STP Products Manufacturing Co
Form 424B3
February 05, 2016
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Prospectus Supplement No. 1 **Filed pursuant to Rule 424(b)(3)**

to Prospectus dated February 2, 2016 **File No. 333-209020**

Spectrum Brands, Inc.

6.375% Senior Notes due 2020 and Related Guarantees

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 February 2, 2016 (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 6.375% Senior Notes due 2020 and Related Guarantees, 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 February 4, 2016 (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 15 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 February 4, 2016

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended January 3, 2016

OR

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

For the transition period from __________ to __________

Commission File No.	Name of Registrant, State of Incorporation, Address of Principal Offices, and Telephone No.	IRS Employer Identification 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 x	No ¨
SB/RH Holdings, LLC	Yes ¨	No x

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 x	No ¨
SB/RH Holdings, LLC	Yes x	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.	x			
SB/RH Holdings, LLC			x	

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 x
SB/RH Holdings, LLC	Yes ¨	No x

As of February 2, 2016, there were outstanding 59,385,539 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).

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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 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;
- 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;

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.

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SPECTRUM BRANDS HOLDINGS, INC.

SB/RH HOLDINGS, LLC

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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 both Spectrum Brands Holdings, Inc. and SB/RH Holdings, LLC and certain notes related specifically to SB/RH Holdings, LLC.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SPECTRUM BRANDS HOLDINGS, INC.

Condensed Consolidated Statements of Financial Position

January 3, 2016 and September 30, 2015

(in millions, unaudited)

	January 3, 2016	September 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 162.0	$ 247.9
Trade receivables, net	513.8	498.8
Other receivables	85.5	87.9
Inventories	867.7	780.8
Prepaid expenses and other current assets	80.0	72.1
Total current assets	1,709.0	1,687.5
Property, plant and equipment, net	504.4	507.1
Deferred charges and other	39.5	42.2
Goodwill	2,467.4	2,476.7
Intangible assets, net	2,445.3	2,480.3
Total assets	$ 7,165.6	$ 7,193.8
Liabilities and Shareholders Equity		
Current liabilities:		
Current portion of long-term debt	$ 34.5	$ 33.8
Accounts payable	420.9	620.6
Accrued wages and salaries	73.2	96.5
Accrued interest	57.7	63.3
Other current liabilities	205.9	212.7
Total current liabilities	792.2	1,026.9
Long-term debt, net of current portion	4,093.2	3,872.1
Deferred income taxes	563.1	572.5
Other long-term liabilities	102.3	115.5
Total liabilities	5,550.8	5,587.0
Commitments and contingencies		
Shareholders equity:		
Common stock	0.6	0.6

Additional paid-in capital		2,043.5		2,033.6
Accumulated deficit		(151.6)		(205.5)
Accumulated other comprehensive loss, net of tax		(215.7)		(200.1)
Treasury stock, at cost		(105.8)		(65.5)
Total shareholders equity		1,571.0		1,563.1
Noncontrolling interest		43.8		43.7
Total equity		1,614.8		1,606.8
Total liabilities and equity	$	7,165.6	$	7,193.8

See accompanying notes to the condensed consolidated financial statements

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SPECTRUM BRANDS HOLDINGS, INC.

Condensed Consolidated Statements of Operations

For the three month periods ended January 3, 2016 and December 28, 2014

(in millions, except per share figures, unaudited)

	January 3, 2016	December 28, 2014
Net sales	$ 1,218.8	$ 1,067.8
Cost of goods sold	778.0	697.4
Restructuring and related charges	0.1	0.2
Gross profit	440.7	370.2
Selling	187.1	159.8
General and administrative	86.3	68.3
Research and development	13.8	11.2
Acquisition and integration related charges	9.9	8.1
Restructuring and related charges	1.1	7.2
Total operating expenses	298.2	254.6
Operating income	142.5	115.6
Interest expense	58.4	44.4
Other non-operating expense, net	3.5	0.7
Income from operations before income taxes	80.6	70.5
Income tax expense	6.9	20.5
Net income	73.7	50.0
Net income attributable to non-controlling interest	0.1	0.2
Net income attributable to controlling interest	$ 73.6	$ 49.8
Earnings Per Share		
Basic earnings per share	$ 1.24	$ 0.94
Diluted earnings per share	1.24	0.94
Dividends per share	0.33	0.30
Weighted Average Shares Outstanding		
Basic	59.2	52.8
Diluted	59.2	53.1

See accompanying notes to the condensed consolidated financial statements

SPECTRUM BRANDS HOLDINGS, INC.

Condensed Consolidated Statements of Comprehensive Income

For the three month periods ended January 3, 2016 and December 28, 2014

(in millions, unaudited)

	January 3, 2016	December 28, 2014
Net income	$ 73.7	$ 50.0
Other comprehensive income (loss), net of tax:		
Foreign currency translation loss	(20.5)	(34.5)
Unrealized gain on hedging derivatives, net tax of $(0.7) and $(1.0), respectively	3.7	1.9
Defined benefit pension gain, net tax of $(0.3) and $(0.3), respectively	1.1	1.1
Other comprehensive loss, net of tax	(15.7)	(31.5)
Comprehensive income	58.0	18.5
Comprehensive (loss) income attributable to non-controlling interest	(0.1)	0.2
Comprehensive income attributable to controlling interest	$ 58.1	$ 18.3

See accompanying notes to the condensed consolidated financial statements

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SPECTRUM BRANDS HOLDINGS, INC.

