his Restricted Stock Units then held on the related dividend record date multiplied by the (y) the number of Shares (including any fraction thereof) distributable as a dividend on a Share. All such dividend equivalents credited to Grantee shall be added to and in all respects thereafter be treated as Restricted Stock Units hereunder.

(c) Inconsistency. To the extent any terms and conditions herein conflict with the terms and conditions of the Plan, the terms and conditions of the Plan shall control.

(d) Notices. Any notice required by the terms of this Agreement shall be given in writing and shall be deemed effective upon personal delivery, upon deposit with the United States Postal Service, by registered or certified mail, with postage and fees prepaid or upon deposit with a reputable overnight courier. Notice shall be addressed to the Company at its principal executive office and to Grantee at the address that he most recently provided to the Company.

(e) Entire Agreement; Amendment; Waiver. This Agreement constitutes the entire agreement between the parties hereto with regard to the subject matter hereof. This Agreement supersedes any other agreements, representations or understandings (whether oral or written and whether express or implied) which relate to the subject matter hereof. No alteration or modification of this Agreement shall be valid except by a subsequent written instrument executed by the parties hereto. No provision of this Agreement may be waived except by a writing executed and delivered by the party sought to be charged. Any such written waiver will be effective only with respect to the event or circumstance described therein and not with respect to any other event or circumstance, unless such waiver expressly provides to the contrary.

(f) Choice of Law. This Agreement shall be governed by, and construed in accordance with, the laws of the State of Illinois, as such laws are applied to contracts entered into and performed in such State, without giving effect to the choice of law provisions thereof.

(g) Successors.

(i) This Agreement is personal to Grantee and, except as otherwise provided in Section 4 above, shall not be assignable by Grantee otherwise than by will or the laws of descent and distribution, without the written consent of the Company. This Agreement shall inure to the benefit of and be enforceable by Grantee's legal representatives.

(ii) This Agreement shall inure to the benefit of and be binding upon Company and its successors.

(h) Severability. If any provision of this Agreement for any reason should be found by any court of competent jurisdiction to be invalid, illegal or unenforceable, in whole or in part, such declaration shall not affect the validity, legality or enforceability of any remaining provision or portion thereof, which remaining provision or portion thereof shall remain in full force and effect as if this Agreement had been adopted with the invalid, illegal or unenforceable provision or portion thereof eliminated.

(i) Headings. The headings, captions and arrangements utilized in this Agreement shall not be construed to limit or modify the terms or meaning of this Agreement.

(j) Counterparts. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original, but all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date and year first written above.

ACCO BRANDS CORPORATION

By: _____

Name: _____

Its: _____

Grantee Name

Grantee Signature

SUBSIDIARIES

ACCO Brands Corporation, a Delaware corporation, had the domestic and international subsidiaries shown below as of December 31, 2013. Certain domestic and international subsidiaries are not named because they were not significant in the aggregate. ACCO Brands Corporation has no parent.

Name of Subsidiary**Jurisdiction of Organization****U.S. Subsidiaries:**

ACCO Brands International, Inc.	Delaware
ACCO Brands USA LLC	Delaware
ACCO Europe Finance Holdings, LLC	Delaware
ACCO Europe International Holdings, LLC	Delaware
ACCO International Holdings, Inc.	Delaware
General Binding LLC	Delaware
GBC International, Inc.	Nevada

International Subsidiaries:

ACCO Australia Pty. Ltd.	Australia
ACCO Brands Australia Holding Pty. Ltd.	Australia
ACCO Brands Australia Pty. Ltd.	Australia
Tilibra Produtos de Papelaria Ltda	Brazil
ACCO Brands C&OP Inc.	Canada
ACCO Brands Canada Inc.	Canada
ACCO Brands Canada LP	Canada
ACCO Brands CDA Ltd.	Canada
ACCO Brands Europe Holding LP	England
ACCO Brands Europe Ltd.	England
ACCO Europe Finance LP	England
ACCO Europe Ltd.	England
ACCO-Rexel Group Services Limited	England
ACCO UK Limited	England
ACCO Deutschland Beteiligungsgesellschaft mbh	Germany
ACCO-Rexel Limited	Ireland
ACCO Brands Italia S.r.L.	Italy
ACCO Brands Japan K.K.	Japan
ACCO Mexicana S.A. de C.V.	Mexico
ACCO Brands Benelux B.V.	Netherlands
ACCO Nederland Holding B.V.	Netherlands
GBC Europe AB	Sweden

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements on Form S-8 (Nos. 333-127626, 333-127631, 333-127750, 333-136662, 333-153157, 333-157726, 333-176247, and 333-181430) of ACCO Brands Corporation of our report dated February 25, 2014, with respect to the consolidated balance sheets of ACCO Brands Corporation and subsidiaries as of December 31, 2013 and 2012, and the related consolidated statements of income, comprehensive income, cash flows, and stockholders' equity (deficit), for each of the years in the three-year period ended December 31, 2013, the related financial statement schedule, and the effectiveness of internal control over financial reporting, which report is included in the December 31, 2013 annual report on Form 10-K of ACCO Brands Corporation.

Our report dated February 25, 2014 on the effectiveness of internal control over financial reporting as of December 31, 2013, expresses our opinion that ACCO Brands Corporation did not maintain effective internal control over financial reporting as of December 31, 2013 because of the effect of a material weaknesses on the achievement of the objectives of the control criteria and contains an explanatory paragraph that states a material weakness related to U.S. and Canadian information technology general controls related to the configuration set-up of the system, user access and change management controls for the Mead C&OP business has been identified and included in Management's Report on Internal Control Over Financial Reporting appearing under Item 9A(c) of the December 31, 2013 annual report on Form 10-K of ACCO Brands Corporation.

/s/ KPMG LLP

Chicago, Illinois
February 25, 2014

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the inclusion of our audit report dated December 19, 2012 relating to our audit of the Financial Statements of Pelikan Airline Joint Venture for the year ended September 30, 2012, which is included in this Form 10-K of ACCO Brands Corporation.

/s/ BDO

BDO East Coast Partnership
Sydney, Australia
February 21, 2014

LIMITED POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Boris Elisman, Neal V. Fenwick, and Thomas P. O'Neill, Jr. and each of them, as his or her true and lawful attorneys-in-fact and agents, with power to act with or without the others and with full power of substitution and re-substitution, to do any and all acts and things and to execute any and all instruments which said attorneys and agents and each of them may deem necessary or desirable to enable the registrant to comply with the U.S. Securities and Exchange Act of 1934, as amended, and any rules, regulations and requirements of the U.S. Securities and Exchange Commission thereunder in connection with the registrant's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 (the "Annual Report"), including specifically, but without limiting the generality of the foregoing, power and authority to sign the name of the registrant and the name of the undersigned, individually and in his or her capacity as a director or officer of the registrant, to the Annual Report as filed with the United States Securities and Exchange Commission, to any and all amendments thereto, and to any and all instruments or documents filed as part thereof or in connection therewith; and each of the undersigned hereby ratifies and confirms all that said attorneys and agents and each of them shall so or cause to be done by virtue hereof.

Signature	Title	Date
/s/ Boris Elisman	President and Chief Executive Officer (principal executive officer)	February 25, 2014
Boris Elisman		
/s/ Neal V. Fenwick	Executive Vice President and Chief Financial Officer (principal financial officer)	February 25, 2014
Neal V. Fenwick		
/s/ Thomas P. O'Neill, Jr.	Senior Vice President, Finance and Accounting (principal accounting officer)	February 25, 2014
Thomas P. O'Neill, Jr.		
/s/ Robert J. Keller	Executive Chairman of the Board	February 25, 2014
Robert J. Keller		
/s/ George V. Bayly	Director	February 25, 2014
George V. Bayly		
/s/ James A. Buzzard	Director	February 25, 2014
James A. Buzzard		
/s/ Kathleen S. Dvorak	Director	February 25, 2014
Kathleen S. Dvorak		
/s/ G. Thomas Hargrove	Director	February 25, 2014
G. Thomas Hargrove		
/s/ Robert H. Jenkins	Director	February 25, 2014
Robert H. Jenkins		
/s/ Thomas Kroeger	Director	February 25, 2014
Thomas Kroeger		
/s/ Michael Norkus	Director	February 25, 2014
Michael Norkus		
/s/ E. Mark Rajkowski	Director	February 25, 2014
E. Mark Rajkowski		
/s/ Sheila G. Talton	Director	February 25, 2014
Sheila G. Talton		
/s/ Norman H. Wesley	Director	February 25, 2014
Norman H. Wesley		

CERTIFICATIONS

I, Boris Elisman, certify that:

1. I have reviewed this Annual Report on Form 10-K of ACCO Brands Corporation;
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 we 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.

