

Salix Animal Health, LLC
Form 424B3
May 03, 2017
Table of Contents

Prospectus Supplement No. 2
to Prospectus dated January 4, 2017

Filed pursuant to Rule 424(b)(3)
File No. 333-209020

Spectrum Brands, Inc.

6.625% Senior Notes due 2022 and Related Guarantees

6.125% Senior Notes due 2024 and Related Guarantees

5.750% Senior Notes due 2025 and Related Guarantees

This prospectus supplement relates to the prospectus dated January 4, 2017 (for use by our affiliate Jefferies LLC or any of its affiliates (collectively referred to as **Jefferies**) in connection with offers and sales by Jefferies of our 6.625% Senior Notes due 2022 and Related Guarantees, 6.125% Senior Notes due 2024 and Related Guarantees and 5.750% Senior Notes due 2025 and Related Guarantees (the **Notes**) in market-making transactions effected from time to time).

This prospectus supplement is being filed to update, amend and supplement the information previously included in the prospectus with the information contained in SB/RH Holdings, LLC's Quarterly Report on Form 10-Q filed with the Securities and Exchange Commission on May 2, 2017 (the **10-Q**). Accordingly, we have attached the 10-Q to this prospectus supplement. You should read this prospectus supplement together with the prospectus, which is to be delivered with this prospectus supplement.

An investment in the Notes involves risks. Please refer to the section in the prospectus entitled Risk Factors commencing on page 12 of the prospectus.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if the prospectus or this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus supplement is May 3, 2017.

Table of Contents

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

FORM 10-Q

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

For the quarterly period ended April 2, 2017

OR

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

For the transition period from _____ to _____

Commission File No. Name of Registrant, State of Incorporation, IRS Employer Identification No.

Address of Principal Offices, and Telephone No.

001-34757

Spectrum Brands Holdings, Inc.

27-2166630

(a Delaware corporation)

3001 Deming Way

Middleton, WI 53562

(608) 275-3340

www.spectrumbrands.com

333-192634-03

SB/RH Holdings, LLC

27-2812840

(a Delaware limited liability company)

3001 Deming Way

Middleton, WI 53562

(608) 275-3340

Indicate by check mark whether the registrants (1) have 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.

Spectrum Brands Holdings,
Inc.

Yes No

SB/RH Holdings, LLC

Yes No

Indicate by check mark whether the registrants have submitted electronically and posted on their corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Spectrum Brands Holdings,
Inc.

Yes No

SB/RH Holdings, LLC

Yes No

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

Registrant	Large Accelerated Filer	Accelerated filer	Non-accelerated filer	Smaller reporting company
Spectrum Brands Holdings, Inc.	<input checked="" type="checkbox"/>			
SB/RH Holdings, LLC			<input checked="" type="checkbox"/>	

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Spectrum Brands Holdings, Inc.	Yes	No
SB/RH Holdings, LLC	Yes	No

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§232.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Spectrum Brands Holdings, Inc.	Yes	No
SB/RH Holdings, LLC	Yes	No

If an emerging growth company, indicate by checkmark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Spectrum Brands Holdings, Inc.
SB/RH Holdings, LLC

As of April 28, 2017, there were outstanding 58,828,866 shares of Spectrum Brands Holdings, Inc.'s common stock, par value \$0.01 per share.

SB/RH Holdings, LLC meets the conditions set forth in General Instruction H(1)(a) and (b) of Form 10-Q and is therefore filing this report with a reduced disclosure format as permitted by general instruction H(2).

Table of Contents

Forward-Looking Statements

We have made or implied certain forward-looking statements in this report. All statements, other than statements of historical facts included in this report, including the statements under Management's Discussion and Analysis of Financial Condition and Results of Operations regarding our business strategy, future operations, financial condition, estimated revenues, projected costs, projected synergies, prospects, plans and objectives of management, as well as information concerning expected actions of third parties, are forward-looking statements. When used in this report, the words anticipate, intend, plan, estimate, believe, expect, project, could, will, should, may and similar expressions are also intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