Condensed Consolidated Statements of Cash Flows

For the three month periods ended January 3, 2016 and December 28, 2014

(in millions, unaudited)

	January 3, 2016	December 28, 2014
Cash flows from operating activities		
Net income	$ 73.7	$ 50.0
Adjustments to reconcile net income to net cash used by operating activities:		
Amortization of intangible assets	23.6	20.5
Depreciation	23.0	18.4
Share based compensation	10.1	5.6
Non-cash inventory adjustment from acquisitions		0.8
Non-cash restructuring and related charges	(0.8)	4.2
Amortization of debt issuance costs	2.1	2.5
Non-cash debt accretion	0.3	
Deferred tax (benefit) expense	(9.7)	1.7
Net changes in operating assets and liabilities, net of effects of acquisitions	(345.8)	(250.3)
Net cash used by operating activities	(223.5)	(146.6)
Cash flows from investing activities		
Purchases of property, plant and equipment	(17.4)	(14.2)
Business acquisitions, net of cash acquired		(29.2)
Proceeds from sales of property, plant and equipment	0.1	1.1
Other investing activities		(0.9)
Net cash used by investing activities	(17.3)	(43.2)
Cash flows from financing activities		
Proceeds from issuance of debt	230.0	443.9
Payment of debt	(5.9)	(1.8)
Payment of debt issuance costs	(1.1)	(6.1)
Payment of cash dividends	(19.5)	(15.9)
Treasury stock purchases	(40.2)	(8.5)
Share based tax withholding payments, net of proceeds upon vesting	(5.3)	(1.7)
Net cash provided by financing activities	158.0	409.9
Effect of exchange rate changes on cash and cash equivalents	(3.1)	(6.3)
Net (decrease) increase in cash and cash equivalents	(85.9)	213.8
Cash and cash equivalents, beginning of period	247.9	194.6

Cash and cash equivalents, end of period	$	162.0	$	408.4
Supplemental disclosure of cash flow information				
Cash paid for interest	$	61.6	$	55.6
Cash paid for taxes		10.0		10.6
Non cash investing activities				
Acquisition of PPE through capital leases	$	8.4	$	0.4
Non cash financing activities				
Issuance of shares through stock compensation plan	$	36.0	$	9.9

See accompanying notes to the condensed consolidated financial statements

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SB/RH HOLDINGS, LLC

Condensed Consolidated Statements of Financial Position

January 3, 2016 and September 30, 2015

(in millions, unaudited)

	January 3, 2016	September 30, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 148.0	$ 247.9
Trade receivables, net	513.8	498.8
Other receivables	86.3	87.9
Inventories	867.7	780.8
Prepaid expenses and other current assets	80.0	72.1
Total current assets	1,695.8	1,687.5
Property, plant and equipment, net	504.4	507.1
Deferred charges and other	39.6	42.1
Goodwill	2,467.4	2,476.7
Intangible assets, net	2,445.3	2,480.3
Total assets	$ 7,152.5	$ 7,193.7
Liabilities and Shareholder s Equity		
Current liabilities:		
Current portion of long-term debt	$ 34.5	$ 68.5
Accounts payable	420.9	620.6
Accrued wages and salaries	73.2	96.5
Accrued interest	57.7	63.3
Other current liabilities	205.5	211.9
Total current liabilities	791.8	1,060.8
Long-term debt, net of current portion	4,093.2	3,872.1
Deferred income taxes	563.1	572.5
Other long-term liabilities	102.3	115.5
Total liabilities	5,550.4	5,620.9
Commitments and contingencies		
Shareholder s equity:		
Other capital	1,968.7	1,969.9
Accumulated deficit	(200.6)	(246.7)
Accumulated other comprehensive loss, net of tax	(215.7)	(200.1)
Total shareholder s equity	1,552.4	1,523.1

Noncontrolling interest		49.7		49.7
Total equity		1,602.1		1,572.8
Total liabilities and equity	$	7,152.5	$	7,193.7

See accompanying notes to the condensed consolidated financial statements

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SB/RH HOLDINGS, LLC

Condensed Consolidated Statements of Operations

For the three month periods ended January 3, 2016 and December 28, 2014

(in millions, unaudited)