By: /s/ Boris Elisman

Boris Elisman
President and
Chief Executive Officer

Date: February 25, 2014

CERTIFICATIONS

I, Neal V. Fenwick, certify that:

1. I have reviewed this Annual Report on Form 10-K of ACCO Brands Corporation;
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 we 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.

By: /s/ Neal V. Fenwick

Neal V. Fenwick

Executive Vice President and Chief Financial Officer

Date: February 25, 2014

CERTIFICATION 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 ACCO Brands Corporation on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof, (the "Report"), I, Boris Elisman, Chief Executive Officer of ACCO Brands Corporation, hereby 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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ACCO Brands Corporation.

By: /s/ Boris Elisman

Boris Elisman

President and

Chief Executive Officer

Date: February 25, 2014

CERTIFICATION 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 ACCO Brands Corporation on Form 10-K for the period ended December 31, 2013 as filed with the Securities and Exchange Commission on the date hereof, (the "Report"), I, Neal V. Fenwick, Chief Executive Officer of ACCO Brands Corporation, hereby 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, as amended; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of ACCO Brands Corporation.

By: /s/ Neal V. Fenwick

Neal V. Fenwick
Executive Vice President and
Chief Financial Officer

Date: February 25, 2014

Financial Statements of Pelikan Artline Joint Venture and Controlled Entities

The accompanying consolidated financial statements of Pelikan Artline Joint Venture and Controlled Entities, a 50% owned joint venture investment of ACCO Brands Corporation ("ACCO"), are being provided pursuant to Rule 3-09 of the Securities and Exchange Commission's ("SEC") Regulation S-X. These financial statements are prepared in accordance with accounting principles generally accepted rules in Australia and as permitted by the SEC Regulations.

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities
A.B.N. 51 084 958 556

FINANCIAL REPORT - 30 SEPTEMBER 2013

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The accompanying special purpose financial report has been prepared for the exclusive use of the directors and joint venture partners. This financial report is not to be used by any other party unless accompanied with additional information concerning the parent entity's and the consolidated entity's financial positions.

Independent Auditors' Report

To the members of Pelikan Artline Joint Venture

We have audited the accompanying consolidated statements of financial position of Pelikan Artline Joint Venture and controlled entities as of September 30, 2012 and 2011 and the related consolidated statements of comprehensive income, statements of changes in equity and statement of cash flows for the years then ended. We have also audited the statements of financial position of Pelikan Artline Joint Venture, Parent entity only, as of September 30, 2012 and 2011, and the related statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Joint Venture's internal control over financial reporting. Accordingly, we express no such opinion. An audit also 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 of Pelikan Artline Joint Venture and controlled entities and the financial statements of Pelikan Artline Joint Venture, Parent entity only, referred to above present fairly, in all material respects, the financial position of Pelikan Artline Joint Venture and controlled entities and the financial position of Pelikan Artline Joint Venture, Parent entity only, at September 30, 2012 and 2011, and the results of those entities' operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in Australia on the basis as described in note 1.

/s/ BDO

BDO East Coast Partnership (formerly PKF East Coast Practice)

Sydney, Australia

December 19, 2012

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

FINANCIAL REPORT - 30 SEPTEMBER 2013

DIRECTORS' DECLARATION

The directors of Pelikan Artline Pty Limited, the agent for the Joint Venture, have determined that the Pelikan Artline Joint Venture is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors declare that:

1. The financial statements, which comprise the statement of profit or loss and other comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and notes to the financial statements:
 - a) comply with Australian Accounting Standards as described in Note 1 to the financial statements; and
 - b) give a true and fair view of the financial position as at 30 September 2013 and of the performance for the year ended on that date of the joint venture and consolidated entity.
2. In the directors' opinion there are reasonable grounds to believe that the joint venture will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the board of directors and is signed for and on behalf of the directors by:

/s/ A.G. Kaldor

A.G. Kaldor
Director

/s/ B.R. Haynes

B.R. Haynes
Director

Sydney, 18 December 2013

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Note	Consolidated		Parent	
		(Unaudited)		(Unaudited)	
		2013	2012	2013	2012
		\$	\$	\$	\$
Revenue	2	121,164,408	124,828,860	125,248,330	133,983,288
		<u>121,164,408</u>	<u>124,828,860</u>	<u>125,248,330</u>	<u>133,983,288</u>
Expenses					
Purchases, distribution & selling		(70,971,638)	(75,069,342)	(70,971,638)	(75,069,342)
Marketing		(14,420,294)	(14,376,829)	(14,420,294)	(14,376,829)
Administration, IT & other expenses		(10,587,675)	(10,130,573)	(24,937,623)	(24,463,587)
Finance costs		(882,237)	(1,151,633)	(3,795,577)	(3,652,813)
		<u>(96,861,844)</u>	<u>(100,728,377)</u>	<u>(114,125,132)</u>	<u>(117,562,571)</u>
Profit before income tax expense		24,302,564	24,100,483	11,123,198	16,420,717
Income tax expense	1,5	(5,028,536)	(4,964,522)	—	—
Profit after income tax expense for the year attributable to the owners of the Pelikan Artline Joint Venture		<u>19,274,028</u>	<u>19,135,961</u>	<u>11,123,198</u>	<u>16,420,717</u>
Other Comprehensive Income					
<i>Items that may be reclassified subsequently to profit or loss:</i>					
Fair value gains on available-for-sale financial assets, net of tax		48,411	17,914	—	—
Other comprehensive income for the year, net of tax		<u>48,411</u>	<u>17,914</u>	<u>—</u>	<u>—</u>
Comprehensive income for the year attributable to the owners of the Pelikan Artline Joint Venture		<u>19,322,439</u>	<u>19,153,875</u>	<u>11,123,198</u>	<u>16,420,717</u>
Profit after income tax expense for the year attributable to:					
Owners of the parent entity		17,228,841	17,103,612	11,123,198	16,420,717
Non controlling interest		2,045,187	2,032,349	—	—
		<u>19,274,028</u>	<u>19,135,961</u>	<u>11,123,198</u>	<u>16,420,717</u>
Total comprehensive income for the year attributable to:					
Owners of the parent entity		17,267,654	17,117,974	11,123,198	16,420,717
Non controlling interest		2,054,785	2,035,901	—	—
		<u>19,322,439</u>	<u>19,153,875</u>	<u>11,123,198</u>	<u>16,420,717</u>

The above statement of profit and loss and other comprehensive income should be read in conjunction with the accompanying notes