Since these forward-looking statements are based upon our current expectations of future events and projections and are subject to a number of risks and uncertainties, many of which are beyond our control and some of which may change rapidly, actual results or outcomes may differ materially from those expressed or implied herein, and you should not place undue reliance on these statements. Important factors that could cause our actual results to differ materially from those expressed or implied herein include, without limitation:

the impact of our indebtedness on our business, financial condition and results of operations;

the impact of restrictions in our debt instruments on our ability to operate our business, finance our capital needs or pursue or expand business strategies;

any failure to comply with financial covenants and other provisions and restrictions of our debt instruments;

the impact of actions taken by significant shareholders;

the impact of expenses resulting from the implementation of new business strategies, divestitures or current and proposed restructuring activities;

our inability to successfully integrate and operate new acquisitions at the level of financial performance anticipated;

the unanticipated loss of key members of senior management;

the impact of fluctuations in commodity prices, costs or availability of raw materials or terms and conditions available from suppliers, including suppliers' willingness to advance credit;

interest rate and exchange rate fluctuations;

our ability to utilize our net operating loss carry-forwards to offset tax liabilities from future taxable income;

the loss of, or a significant reduction in, sales to any significant retail customer(s);

competitive promotional activity or spending by competitors, or price reductions by competitors;

the introduction of new product features or technological developments by competitors and/or the development of new competitors or competitive brands;

the effects of general economic conditions, including inflation, recession or fears of a recession, depression or fears of a depression, labor costs and stock market volatility or changes in trade, monetary or fiscal policies in the countries where we do business;

changes in consumer spending preferences and demand for our products;

our ability to develop and successfully introduce new products, protect our intellectual property and avoid infringing the intellectual property of third parties;

our ability to successfully implement, achieve and sustain manufacturing and distribution cost efficiencies and improvements, and fully realize anticipated cost savings;

the cost and effect of unanticipated legal, tax or regulatory proceedings or new laws or regulations (including environmental, public health and consumer protection regulations);

public perception regarding the safety of our products, including the potential for environmental liabilities, product liability claims, litigation and other claims;

the impact of pending or threatened litigation;

the impact of cyber security breaches or our actual or perceived failure to protect company and personal data;

changes in accounting policies applicable to our business;

government regulations;

the seasonal nature of sales of certain of our products;

the effects of climate change and unusual weather activity; and

the effects of political or economic conditions, terrorist attacks, acts of war or other unrest in international markets.

Some of the above-mentioned factors are described in further detail in the sections entitled "Risk Factors" in our annual and quarterly reports (including this report), as applicable. You should assume the information appearing in this report is accurate only as of the end of the period covered by this report, or as otherwise specified, as our business, financial condition, results of operations and prospects may have changed since that date. Except as required by applicable law, including the securities laws of the United States ("U.S. ") and the rules and regulations of the United States Securities and Exchange Commission ("SEC"), we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, to reflect actual results or changes in factors or assumptions affecting such forward-looking statements.

Table of Contents**SPECTRUM BRANDS HOLDINGS, INC.****SB/RH HOLDINGS, LLC****TABLE OF CONTENTS**

This report is a combined report of Spectrum Brands Holdings, Inc. and SB/RH Holdings, LLC. The combined notes to the condensed consolidated financial statements include notes representing Spectrum Brands Holdings, Inc. and SB/RH Holdings, LLC and certain notes related specifically to SB/RH Holdings, LLC.

	Page
PART I	
<u>FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	2
<i><u>Spectrum Brands Holdings, Inc. Condensed Consolidated Financial Statements (Unaudited)</u></i>	
<u>Condensed Consolidated Statements of Financial Position as of April 2, 2017 and September 30, 2016</u>	2
<u>Condensed Consolidated Statements of Income for the three and six month periods ended April 2, 2017 and April 3, 2016</u>	3
<u>Condensed Consolidated Statements of Comprehensive Income for the three and six month periods ended April 2, 2017 and April 3, 2016</u>	3
<u>Condensed Consolidated Statements of Cash Flows for the six month periods ended April 2, 2017 and April 3, 2016</u>	4
<i><u>SB/RH Holdings, LLC Condensed Consolidated Financial Statements (Unaudited)</u></i>	
<u>Condensed Consolidated Statements of Financial Position as of April 2, 2017 and September 30, 2016</u>	5
<u>Condensed Consolidated Statements of Income for the three and six month periods ended April 2, 2017 and April 3, 2016</u>	6
<u>Condensed Consolidated Statements of Comprehensive Income for the three and six month periods ended April 2, 2017 and April 3, 2016</u>	6
<u>Condensed Consolidated Statements of Cash Flows for the six month periods ended April 2, 2017 and April 3, 2016</u>	7
<i><u>Spectrum Brands Holdings, Inc. and SB/RH Holdings, LLC Combined (Unaudited)</u></i>	
<u>Combined Notes to Condensed Consolidated Financial Statements</u>	8
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	27
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	39
<u>Item 4. Controls and Procedures</u>	40
PART II	
<u>OTHER INFORMATION</u>	