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

STATEMENT OF FINANCIAL POSITION
AS AT 30 SEPTEMBER 2013

	Note	Consolidated		Parent	
		(Unaudited) 2013	2012	(Unaudited) 2013	2012
		\$	\$	\$	\$
ASSETS					
Current Assets					
Cash and cash equivalents	6	26,250,928	16,628,595	10,984,155	2,893,698
Trade and other receivables	7	32,622,617	34,974,822	32,491,514	34,849,424
Inventories	8	20,436,444	19,753,344	20,436,444	19,753,344
Prepayments		609,290	902,198	573,954	833,018
<i>Total current assets</i>		<u>79,919,279</u>	<u>72,258,959</u>	<u>64,486,067</u>	<u>58,329,484</u>
Non-Current Assets					
Receivables	9	—	—	12,409,836	11,539,398
Financial assets	10	590,001	520,844	40,853,792	40,853,792
Property, plant and equipment	11	1,638,794	1,294,330	1,467,494	1,055,576
Deferred tax assets	12	617,859	645,019	—	—
Intangible assets	13	33,618,807	30,569,955	3,099,647	50,795
<i>Total non-current assets</i>		<u>36,465,461</u>	<u>33,030,148</u>	<u>57,830,769</u>	<u>53,499,561</u>
Total assets		<u>116,384,740</u>	<u>105,289,107</u>	<u>122,316,836</u>	<u>111,829,045</u>
LIABILITIES					
Current Liabilities					
Trade and other payables	14	29,848,558	23,266,206	40,005,620	32,166,345
Provisions	15	2,133,260	1,675,543	1,405,260	1,009,524
Short-term borrowings	16	4,021,592	4,000,000	4,021,592	4,000,000
Current tax liabilities		1,792,789	2,541,554	—	—
<i>Total current liabilities</i>		<u>37,796,199</u>	<u>31,483,303</u>	<u>45,432,472</u>	<u>37,175,869</u>
Non-Current Liabilities					
Trade and other payables	17	—	—	44,573,179	39,964,138
Long-term borrowings	18	6,101,144	10,000,000	6,101,144	10,000,000
Deferred tax liabilities	19	152,839	122,711	—	—
Provisions	20	1,265,724	267,844	1,179,724	69,863
<i>Total non-current liabilities</i>		<u>7,519,707</u>	<u>10,390,555</u>	<u>51,854,047</u>	<u>50,034,001</u>
Total liabilities		<u>45,315,906</u>	<u>41,873,858</u>	<u>97,286,519</u>	<u>87,209,870</u>
Net assets		<u>71,068,834</u>	<u>63,415,249</u>	<u>25,030,317</u>	<u>24,619,175</u>
EQUITY					
Capital introduced	21	1,652,804	1,652,804	1,652,804	1,652,804
Available for sale reserves	22	220,868	182,055	—	—
Retained earnings	23	58,682,786	52,166,001	23,377,513	22,966,371
Non controlling interest	24	10,512,376	9,414,389	—	—
Total equity		<u>71,068,834</u>	<u>63,415,249</u>	<u>25,030,317</u>	<u>24,619,175</u>

The above statement of financial position should be read in conjunction with the accompanying notes

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 SEPTEMBER 2013

Consolidated	Capital introduced \$	Available for sale reserves \$	Retained Earnings \$	Non controlling interest \$	Total equity \$
Balance at 1 October 2011	1,652,804	167,693	57,674,759	9,600,710	69,095,966
Profit after income tax expense for the year	—	—	17,103,612	2,032,349	19,135,961
Other comprehensive income for the year, net of tax	—	14,362	—	3,552	17,914
Total comprehensive income for the year, net of tax	—	14,362	17,103,612	2,035,901	19,153,875
Transactions with owners in their capacity as owners:					
Distributions of profit during the year	—	—	(22,612,370)	—	(22,612,370)
Dividends paid (note 4)	—	—	—	(2,222,222)	(2,222,222)
	—	—	(22,612,370)	(2,222,222)	(24,834,592)
Balance at 30 September 2012	1,652,804	182,055	52,166,001	9,414,389	63,415,249
Balance at 1 October 2012	1,652,804	182,055	52,166,001	9,414,389	63,415,249
Profit after income tax expense for the year	0	—	17,228,841	2,045,187	19,274,028
Other comprehensive income for the year, net of tax	0	38,813	—	9,598	48,411
Total comprehensive income for the year, net of tax	—	38,813	17,228,841	2,054,785	19,322,439
Transactions with owners in their capacity as owners:					
Distributions of profit during the year	—	—	(10,712,056)	—	(10,712,056)
Dividends paid (note 4)	—	—	—	(956,798)	(956,798)
	—	—	(10,712,056)	(956,798)	(11,668,854)
Balance at 30 September 2013 (unaudited)	1,652,804	220,868	58,682,786	10,512,376	71,068,834
Parent					
Balance at 1 October 2011	1,652,804	—	29,158,024	—	30,810,828
Profit after income tax expense for the year	—	—	16,420,717	—	16,420,717
Other comprehensive income for the year, net of tax	—	—	—	—	—
Total comprehensive income for the year, net of tax	—	—	16,420,717	—	16,420,717
Transactions with owners in their capacity as owners:					
Distributions of profit during the year	—	—	(22,612,370)	—	(22,612,370)
Balance at 30 September 2012	1,652,804	—	22,966,371	—	24,619,175
Balance at 1 October 2012	1,652,804	—	22,966,371	—	24,619,175
Profit after income tax expense for the year	—	—	11,123,198	—	11,123,198
Other comprehensive income for the year, net of tax	—	—	—	—	—
Total comprehensive income for the year, net of tax	—	—	11,123,198	—	11,123,198
Transactions with owners in their capacity as owners:					
Distributions of profit during the year	—	—	(10,712,056)	—	(10,712,056)
Balance at 30 September 2013 (unaudited)	1,652,804	—	23,377,513	—	25,030,317

The above statement of changes of equity should be read in conjunction with the accompanying notes

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Note	Consolidated		Parent	
		(Unaudited) 2013 \$	2012 \$	(Unaudited) 2013 \$	2012 \$
Cash Flows From Operating Activities					
Receipts from customers (inclusive of GST)		135,946,128	140,669,241	135,668,524	138,380,023
Payments to suppliers and employees (inclusive of GST)		(102,133,367)	(115,633,973)	(116,635,239)	(127,580,141)
Dividend received		4,700	4,630	3,869,034	8,986,069
Interest received		518,268	1,224,211	197,912	280,988
Finance costs		(809,190)	(1,395,997)	(3,722,530)	(3,897,177)
Income tax paid		(5,711,500)	(5,107,383)	—	—
Net cash from operating activities	29	<u>27,815,039</u>	<u>19,760,729</u>	<u>19,377,701</u>	<u>16,169,762</u>
Cash Flows From Investing Activities					
Purchase of property, plant and equipment		(836,323)	(397,995)	(836,323)	(397,995)
Proceeds from sale of property, plant and equipment		153,084	37,500	153,084	37,500
Purchase of intangibles		(1,828,852)	(100,000)	(1,828,852)	—
Net cash used in investing activities		<u>(2,512,091)</u>	<u>(460,495)</u>	<u>(2,512,091)</u>	<u>(360,495)</u>
Cash Flows From Financing Activities					
Repayment of borrowings		(4,000,000)	(4,000,000)	(4,000,000)	(4,000,000)
Loans from related parties (net)		—	—	5,948,664	10,577,508
Lease payments		(11,761)	—	(11,761)	—
Profit distributions paid		(10,712,056)	(22,612,370)	(10,712,056)	(22,612,370)
Dividends paid		(956,798)	(2,222,222)	—	—
Net cash used in financing activities		<u>(15,680,615)</u>	<u>(28,834,592)</u>	<u>(8,775,153)</u>	<u>(16,034,862)</u>
Net increase (decrease) in cash and cash and cash equivalents					
		9,622,333	(9,534,358)	8,090,457	(225,595)
Cash and cash equivalents at the beginning of the financial year					
		16,628,595	26,162,953	2,893,698	3,119,293
Cash and cash equivalents at the end of the financial year					
	1, 6	<u>26,250,928</u>	<u>16,628,595</u>	<u>10,984,155</u>	<u>2,893,698</u>

The above statement of cash flows should be read in conjunction with the accompanying notes

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

This financial report is a special purpose financial report prepared in order to satisfy Pelikan Artline Joint Venture's (referred to in this report as the parent entity) financial report preparation requirements under the Joint Venture Agreement dated 24 December 1998. The directors have determined that the joint venture is not a reporting entity.

The financial report covers Pelikan Artline Joint Venture as an individual parent entity and Pelikan Artline Joint Venture and controlled entities as a consolidated entity.

The financial report was authorised for issue by the directors of Pelikan Artline Pty Limited, the agent for the Joint Venture, on 18 December 2013.

Adoption of new and revised Accounting Standards and Interpretations

The consolidated entity has adopted all of the new, revised or amending Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new, revised or amending Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

New Accounting Standards for application in future periods

Australian Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory have not been early adopted by the consolidated entity for the annual reporting period ended 30 September 2013. The joint venture has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

Basis of preparation

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the disclosure requirements of AASB 101 'Presentation of Financial Statements', AASB 107 'Statement of Cash Flows', AASB 108 'Accounting Policies, Changes in Accounting Estimates and Errors', AASB 1031 'Materiality', AASB 1048 'Interpretation and Application of Standards' and AASB 1054 'Australian Additional Disclosure' as appropriate for profit-oriented entities. These financial statements do not conform with International Financial Reporting Standards as issued by the International Accounting Standards Board ('IASB').