<u>Item 1.</u>	<u>Legal Proceedings</u>	41
<u>Item 1A.</u>	<u>Risk Factors</u>	41
<u>Item 2.</u>	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	43
<u>Item 6.</u>	<u>Exhibits</u>	43
<u>Signatures</u>		44

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****SPECTRUM BRANDS HOLDINGS, INC.****Condensed Consolidated Statements of Financial Position****April 2, 2017 and September 30, 2016****(in millions, unaudited)**

	April 2, 2017	September 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 137.2	\$ 275.3
Trade receivables, net	528.5	482.6
Other receivables	44.3	55.6
Inventories	836.3	740.6
Prepaid expenses and other current assets	88.8	78.8
Total current assets	1,635.1	1,632.9
Property, plant and equipment, net	660.8	542.1
Deferred charges and other	47.2	43.2
Goodwill	2,473.8	2,478.4
Intangible assets, net	2,312.5	2,372.5
Total assets	\$ 7,129.4	\$ 7,069.1
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of long-term debt	\$ 35.0	\$ 164.0
Accounts payable	525.0	580.1
Accrued wages and salaries	64.6	122.9
Accrued interest	37.2	39.3
Other current liabilities	176.3	189.3
Total current liabilities	838.1	1,095.6
Long-term debt, net of current portion	3,745.8	3,456.2
Deferred income taxes	577.7	532.7
Other long-term liabilities	131.2	140.6
Total liabilities	5,292.8	5,225.1
Commitments and contingencies		
Shareholders' equity:		
Common Stock	0.6	0.6

Edgar Filing: Salix Animal Health, LLC - Form 424B3

Additional paid-in capital	2,100.0	2,073.6
Accumulated earnings	139.9	63.6
Accumulated other comprehensive loss, net of tax	(236.1)	(229.4)
Treasury stock, at cost	(211.3)	(108.3)
Total shareholders' equity	1,793.1	1,800.1
Noncontrolling interest	43.5	43.9
Total equity	1,836.6	1,844.0
Total liabilities and equity	\$ 7,129.4	\$ 7,069.1

See accompanying notes to the condensed consolidated financial statements

Table of Contents**SPECTRUM BRANDS HOLDINGS, INC.****Condensed Consolidated Statements of Income****For the three and six month periods ended April 2, 2017 and April 3, 2016****(in millions, except per share figures, unaudited)**

	Three Months Ended		Six Months Ended	
	April 2, 2017	April 3, 2016	April 2, 2017	April 3, 2016
Net sales	\$ 1,169.9	\$ 1,209.6	\$ 2,381.7	\$ 2,428.4
Cost of goods sold	710.6	746.6	1,471.2	1,524.6
Restructuring and related charges	4.1	0.2	5.3	0.3
Gross profit	455.2	462.8	905.2	903.5
Selling	187.4	189.5	377.2	376.6
General and administrative	99.4	95.6	187.9	181.9
Research and development	15.1	14.5	29.5	28.3
Acquisition and integration related charges	5.1	13.3	9.2	23.2
Restructuring and related charges	4.1	1.4	6.2	2.5
Total operating expenses	311.1	314.3	610.0	612.5
Operating income	144.1	148.5	295.2	291.0
Interest expense	50.6	57.5	106.4	115.9
Other non-operating expense, net	1.8	0.8	0.8	4.3
Income from operations before income taxes	91.7	90.2	188.0	170.8
Income tax expense (benefit)	33.1	(2.5)	64.1	4.4
Net income	58.6	92.7	123.9	166.4
Net (loss) income attributable to non-controlling interest	(0.2)	0.1	(0.2)	0.2
Net income attributable to controlling interest	\$ 58.8	\$ 92.6	\$ 124.1	\$ 166.2
Earnings Per Share				
Basic earnings per share	\$ 1.00	\$ 1.56	\$ 2.10	\$ 2.80
Diluted earnings per share	1.00	1.55	2.09	2.79
Dividends per share	0.42	0.38	0.80	0.71
Weighted Average Shares Outstanding				
Basic	58.8	59.4	59.1	59.3
Diluted	59.0	59.5	59.3	59.4

See accompanying notes to the condensed consolidated financial statements

SPECTRUM BRANDS HOLDINGS, INC.