Historical cost convention

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

Principles of Consolidation

A controlled entity is any entity controlled by Pelikan Artline Joint Venture. Control exists where Pelikan Artline Joint Venture has the capacity to dominate the decision-making in relation to the financial and operating policies of another entity so that the other entity operates with Pelikan Artline Joint Venture to achieve the objectives of Pelikan Artline Joint Venture.

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (continued)

The financial statements of controlled entities are included from the date control commences to the date control ceases.

Inter-entity transactions and balances between controlled entities are eliminated in full on consolidation.

Income Tax

The parent entity is not a legal entity subject to Australian or New Zealand income tax. Its income is taxable in the hands of the Joint Venture parties.

The controlled entities are subject to Australian or New Zealand income tax and the tax balances disclosed in this report relate to these controlled entities.

The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entity's which intend to settle simultaneously.

The amount of benefits brought to account or which may be realised in the future is based on the assumption that no adverse change will occur in income tax legislation and the anticipation that the consolidated entity will derive sufficient future assessable income to enable the benefit to be realised and comply with the conditions of deductibility imposed by the law.

Revenue Recognition

Revenue is recognised when it is probable that the economic benefit will flow to the consolidated entity and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

Sale of goods revenue

Revenue from the sale of goods is recognised upon the delivery of goods to customers, when the risks and rewards are transferred to the customer and there is a valid sales contract. Amounts disclosed as revenue are net of sales returns and trade discounts.

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Interest revenue

Interest revenue is recognised on an accruals basis taking into account the interest rates applicable to the financial assets.

Dividend revenue

Dividend revenue is recognised when the right to receive a dividend has been established.

Other revenue

Other revenue is recognised when it is received or when the right to receive payment is established.

Promotional Expenditure

Advertising and promotional expenditure (primarily catalogue expenditure) is recognised when incurred. The expenditure is incurred when the entity enters into a binding commitment with the service provider.

Foreign Currency Transactions and Balances

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars, which is the parent entity's presentation currency.

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in profit or loss. Exchange difference arising on the translation of non-monetary items are recognised directly in equity to the extent that the gain or loss is directly recognised in equity, otherwise the exchange difference is recognised in profit or loss.

Cash and Cash Equivalents

For the purpose of the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with banks or financial institutions and other short term, highly liquid investments with maturities from balance sheet date of 4 months or less, net of bank overdrafts.

Trade and Other Receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment.

Collectability of trade and other receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the consolidated entity will not be able to collect all amounts due according to the original terms of receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the provision is recognised in profit or loss.

Other receivables are recognised at amortised cost, less any provision for impairment.

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories

Inventories are measured at the lower of cost and net realisable value. Costs are assigned to inventory on hand by the method most appropriate to each particular class of inventory, with the majority being valued on a first in first out or average cost basis.

Investments and Other Financial Assets

Investments and other financial assets are initially measured at fair value. They are subsequently measured at either amortised cost or fair value depending on their classification. Classification is determined based on the purpose of the acquisition and subsequent reclassification to other categories is restricted. For unlisted investments, the consolidated entity establishes fair value by using valuation techniques. These include the use of recent arm's length transactions and discounted cash flow analysis.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets, principally equity securities that are either designated as available-for-sale or not classified as any other category. After initial recognition, fair value movements are recognised in other comprehensive income through the available-for-sale reserve in equity. Cumulative gain or loss previously reported in the available-for-sale reserve is recognised in profit or loss when the asset is derecognised or impaired.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost.

Loans and receivables are included in current assets, except for those which are not expected to mature within 12 months after the end of the reporting period, which will be classified as non-current assets.

Financial liabilities

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost.

Impairment of Financial Assets

The consolidated entity assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available for sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit and loss - is removed from equity and recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments are not reversed through profit or loss.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of a provision account. When a trade receivable is uncollectible, it is written off against the provision account. Subsequent recoveries of amounts previously written off are credited against the provision account. Changes in the carrying amount of the provision account are recognised in profit or loss.

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, Plant and Equipment

Each class of property, plant and equipment is carried at cost, less where applicable, any accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the consolidated entity and the cost of the item can be measured reliably. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Plant and equipment

Plant and equipment are measured on the cost basis. The carrying amount of plant and equipment is reviewed annually by the directors to ensure that it is not in excess of the recoverable amount from those assets. The recoverable amount is assessed on the basis of the expected net cash flows which will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including buildings and capitalised lease assets, but excluding freehold land, are depreciated on a straight line basis over their useful lives to the consolidated entity commencing from the time each asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

<u>Class of Fixed Asset</u>	<u>Depreciation Rate</u>
Plant and equipment	7.50% - 66.77%
Motor vehicles	15.00% - 20.00%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposal are determined by comparing proceeds with the carrying amount. These gains or losses are included in profit or loss.

Leases

Leases of fixed assets where substantially all the risks and benefits incidental to the ownership of the asset, but not the legal ownership, are transferred to entities in the consolidated entity are classified as finance leases. Finance leases are capitalised, recording an asset and a liability equal to the present value of minimum lease payments, including any guaranteed residual values. Leased assets are depreciated on a straight line basis over their estimated useful lives where it is likely that the consolidated entity will obtain ownership of the asset over the term of the lease. Lease payments are allocated between the reduction of the lease liability and the lease interest expense for the year.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the year in which they are incurred.

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Intangibles

Intangibles - Trademark Licences

Trademark licences are initially recognised at cost of acquisition. They have an indefinite useful life because they are subject to a written trademark agreement which does not limit the period over which they are expected to generate cash inflows. They are not subject to amortisation.

Trademark licences are tested for impairment annually and are subsequently carried at cost less any accumulated impairment losses. An impairment loss is recognised for the amount by which the trademark licence's carrying amount exceeds its recoverable amount.

Goodwill

Goodwill and goodwill on consolidation are initially recorded as an intangible asset at the amount by which the purchase price for a business or for an ownership interest in a controlled entity exceeds the fair value attributed to its net assets at the date of acquisition. Goodwill has an indefinite life on the basis there is no foreseeable limit to the period over which the asset is expected to generate cash inflows. They are not subject to amortisation. Impairment losses on goodwill are taken to profit or loss and are not subsequently reversed.

Goodwill is tested annually for impairment and carried at a cost less accumulated impairment losses.

Impairment of Non-Financial Assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition, with the exception of certain liabilities to employees that are usually paid within 12 months of the statement of financial position date.

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of the loan facilities are recognised in profit or loss when they are incurred.

Borrowings are classified as current liabilities unless the consolidated entity has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

Employee Benefits

Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Employee Benefits (continued)

Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Retirement Benefit Obligations

Superannuation contributions are made by the consolidated entity to employee superannuation funds and are charged as expenses when incurred.

Provisions

Provisions are recognised when the consolidated entity has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured. Provisions recognised represent the best estimate of the amounts required to settle the obligation at the end of the reporting period.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables in the statement of financial position are shown inclusive of GST. The net amount of GST recoverable from or payable to the Australian Taxation Office is included with other receivables or payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the Australian Taxation Office, are presented as operating cash flow.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the Australian Taxation Office.

Issued capital

Ordinary shares are classified as equity.

Dividends

Dividends are recognised when declared during the financial year and no longer at the discretion of the company.

Business combinations

The acquisition method of accounting is used to account for business combinations regardless of whether equity instruments or other assets are acquired.

The consideration transferred is the sum of the acquisition-date fair values of the assets transferred, equity instruments issued or liabilities incurred by the acquirer to former owners of the acquiree and the amount of any non-controlling interest in the acquiree. For each business combination, the non-controlling interest in the acquiree is measured at either fair value or at the proportionate share of the acquiree's identifiable net assets. All acquisition costs are expensed as incurred to profit or loss.

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

On the acquisition of a business, the consolidated entity assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic conditions, the consolidated entity's operating or accounting policies and other pertinent conditions in existence at the acquisition-date.

Where the business combination is achieved in stages, the consolidated entity remeasures its previously held equity interest in the acquiree at the acquisition-date fair value and the difference between the fair value and the previous carrying amount is recognised in profit or loss.