Condensed Consolidated Statements of Comprehensive Income**For the three and six month periods ended April 2, 2017 and April 3, 2016****(in millions, unaudited)**

	Three Months Ended		Six Months Ended	
	April 2, 2017	April 3, 2016	April 2, 2017	April 3, 2016
Net income	\$ 58.6	\$ 92.7	\$ 123.9	\$ 166.4
Other comprehensive income (loss), net of tax:				
Foreign currency translation gain (loss), net tax of \$(0.4), \$0, \$3.5 and \$0, respectively	21.7	28.2	(24.4)	7.7
Unrealized (loss) gain on hedging activity, net tax of \$4.5, \$3.2, \$(9.7) and \$2.5, respectively	(9.7)	(2.9)	14.5	0.8
Defined benefit pension (loss) gain, net tax of \$0.1, \$0.1, \$(1.1) and \$(0.2), respectively	(0.3)	(0.6)	3.0	0.5
Other comprehensive income (loss), net of tax	11.7	24.7	(6.9)	9.0
Comprehensive income	70.3	117.4	117.0	175.4
Comprehensive income (loss) attributable to non-controlling interest	0.1		(0.2)	(0.1)
Comprehensive income attributable to controlling interest	\$ 70.2	\$ 117.4	\$ 117.2	\$ 175.5

See accompanying notes to the condensed consolidated financial statements

Table of Contents**SPECTRUM BRANDS HOLDINGS, INC.****Condensed Consolidated Statements of Cash Flows****For the six month periods ended April 2, 2017 and April 3, 2016****(in millions, unaudited)**

	April 2, 2017	April 3, 2016
Cash flows from operating activities		
Net income	\$ 123.9	\$ 166.4
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Amortization of intangible assets	47.1	47.0
Depreciation	46.6	44.4
Share based compensation	23.0	31.6
Amortization of debt issuance costs	3.6	4.1
Write-off of debt issuance costs	1.9	
Non-cash debt accretion	0.4	0.5
Deferred tax expense (benefit)	33.6	(19.3)
Net changes in operating assets and liabilities	(250.0)	(419.2)
Net cash provided (used) by operating activities	30.1	(144.5)
Cash flows from investing activities		
Purchases of property, plant and equipment	(51.3)	(38.7)
Proceeds from sales of property, plant and equipment	0.8	0.8
Other investing activities	(1.2)	
Net cash used by investing activities	(51.7)	(37.9)
Cash flows from financing activities		
Proceeds from issuance of debt	216.1	175.0
Payment of debt	(151.6)	(13.3)
Payment of debt issuance costs	(2.7)	(1.6)
Payment of cash dividends	(47.3)	(42.0)
Treasury stock purchases	(103.1)	(40.2)
Share based tax withholding payments, net of proceeds upon vesting	(23.9)	(9.8)
Net cash (used) provided by financing activities	(112.5)	68.1
Effect of exchange rate changes on cash and cash equivalents	(4.0)	(0.3)
Net decrease in cash and cash equivalents	(138.1)	(114.6)
Cash and cash equivalents, beginning of period	275.3	247.9
Cash and cash equivalents, end of period	\$ 137.2	\$ 133.3

Supplemental disclosure of cash flow information

Edgar Filing: Salix Animal Health, LLC - Form 424B3

Cash paid for interest	\$	97.1	\$	120.5
Cash paid for taxes	\$	19.0	\$	23.9
Non cash investing activities				
Acquisition of property, plant and equipment through capital leases	\$	122.2	\$	28.3
Non cash financing activities				
Issuance of shares through stock compensation plan	\$	53.5	\$	45.8
See accompanying notes to the condensed consolidated financial statements				

Table of Contents**SB/RH HOLDINGS, LLC****Condensed Consolidated Statements of Financial Position****April 2, 2017 and September 30, 2016****(in millions, unaudited)**