Contingent consideration to be transferred by the acquirer is recognised at the acquisition-date fair value. Subsequent changes in the fair value of contingent consideration classified as an asset or liability is recognised in profit or loss. Contingent consideration classified as equity is not remeasured and its subsequent settlement is accounted for within equity.

The difference between the acquisition-date fair value of assets acquired, liabilities assumed and any non-controlling interest in the acquiree and the fair value of the consideration transferred and the fair value of any pre-existing investment in the acquiree is recognised as goodwill. If the consideration transferred and the pre-existing fair value is less than the fair value of the identifiable net assets acquired, being a bargain purchase to the acquirer, the difference is recognised as a gain directly in profit or loss by the acquirer on the acquisition-date, but only after a reassessment of the identification and measurement of the net assets acquired, the non-controlling interest in the acquiree, if any, the consideration transferred and the acquirer's previously held equity interest in the acquirer.

Business combinations are initially accounted for on a provisional basis. The acquirer retrospectively adjusts the provisional amounts recognised and also recognises additional assets or liabilities during the measurement period, based on new information obtained about the facts and circumstances that existed at the acquisition-date. The measurement period ends on either the earlier of (i) 12 months from the date of the acquisition or (ii) when the acquirer receives all the information possible to determine fair value.

Comparatives

Where required by Accounting Standards and/or for improved presentation purposes comparative figures have been adjusted to conform with changes in presentation for the current year.

Critical Accounting Estimates and Assumptions

The directors evaluate estimates and judgements incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the consolidated entity.

The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Provision for impairment of receivables

The provision for impairment of receivables assessment requires a degree of estimation and judgement. The level of provision is assessed by taking into account the recent sales experience, the ageing of receivables, historical collection rates and specific knowledge of the individual debtor's financial position.

Provision for impairment of inventories

The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Critical Accounting Estimates and Assumptions (continued)

Estimation of useful lives of assets

The consolidated entity tests annually, or more frequently if events or changes in circumstances indicate impairment, whether goodwill and other indefinite life intangible assets have suffered any impairment, in accordance with the accounting policy stated in note 1. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions, including estimated discount rates based on the current cost of capital and growth rates of the estimated future cash flows.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The consolidated entity assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the consolidated entity and to the particular asset that may lead to impairment. If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs to sell or value-in-use calculations, which incorporate a number of key estimates and assumptions.

Income tax

The consolidated entity is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The consolidated entity recognises liabilities for anticipated tax audit issues based on the consolidated entity's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Long service leave provision

As discussed in note 1, the liability for long service leave is recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Business combinations

As discussed in note 1, business combinations are initially accounted for on a provisional basis. The fair value of assets acquired, liabilities and contingent liabilities assumed are initially estimated by the consolidated entity taking into consideration all available information at the reporting date. Fair value adjustments on the finalisation of the business combination accounting is retrospective, where applicable, to the period the combination occurred and may have an impact on the assets and liabilities, depreciation and amortisation reported.

Key Estimates - Impairment of Goodwill and Trademark Licences

The consolidated entity tests annually whether goodwill and other intangible assets that have an indefinite useful life have suffered any impairment, in accordance with the accounting policy stated in note 1.

In assessing goodwill for impairment, sensitivity analysis was applied to key assumptions (being the growth and discount rates) used in value in use calculations. As a result of this sensitivity analysis, there were no changes in key assumptions that were considered reasonably possible, which would cause the carrying amount of goodwill to exceed its recoverable amount and therefore no impairment has been recognised in respect of goodwill amounting to \$31,542,155 or trademark licences amounting to \$2,076,652 for the year ended 30 September 2013.

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Consolidated		Parent	
	(Unaudited)		(Unaudited)	
	2013	2012	2013	2012
	\$	\$	\$	\$
<u>Note 2 Revenue</u>				
<i>Revenue</i>				
Sales net of discounts and rebates allowed	120,222,220	123,785,950	120,222,220	123,785,950
<i>Other revenue</i>				
Dividend received	4,700	4,630	3,869,034	8,986,069
Interest received	571,158	886,128	1,068,350	1,118,991
Other operating revenue	366,330	152,152	88,726	92,278
	<u>942,188</u>	<u>1,042,910</u>	<u>5,026,110</u>	<u>10,197,338</u>
<i>Total revenue</i>	<u>121,164,408</u>	<u>124,828,860</u>	<u>125,248,330</u>	<u>133,983,288</u>
<u>Note 3 Expenses</u>				
Depreciation - property, plant & equipment	473,222	483,561	405,768	362,571
<i>Bad and doubtful debts expense</i>				
Bad debts	74,895	44,004	74,895	44,004
Provision for impairment	4,521	(18,385)	4,521	(18,385)
<i>Total bad and doubtful debts</i>	<u>79,416</u>	<u>25,619</u>	<u>79,416</u>	<u>25,619</u>
Foreign currency translation losses (gains)	(277,604)	39,874	—	—
Loss on disposal of property, plant and equipment	23,184	154,160	23,184	57,180
Rental expenses relating to operating leases	3,128,580	2,908,864	3,128,580	2,908,864
<u>Note 4 Dividends</u>				
Fully franked dividends - franked at tax rate of 30%	956,798	2,222,222	—	—
Balance of franking account at year end adjusted for franking credits arising from payment of provision for income tax, franking debits arising from payment of dividends recognised as a liability at reporting date and franking credits arising from receipt of dividends recognised as receivable at reporting date.	<u>26,752,858</u>	<u>23,870,799</u>	<u>—</u>	<u>—</u>

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Consolidated		Parent	
	(Unaudited)		(Unaudited)	
	2013	2012	2013	2012
	\$	\$	\$	\$
Note 5 - Income tax				
<i>(a) The components of income tax expense comprise</i>				
Current income tax	4,988,799	5,044,021	n/a	n/a
Deferred income tax - other items	39,737	(79,504)	n/a	n/a
Under provision in respect of prior years	—	5	n/a	n/a
<i>Total income tax expense</i>	<u>5,028,536</u>	<u>4,964,522</u>	<u>n/a</u>	<u>n/a</u>
<i>Deferred income tax expense included in income tax expense comprises:-</i>				
Decrease in deferred tax assets (note 12)	30,356	38,661	n/a	n/a
Increase (decrease) in deferred tax liabilities (note 19)	9,381	(118,165)	n/a	n/a
	<u>39,737</u>	<u>(79,504)</u>	<u>n/a</u>	<u>n/a</u>
<i>(b) Income tax reconciliation</i>				
The prima facie tax on profit before income tax expense is reconciled to the income tax expense as follows:-				
Prima facie tax payable on profit before income tax expense at 30% (Australia) & 28% (New Zealand)	7,279,554	7,223,688	n/a	n/a
<i>Add (less) tax effect of:-</i>				
Non allowable items	2,849	76	n/a	n/a
Non assessable items	(77,765)	(28,765)	n/a	n/a
Over (under) provision in respect of prior years	—	5	n/a	n/a
Increase (decrease) in tax losses not recognised	147	(88)	n/a	n/a
Income tax not payable by parent entity - non taxable entity	(2,176,249)	(2,230,394)	n/a	n/a
<i>Income tax expense</i>	<u>5,028,536</u>	<u>4,964,522</u>	<u>n/a</u>	<u>n/a</u>
The applicable weighted average effective tax rates are as follows:	<u>21%</u>	<u>21%</u>	<u>n/a</u>	<u>n/a</u>
Tax effect relating to other comprehensive income:				
Deferred tax	<u>20,747</u>	<u>7,678</u>	<u>n/a</u>	<u>n/a</u>
Note 6 Current Assets - Cash and Cash Equivalents				
Cash at bank	8,588,687	10,245,830	2,936,307	2,528,353
Cash on deposit	17,662,241	6,382,765	8,047,848	365,345
	<u>26,250,928</u>	<u>16,628,595</u>	<u>10,984,155</u>	<u>2,893,698</u>
Note 7 Current Assets - Trade and Other Receivables				
Trade receivables	31,318,675	33,651,723	31,318,675	33,651,723
Less provision for impairment	(23,259)	(18,738)	(23,259)	(18,738)
	<u>31,295,416</u>	<u>33,632,985</u>	<u>31,295,416</u>	<u>33,632,985</u>
Current tax assets	—	29,260	—	—
Other receivables	1,327,201	1,312,577	1,196,098	1,216,439
	<u>32,622,617</u>	<u>34,974,822</u>	<u>32,491,514</u>	<u>34,849,424</u>

**PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	Consolidated		Parent	
	(Unaudited)		(Unaudited)	
	2013	2012	2013	2012
	\$	\$	\$	\$
<u>Note 8 Current Assets - Inventories</u>				
Stock on hand (note 1)	20,436,444	19,753,344	20,436,444	19,753,344
<u>Note 9 Non-Current Assets - Receivables</u>				
Loan to controlled entity - unsecured	—	—	12,409,836	11,539,398
<u>Note 10 Non-Current Assets - Financial Assets</u>				
Other Financial Assets				
<i>Unlisted investments</i>				
Shares in subsidiary companies (at cost)	—	—	40,853,792	40,853,792
Shares in unlisted corporations (at fair value) - available for sale	590,001	520,844	—	—
	<u>590,001</u>	<u>520,844</u>	<u>40,853,792</u>	<u>40,853,792</u>

Parent Entity - Shares in other controlled corporations

On 29 April 2005 the joint venture acquired 80.17% of the share capital of Geoff Penney (Australia) Pty Limited, which is also the 100% holding company of Custom Xstamper Australia Pty Limited and Pelikan Artline Limited.

On 14 January 2009 the joint venture acquired 100% of the share capital of Spirax Holdings Pty Limited, which is also the 100% holding company of Spirax Industries Pty Limited, Spirax Office Products Pty Limited, Spirax Holdings NZ Limited and Spirax New Zealand Limited.

Consolidated Entity - Shares in unlisted corporations

Shares in other corporations represent an investment in Shachihata (Malaysia) Sdn. Bhd., a private company incorporated in Malaysia that manufactures certain products sold by the Consolidated Entity. The percentage owned is 2.38% and is carried at fair value.

PELIKAN ARTLINE JOINT VENTURE
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FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Consolidated		Parent	
	(Unaudited)		(Unaudited)	
	2013	2012	2013	2012
	\$	\$	\$	\$
Note 11 Non-Current Assets - Property, Plant and Equipment				
Plant and equipment (at cost)	4,723,047	3,943,897	3,694,510	2,885,111
Less accumulated depreciation	(3,084,253)	(2,649,567)	(2,227,016)	(1,829,535)
<i>Total property, plant and equipment</i>	<u>1,638,794</u>	<u>1,294,330</u>	<u>1,467,494</u>	<u>1,055,576</u>
Movements in carrying amounts				
			Plant and equipment	Total
			\$	\$
Consolidated Entity				
At 1 October 2012				
Cost			3,943,897	3,943,897
Accumulated depreciation and impairment			(2,649,567)	(2,649,567)
<i>Net carrying amount</i>			<u>1,294,330</u>	<u>1,294,330</u>
Year ended 30 September 2013 (unaudited)				
Net carrying amount at 1 October 2012			1,294,330	1,294,330
Additions			979,717	979,717
Disposals			(162,031)	(162,031)
Depreciation and amortisation charge			(473,222)	(473,222)
Net carrying amount at 30 September 2013			<u>1,638,794</u>	<u>1,638,794</u>
At 30 September 2013 (unaudited)				
Cost			4,723,047	4,723,047
Accumulated depreciation and impairment			(3,084,253)	(3,084,253)
<i>Net carrying amount</i>			<u>1,638,794</u>	<u>1,638,794</u>
Parent Entity				
			Plant and equipment	Total
			\$	\$
At 1 October 2012				
Cost			2,885,111	2,885,111
Accumulated depreciation and impairment			(1,829,535)	(1,829,535)
<i>Net carrying amount</i>			<u>1,055,576</u>	<u>1,055,576</u>
Year ended 30 September 2013 (unaudited)				
Net carrying amount at 1 October 2012			1,055,576	1,055,576
Additions			979,717	979,717
Disposals			(162,031)	(162,031)
Depreciation and amortisation charge			(405,768)	(405,768)
Net carrying amount at 30 September 2013			<u>1,467,494</u>	<u>1,467,494</u>
At 30 September 2013 (unaudited)				
Cost			3,694,510	3,694,510
Accumulated depreciation and impairment			(2,227,016)	(2,227,016)
<i>Net carrying amount</i>			<u>1,467,494</u>	<u>1,467,494</u>

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Consolidated		Parent	
	(Unaudited)		(Unaudited)	
	2013	2012	2013	2012
	\$	\$	\$	\$
<u>Note 12 Non-Current Assets - Deferred Tax Assets</u>				
Deferred tax assets	617,859	645,019	n/a	n/a
Deferred tax assets - movement				
Balance at the beginning of the year	645,019	683,237	n/a	n/a
Unrealised currency gains and losses	3,151	419	n/a	n/a
Provisions	(14,194)	(300)	n/a	n/a
Accruals	(17,116)	(41,639)	n/a	n/a
Property, plant and equipment	999	3,302	n/a	n/a
Balance at the end of the year	617,859	645,019	n/a	n/a
Deferred tax assets comprise				
Provisions	271,931	259,200	n/a	n/a
Accruals	314,552	355,442	n/a	n/a
Property, plant and equipment	31,376	30,377	n/a	n/a
	617,859	645,019	n/a	n/a

PELIKAN ARTLINE JOINT VENTURE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Consolidated		Parent	
	(Unaudited)		(Unaudited)	
	2013	2012	2013	2012
	\$	\$	\$	\$
Note 13 Non-Current Assets - Intangible Assets				
Trademark licence (at cost)	2,076,652	2,076,652	—	—
Goodwill (at cost)	31,542,155	28,493,303	3,099,647	50,795
	<u>33,618,807</u>	<u>30,569,955</u>	<u>3,099,647</u>	<u>50,795</u>
		Trademark		
Movements in carrying amounts		licence	Goodwill	Goodwill
Consolidated Entity		\$	\$	\$
At 1 October 2012				
Cost		2,076,652	28,493,303	30,569,955
Accumulated amortisation and impairment		—	—	—
<i>Net carrying amount</i>		<u>2,076,652</u>	<u>28,493,303</u>	<u>30,569,955</u>
Year ended 30 September 2013 (unaudited)				
Net carrying amount at 1 October 2012		2,076,652	28,493,303	30,569,955
Additions		—	3,043,246	3,043,246
Currency fluctuations		—	5,606	5,606
Net carrying amount at 30 September 2013		<u>2,076,652</u>	<u>31,542,155</u>	<u>33,618,807</u>
At 30 September 2013 (unaudited)				
Cost		2,076,652	31,542,155	33,618,807
Accumulated amortisation and impairment		—	—	—
<i>Net carrying amount</i>		<u>2,076,652</u>	<u>31,542,155</u>	<u>33,618,807</u>
		Trademark		
Parent Entity		licence	Goodwill	Goodwill
At 1 October 2012		\$	\$	\$
Cost		—	50,795	50,795
Accumulated amortisation and impairment		—	—	—
<i>Net carrying amount</i>		<u>—</u>	<u>50,795</u>	<u>50,795</u>
Year ended 30 September 2013 (unaudited)				
Net carrying amount at 1 October 2012		—	50,795	50,795
Acquisitions during the year		—	3,043,246	3,043,246
Currency fluctuations		—	5,606	5,606
Net carrying amount at 30 September 2013		<u>—</u>	<u>3,099,647</u>	<u>3,099,647</u>
At 30 September 2013 (unaudited)				
Cost		—	3,099,647	3,099,647
Accumulated amortisation and impairment		—	—	—
<i>Net carrying amount</i>		<u>—</u>	<u>3,099,647</u>	<u>3,099,647</u>