	April 2, 2017	September 30, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 137.1	\$ 270.8
Trade receivables, net	528.5	482.6
Other receivables	42.8	55.6
Inventories	836.3	740.6
Prepaid expenses and other current assets	88.8	78.8
Total current assets	1,633.5	1,628.4
Property, plant and equipment, net	660.8	542.1
Deferred charges and other	33.5	32.1
Goodwill	2,473.8	2,478.4
Intangible assets, net	2,312.5	2,372.5
Total assets	\$ 7,114.1	\$ 7,053.5
Liabilities and Shareholder's Equity		
Current liabilities:		
Current portion of long-term debt	\$ 35.0	\$ 164.0
Accounts payable	525.0	580.1
Accrued wages and salaries	64.6	122.9
Accrued interest	37.2	39.3
Other current liabilities	174.1	188.3
Total current liabilities	835.9	1,094.6
Long-term debt, net of current portion	3,745.8	3,456.2
Deferred income taxes	577.5	532.7
Other long-term liabilities	131.2	140.6
Total liabilities	5,290.4	5,224.1
Commitments and contingencies		
Shareholder's equity:		
Other capital	2,028.8	2,000.9
Accumulated (deficit) earnings	(18.4)	8.1
Accumulated other comprehensive loss, net of tax	(236.1)	(229.4)
Total shareholder's equity	1,774.3	1,779.6

Edgar Filing: Salix Animal Health, LLC - Form 424B3

Noncontrolling interest	49.4	49.8
Total equity	1,823.7	1,829.4
Total liabilities and equity	\$ 7,114.1	\$ 7,053.5

See accompanying notes to the condensed consolidated financial statements

Table of Contents**SB/RH HOLDINGS, LLC****Condensed Consolidated Statements of Income****For the three and six month periods ended April 2, 2017 and April 3, 2016****(in millions, unaudited)**

	Three Months Ended		Six Months Ended	
	April 2, 2017	April 3, 2016	April 2, 2017	April 3, 2016
Net sales	\$ 1,169.9	\$ 1,209.6	\$ 2,381.7	\$ 2,428.4
Cost of goods sold	710.6	746.6	1,471.2	1,524.6
Restructuring and related charges	4.1	0.2	5.3	0.3
Gross profit	455.2	462.8	905.2	903.5
Selling	187.4	189.5	377.2	376.6
General and administrative	95.9	94.2	183.3	178.7
Research and development	15.1	14.5	29.5	28.3
Acquisition and integration related charges	5.1	13.3	9.2	23.2
Restructuring and related charges	4.1	1.4	6.2	2.5
Total operating expenses	307.6	312.9	605.4	609.3
Operating income	147.6	149.9	299.8	294.2
Interest expense	50.7	57.5	106.7	115.9
Other non-operating expense, net	1.8	0.8	0.8	4.3
Income from operations before income taxes	95.1	91.6	192.3	174.0
Income tax expense	34.3	9.0	66.5	15.9
Net income	60.8	82.6	125.8	158.1
Net (loss) income attributable to non-controlling interest	(0.2)	0.1	(0.2)	0.2
Net income attributable to controlling interest	\$ 61.0	\$ 82.5	\$ 126.0	\$ 157.9

See accompanying notes to the condensed consolidated financial statements

SB/RH HOLDINGS, LLC**Condensed Consolidated Statements of Comprehensive Income****For the three and six month periods ended April 2, 2017 and April 3, 2016****(in millions, unaudited)**

	Three Months Ended		Six Months Ended	
	April 2, 2017	April 3, 2016	April 2, 2017	April 3, 2016
Net income	\$ 60.8	\$ 82.6	\$ 125.8	\$ 158.1
Other comprehensive income (loss), net of tax:				
Foreign currency translation gain (loss), net tax of \$(0.4), \$0, \$3.5 and \$0, respectively	21.7	28.2	(24.4)	7.7
Unrealized (loss) gain on hedging activity, net tax of \$4.5, \$3.2, \$(9.7) and \$2.5, respectively	(9.7)	(2.9)	14.5	0.8
Defined benefit pension (loss) gain, net tax of \$0.1, \$0.1, \$(1.1) and \$(0.2), respectively	(0.3)	(0.6)	3.0	0.5
Other comprehensive income (loss), net of tax	11.7	24.7	(6.9)	9.0
Comprehensive income	72.5	107.3	118.9	167.1
Comprehensive income (loss) attributable to non-controlling interest	0.1		(0.2)	(0.1)
Comprehensive income attributable to controlling interest	\$ 72.4	\$ 107.3	\$ 119.1	\$ 167.2