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Consolidated		Parent	
	(Unaudited)		(Unaudited)	
	2013	2012	2013	2012
	\$	\$	\$	\$
<u>Note 14 Current Liabilities - Trade and Other Payables</u>				
Trade payables	7,408,837	8,315,979	7,808,218	9,155,515
Liabilities to employees	5,929,384	4,642,005	5,018,063	3,713,511
Other payables	16,510,337	10,308,222	16,199,783	9,657,386
Loans - unsecured	—	—	10,979,556	9,639,933
	<u>29,848,558</u>	<u>23,266,206</u>	<u>40,005,620</u>	<u>32,166,345</u>
<u>Note 15 Current Liabilities - Provisions</u>				
Deferred purchase price	220,000	—	220,000	—
Employee benefits - long service leave	1,913,260	1,675,543	1,185,260	1,009,524
	<u>2,133,260</u>	<u>1,675,543</u>	<u>1,405,260</u>	<u>1,009,524</u>
<u>Note 16 Current Liabilities - Short-term Borrowings</u>				
Lease liabilities (note 25)	21,592	—	21,592	—
Loans - Westpac (secured)	4,000,000	4,000,000	4,000,000	4,000,000
	<u>4,021,592</u>	<u>4,000,000</u>	<u>4,021,592</u>	<u>4,000,000</u>
<u>Note 17 Non-Current Liabilities - Trade and Other Payables</u>				
Loans - unsecured	—	—	44,573,179	39,964,138
<u>Note 18 Non-Current Liabilities - Long-term Borrowings</u>				
Lease liabilities (note 25)	101,144	—	101,144	—
Loans - Westpac (secured)	6,000,000	10,000,000	6,000,000	10,000,000
	<u>6,101,144</u>	<u>10,000,000</u>	<u>6,101,144</u>	<u>10,000,000</u>
<u>Note 19 Non-Current Liabilities - Deferred Tax Liabilities</u>				
Deferred tax liabilities	152,839	122,711	n/a	n/a
Deferred tax liabilities - movement				
Balance at the beginning of the year	122,711	233,199	n/a	n/a
Receivables	15,703	(104,706)	n/a	n/a
Prepayments	(6,322)	(13,460)	n/a	n/a
Revaluation of available for sale financial assets charged directly to other comprehensive income	20,747	7,678	n/a	n/a
Balance at the end of the year	<u>152,839</u>	<u>122,711</u>	<u>n/a</u>	<u>n/a</u>
Deferred tax liabilities comprise				
Receivables	27,122	15,230	n/a	n/a
Prepayments	6,876	10,162	n/a	n/a
Revaluation of available for sale financial assets	118,841	97,319	n/a	n/a
	<u>152,839</u>	<u>122,711</u>	<u>n/a</u>	<u>n/a</u>

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Consolidated		Parent	
	(Unaudited)		(Unaudited)	
	2013	2012	2013	2012
	\$	\$	\$	\$
Note 20 Non-Current Liabilities - Provisions				
Deferred purchase price	1,000,000	—	1,000,000	—
Employee benefits - long service leave	265,724	267,844	179,724	69,863
	<u>1,265,724</u>	<u>267,844</u>	<u>1,179,724</u>	<u>69,863</u>

Note 21 Joint Venture Equity

Columbia Pelikan Pty Ltd				
Capital introduced	826,402	826,402	826,402	826,402
Share of joint venture profits - prior years	26,083,000	28,837,379	11,483,186	14,579,012
Share of joint venture profits - current year	8,614,421	8,551,806	5,561,599	8,210,359
Share of transfers to reserves - prior year	91,028	83,847	—	—
Share of transfers to reserves - current year	19,407	7,181	—	—
Distribution of profit	(5,356,028)	(11,306,185)	(5,356,028)	(11,306,185)
Joint venture interest at the end of the year	<u>30,278,229</u>	<u>27,000,430</u>	<u>12,515,159</u>	<u>12,309,588</u>

ACCO Brands Australia Pty Ltd				
Capital introduced	826,402	826,402	826,402	826,402
Share of joint venture profits - prior years	26,083,000	28,837,379	11,483,186	14,579,012
Share of joint venture profits - current year	8,614,421	8,551,806	5,561,599	8,210,359
Share of transfers to reserves - prior year	91,028	83,847	—	—
Share of transfers to reserves - current year	19,407	7,181	—	—
Distribution of profit	(5,356,028)	(11,306,185)	(5,356,028)	(11,306,185)
Joint venture interest at the end of the year	<u>30,278,229</u>	<u>2,700,430</u>	<u>12,515,159</u>	<u>12,309,588</u>

Total joint venture interests				
Capital introduced	1,652,804	1,652,804	1,652,804	1,652,804
Share of joint venture profits - prior years	52,166,000	57,674,758	22,966,371	29,158,024
Share of joint venture profits - current year	17,228,842	17,103,612	11,123,198	16,420,717
Share of transfers to reserves - prior year	182,055	167,694	—	—
Share of transfers to reserves - current year	38,813	14,362	—	—
Distribution of profit	(10,712,056)	(22,612,370)	(10,712,056)	(22,612,370)
Joint venture interest at the end of the year	<u>60,556,458</u>	<u>54,000,860</u>	<u>25,030,317</u>	<u>24,619,175</u>
Outside equity interests in controlled entities (note 24)	<u>10,512,376</u>	<u>9,414,389</u>	<u>—</u>	<u>—</u>
Total equity as per the statement of financial position	<u>71,068,834</u>	<u>63,415,249</u>	<u>25,030,317</u>	<u>24,619,175</u>

Note 22 Available For Sale Reserves

Available for sale financial assets revaluation reserve				
Balance at the beginning of the financial year	182,055	167,693	—	—
Movement during the year	38,813	14,362	—	—
Balance at the end of the year	<u>220,868</u>	<u>182,055</u>	<u>—</u>	<u>—</u>

The available for sale financial assets revaluation reserve records revaluations of available for sale financial assets.

PELIKAN ARTLINE JOINT VENTURE
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	Consolidated		Parent	
	(Unaudited)		(Unaudited)	
	2013	2012	2013	2012
	\$	\$	\$	\$
Note 23 Retained Earnings				
Movements in retained earnings were as follows:				
Balance at the beginning of the year	52,166,001	57,674,759	22,966,371	29,158,024
Profit attributable to owners of the parent for the year	17,228,841	17,103,612	11,123,198	16,420,717
Distribution of profit during the year	(10,712,056)	(22,612,370)	(10,712,056)	(22,612,370)
Dividends paid or provided	(956,798)	(2,222,222)	—	—
Dividends attributable to outside equity interest	956,798	2,222,222	—	—
Balance at the end of the year	<u>58,682,786</u>	<u>52,166,001</u>	<u>23,377,513</u>	<u>22,966,371</u>
Distribution to joint venture partners				
Columbia Pelikan Pty Ltd	29,341,393	26,083,001	11,688,757	11,483,186
ACCO Brands Australia Pty Ltd	29,341,393	26,083,001	11,688,757	11,483,186
	<u>58,682,786</u>	<u>52,166,001</u>	<u>23,377,513</u>	<u>22,966,371</u>

Note 24 Non Controlling Interest

Non controlling interest comprises:				
Share capital	141,562	141,562	—	—
Available for sale reserves	667,142	657,544	—	—
Retained earnings	9,703,672	8,615,283	—	—
	<u>10,512,376</u>	<u>9,414,389</u>	<u>—</u>	<u>—</u>

Note 25 Commitments and Contingent Liabilities

(a) Finance lease commitments

Payable:				
Not later than 1 year	28,227	—	28,227	—
Later than 1 year but not later than 5 years	111,921	—	111,921	—
Minimum lease payments	140,148	—	140,148	—
Less future finance charges	(17,412)	—	(17,412)	—
Present value of minimum lease payments	<u>122,736</u>	<u>—</u>	<u>122,736</u>	<u>—</u>
Recorded in the financial report as:				
Current liability (refer note 16)	21,592	—	21,592	—
Non-current liability (refer note 18)	101,144	—	101,144	—
	<u>122,736</u>	<u>—</u>	<u>122,736</u>	<u>—</u>

Finance lease commitments relate to one motor vehicle finance lease entered into by the parent entity during the year, having a term of four years. The lease provides the parent entity with a right to acquire the vehicle at the end of the lease. Lease payments comprise a base monthly amount plus one residual payment.