See accompanying notes to the condensed consolidated financial statements

Table of Contents**SB/RH HOLDINGS, LLC****Condensed Consolidated Statements of Cash Flows****For the six month periods ended April 2, 2017 and April 3, 2016****(in millions, unaudited)**

	April 2, 2017	April 3, 2016
Cash flows from operating activities		
Net income	\$ 125.8	\$ 158.1
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Amortization of intangible assets	47.1	47.0
Depreciation	46.6	44.4
Share based compensation	21.3	28.8
Amortization of debt issuance costs	3.6	4.1
Write-off of debt issuance costs	1.9	
Non-cash debt accretion	0.4	0.5
Deferred tax expense (benefit)	36.0	(7.8)
Net changes in operating assets and liabilities	(270.0)	(438.8)
Net cash provided (used) by operating activities	12.7	(163.7)
Cash flows from investing activities		
Purchases of property, plant and equipment	(51.3)	(38.7)
Proceeds from sales of property, plant and equipment	0.8	0.8
Other investing activities	(1.2)	
Net cash used by investing activities	(51.7)	(37.9)
Cash flows from financing activities		
Proceeds from issuance of debt	216.1	188.9
Payment of debt	(151.6)	(48.1)
Payment of debt issuance costs	(2.7)	(1.6)
Payment of cash dividends to parent	(152.5)	(52.0)
Net cash (used) provided by financing activities	(90.7)	87.2
Effect of exchange rate changes on cash and cash equivalents	(4.0)	(0.3)
Net decrease in cash and cash equivalents	(133.7)	(114.7)
Cash and cash equivalents, beginning of period	270.8	247.9
Cash and cash equivalents, end of period	\$ 137.1	\$ 133.2
Supplemental disclosure of cash flow information		
Cash paid for interest	\$ 97.1	\$ 120.5
Cash paid for taxes	\$ 19.0	\$ 23.9

Non cash investing activities

Acquisition of property, plant and equipment through capital leases	\$	122.2	\$	28.3
See accompanying notes to the condensed consolidated financial statements				

Table of Contents

SPECTRUM BRANDS HOLDINGS, INC.

SB/RH HOLDINGS, LLC

NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(in millions, unaudited)

This report is a combined report of Spectrum Brands Holdings, Inc. (SBH) and SB/RH Holdings, LLC (SB/RH) (collectively, the Company). The notes to the condensed consolidated financial statements that follow include both consolidated SBH and SB/RH notes, unless otherwise indicated below.

NOTE 1 - BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared by the Company and its majority owned subsidiaries in accordance with accounting principles for interim financial information generally accepted in the United States and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all the information and notes necessary for a comprehensive presentation of financial position and results of operations. It is management's opinion, however, that all material adjustments have been made which are necessary for a fair financial statement presentation. For further information, refer to the consolidated financial statements and notes included in the Company's Annual Report on Form 10-K for the year ended September 30, 2016.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*. This ASU requires revenue recognition to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new revenue recognition model requires identifying the contract and performance obligations, determining the transaction price, allocating the transaction price to performance obligations and recognizing the revenue upon satisfaction of performance obligations. This ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. This ASU can be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the updates recognized at the date of the initial application along with additional disclosures. In August 2015, the FASB issued ASU No. 2015-14, *Revenue from Contracts with Customers (Topic 606) Deferral of the Effective Date*, which amends the previously issued ASU to provide for a one year deferral from the original effective date. As a result, the ASU will become effective for us beginning in the first quarter of our fiscal year ending September 30, 2019, with early adoption available to us beginning in the first quarter of our fiscal year ending September 30, 2018. We are assessing the impact this pronouncement will have on the consolidated financial statements of the Company and have not determined the materiality or method of adoption.

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*, which supersedes the lease requirements in ASC 840, *Leases*. This ASU requires lessees to recognize lease assets and liabilities on the balance sheet, as well as disclosing key information about leasing arrangements. Although the ASU requires both operating and finance leases to be disclosed on the balance sheet, a distinction between the two types still exists. The ASU can be applied using a modified retrospective approach, with optional practical expedients that entities may elect to apply, relating to the

identification and classification of leases that commenced before the effective dat