**PELIKAN ARTLINE JOINT VENTURE
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FOR THE YEAR ENDED 30 SEPTEMBER 2013**

	Consolidated		Parent	
	(Unaudited)		(Unaudited)	
	2013	2012	2013	2012
	\$	\$	\$	\$
Note 25 Commitments and Contingent Liabilities (continued)				
<i>(b) Operating lease commitments</i>				
Aggregate amount contracted for but not capitalised in the financial statements and payable:				
Not later than 1 year	3,045,325	2,268,287	3,045,325	2,042,113
Later than 1 year but not later than 5 years	2,989,320	2,758,275	2,989,320	2,758,275
	<u>6,034,645</u>	<u>5,026,562</u>	<u>6,034,645</u>	<u>4,800,388</u>

Operating lease commitments relate to parent entity leased property, equipment and motor vehicles under operating leases expiring from one to five years. Leases generally provide controlled entities with a right of renewal at which all terms are negotiated. Lease payments comprise a base amount plus an incremental contingent rental. Contingent rentals are based on either movements in the Consumer Price Index or operating criteria.

(c) Contingent liabilities

There were no contingent liabilities at year end (2012: Nil).

Note 26 Assets Pledged as Security

The parent entity has a bank overdraft, letter of credit, bill facilities and bank loan which are secured by a registered mortgage by Pelikan Artline Pty Limited over all its assets and uncalled capital and over all the assets of the joint venture and the consolidated entity. The overdraft was unused at 30 September 2013 but an interest rate of 9.53% was chargeable on overdrawn balances.

The carrying amounts of assets pledged as security for the registered mortgage debenture are:

Cash and cash equivalents assets	26,250,928	16,628,595	10,984,155	2,893,698
Trade and other receivables	32,622,617	34,974,822	32,491,514	34,849,424
Inventories	20,436,444	19,753,344	20,436,444	19,753,344
Prepayments	609,290	902,198	573,954	833,018
Receivables	—	—	12,409,836	11,539,398
Financial assets	590,001	520,844	40,853,792	40,853,792
Property, Plant & Equipment	1,638,794	1,294,330	1,467,494	1,055,576
Deferred tax assets	617,859	645,019	—	—
Intangible assets	33,618,807	30,569,955	3,099,647	50,795
Total assets	<u>116,384,740</u>	<u>105,289,107</u>	<u>122,316,836</u>	<u>111,829,045</u>

PELIKAN ARTLINE JOINT VENTURE
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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Consolidated		Parent	
	(Unaudited)		(Unaudited)	
	2013	2012	2013	2012
	\$	\$	\$	\$
<u>Note 27 Economic Dependence</u>				
A significant portion of the consolidated entity's trading products are supplied by Shachihata, Inc., Japan.				
<u>Note 28 Events after Balance Date</u>				
Since the end of the year cash distributions of \$1,169,416 in total have been made to the joint venture parties.				
Apart from the matter referred to above, no matters or circumstances have arisen since the end of the year which significantly affected or may significantly affect the operations of the joint venture, the results of those operations or the state of affairs of the joint venture in future financial years.				
<u>Note 29 Cash Flow Information</u>				
<i>Reconciliation of profit after income tax to net cash inflow from operating activities:</i>				
Profit after income tax expense for the year	19,274,028	19,135,961	11,123,198	16,420,717
<i>Adjustments for:</i>				
Interest received - non-cash	—	—	(870,438)	(838,003)
Depreciation	473,222	483,561	405,768	362,571
Net loss on disposal of plant and equipment	23,184	154,160	23,184	57,180
Impairment provision - receivables	4,521	(18,385)	4,521	(18,385)
Employee benefits - provision	235,597	57,809	285,597	58,809
Lease interest	8,363	—	8,363	—
<i>Changes in assets and liabilities:</i>				
Decrease (increase) in trade and other receivables	2,286,927	1,839,502	2,321,892	1,534,462
Decrease (increase) in current tax assets	29,260	17,833	—	—
Decrease (increase) in inventories	(683,100)	2,746,558	(683,100)	2,746,558
Decrease (increase) in prepayments	292,908	20,028	259,064	9,984
Decrease (increase) in deferred tax assets	27,160	38,218	—	—
Increase (decrease) in trade and other payables	6,582,353	(4,515,604)	6,499,652	(4,164,131)
Increase (decrease) in current tax liabilities	(748,765)	(80,746)	—	—
Increase (decrease) in deferred tax liabilities	9,381	(118,166)	—	—
Net cash from operating activities	<u>27,815,039</u>	<u>19,760,729</u>	<u>19,377,701</u>	<u>16,169,762</u>

**PELIKAN ARTLINE JOINT VENTURE
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Consolidated		Parent	
(Unaudited)		(Unaudited)	
2013	2012	2013	2012
\$	\$	\$	\$

Note 30 Related Party Transactions

Parent and controlled entities

The consolidated entity consists of the parent entity, Pelikan Artline Joint Venture and its controlled entities Spirax Holdings Pty Limited, Spirax Industries Pty Limited, Spirax Office Products Pty Limited, Spirax Holdings NZ Limited, Spirax New Zealand Limited, Geoff Penney (Australia) Pty Limited, Custom Xstamper Australia Pty Limited and Pelikan Artline Limited.

Loans from related parties

Aggregate amounts payable to related parties at reporting date:-

Loans unsecured (current) - controlled entities	10,979,556	9,639,933
Loans unsecured (non-current) - controlled entities	44,573,179	39,964,138
	<u>55,552,735</u>	<u>49,604,071</u>

Loans to related parties

Aggregate amounts receivable from related parties at reporting date:-

Loans unsecured (non-current) - controlled entities	12,409,836	11,539,398
	<u>12,409,836</u>	<u>11,539,398</u>

Transactions with related parties

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions between the parent entity and its controlled entities during the year consisted of:-

Payment of interest on the above loans	(2,913,340)	(2,501,180)
Receipt of interest on the above loans	870,438	838,002
Receipt of dividends	3,869,034	8,986,069
Recovery of overheads	(6,572,313)	(7,621,094)
Distribution fee	(14,304,807)	(14,268,341)
Purchase of inventory from joint venture partner related parties	(1,459,542)	(1,816,720)
Recovery of administration and accounting services provided to a joint venture partner	60,000	60,000

Guarantees provided to related parties

Refer to note 26 for assets pledged as security by related parties

PELIKAN ARTLINE JOINT VENTURE
and Controlled Entities

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2013

	Consolidated		Parent	
	(Unaudited)		(Unaudited)	
	2013	2012	2013	2012
	\$	\$	\$	\$

Note 31 Financial Risk Management

The consolidated entity's financial instruments consist mainly of deposits with banks, short-term investments, accounts receivable and payable, loans to and from subsidiaries and leases.

The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows:

<i>Financial assets</i>				
Cash and cash equivalents (note 6)	26,250,928	16,628,595	10,984,155	2,893,698
Trade and other receivables (note 7)	32,622,617	34,974,822	44,901,350	46,388,822
Other financial assets (note 10)	590,001	520,844	40,853,792	40,853,792
	<u>59,463,546</u>	<u>52,124,261</u>	<u>96,739,297</u>	<u>90,136,312</u>
<i>Financial Liabilities</i>				
Trade and other payables (note 14 & 17)	29,848,558	23,266,206	84,578,799	72,130,483
Other loans and borrowings (note 16 & 18)	10,122,736	14,000,000	10,122,736	14,000,000
	<u>39,971,294</u>	<u>37,266,206</u>	<u>94,701,535</u>	<u>86,130,483</u>

Note 32 - Controlled Entities

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 1:

Controlled Entities Consolidated	Country of Incorporation	Percentage Owned (%)	
		2013	2012
<i>Parent Entity</i>			
Pelikan Artline Joint Venture	Australia	n/a	n/a
<i>Controlled Entities</i>			
Geoff Penney (Australia) Pty Limited	Australia	80.17%	80.17%
Custom Xstamper Australia Pty Limited	Australia	80.17%	80.17%
Pelikan Artline Limited	New Zealand	80.17%	80.17%
Spirax Holdings Pty Limited	Australia	100.00%	100.00%
Spirax Industries Pty Limited	Australia	100.00%	100.00%
Spirax Office Products Pty Limited	Australia	100.00%	100.00%
Spirax Holdings NZ Limited	New Zealand	100.00%	100.00%
Spirax New Zealand Limited	New Zealand	100.00%	100.00%