	January 3, 2016	December 28, 2014
Net sales	$ 1,218.8	$ 1,067.8
Cost of goods sold	778.0	697.4
Restructuring and related charges	0.1	0.2
Gross profit	440.7	370.2
Selling	187.1	159.8
General and administrative	84.5	67.3
Research and development	13.8	11.2
Acquisition and integration related charges	9.9	8.1
Restructuring and related charges	1.1	7.2
Total operating expenses	296.4	253.6
Operating income	144.3	116.6
Interest expense	58.4	44.4
Other non-operating expense, net	3.5	0.7
Income from operations before income taxes	82.4	71.5
Income tax expense	6.9	20.5
Net income	75.5	51.0
Net income attributable to non-controlling interest	0.1	0.2
Net income attributable to controlling interest	$ 75.4	$ 50.8

See accompanying notes to the condensed consolidated financial statements

SB/RH HOLDINGS, LLC

Condensed Consolidated Statements of Comprehensive Income

For the three month periods ended January 3, 2016 and December 28, 2014

(in millions, unaudited)

	January 3, 2016		December 28, 2014	
Net income	$	75.5	$	51.0
Other comprehensive income (loss), net of tax:				
Foreign currency translation loss		(20.5)		(34.5)
Unrealized gain on hedging derivatives, net tax of $(0.7) and $(1.0), respectively		3.7		1.9
Defined benefit pension gain, net tax of $(0.3) and $(0.3), respectively		1.1		1.1
Other comprehensive loss, net of tax		(15.7)		(31.5)
Comprehensive income		59.8		19.5
Comprehensive (loss) income attributable to non-controlling interest		(0.1)		0.2
Comprehensive income attributable to controlling interest	$	59.9	$	19.3

See accompanying notes to the condensed consolidated financial statements

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SB/RH HOLDINGS, LLC

Condensed Consolidated Statements of Cash Flows

For the three month periods ended January 3, 2016 and December 28, 2014

(in millions, unaudited)

	January 3, 2016	December 28, 2014
Cash flows from operating activities		
Net income	$ 75.5	$ 51.0
Adjustments to reconcile net income to net cash used by operating activities:		
Amortization of intangible assets	23.6	20.5
Depreciation	23.0	18.4
Share based compensation	8.5	4.8
Non-cash inventory adjustment from acquisitions		0.8
Non-cash restructuring and related charges	(0.8)	4.2
Amortization of debt issuance costs	2.1	2.5
Non-cash debt accretion	0.3	
Deferred tax (benefit) expense	(9.7)	1.7
Net changes in operating assets and liabilities, net of effects of acquisitions	(360.7)	(257.2)
Net cash used by operating activities	(238.2)	(153.3)
Cash flows from investing activities		
Purchases of property, plant and equipment	(17.4)	(14.2)
Business acquisitions, net of cash acquired		(29.2)
Proceeds from sales of property, plant and equipment	0.1	1.1
Other investing activities		(0.9)
Net cash used by investing activities	(17.3)	(43.2)
Cash flows from financing activities		
Proceeds from issuance of debt	230.0	443.8
Payment of debt	(40.7)	(1.8)
Payment of debt issuance costs	(1.1)	(6.1)
Payment of cash dividends to parent	(29.5)	(15.9)
Share based tax withholding payments, net of proceeds upon vesting		(1.7)
Net cash provided by financing activities	158.7	418.3
Effect of exchange rate changes on cash and cash equivalents	(3.1)	(6.3)
Net (decrease) increase in cash and cash equivalents	(99.9)	215.5
Cash and cash equivalents, beginning of period	247.9	192.9
Cash and cash equivalents, end of period	$ 148.0	$ 408.4

Supplemental disclosure of cash flow information				
Cash paid for interest	$	61.6	$	55.6
Cash paid for taxes		10.0		10.6
Non cash investing activities				
Acquisition of PPE through capital leases	$	8.4	$	0.4

See accompanying notes to the condensed consolidated financial statements

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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 the 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, 2015.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES

In April 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs.* This ASU requires debt issuance costs related to a recognized debt liability to be presented on a balance sheet as a direct deduction from the debt liability, similar to the presentation of debt discounts. Current guidance generally requires entities to capitalize costs paid to third parties that are directly related to issuing debt and that otherwise wouldn t be incurred, and present those amounts separately as deferred charges. During the three month period ended January 3, 2016, the Company retrospectively applied the adoption of this ASU, resulting in a reclassification of $65.1 million of debt issuance costs as of September 30, 2015.

In November 2015, the FASB issued ASU No. 2015-17, *Income Taxes (Topic 740) Balance Sheet Classification of Deferred Taxes.* The ASU simplifies the presentation of deferred tax assets and liabilities to be classified as noncurrent on a balance sheet. Current guidance requires an entity to separate deferred income tax assets and liabilities into current and noncurrent amounts. The new guidance requires all deferred tax assets and liabilities to be presented as noncurrent as the separate current classification results in little to no benefit to users of the financial statements because the classification does not generally align with the time period in which the recognized deferred tax amounts are expected to be recovered or settled. During the three month period ended January 3, 2016, the Company retrospectively applied the adoption of this ASU, resulting in a reclassification of $44.7 million of current deferred tax assets and $4.6 million of current deferred tax liabilities as of September 30, 2015.

The following is a summary of the reclassifications from the retrospective adoption of the ASUs discussed above, as of September 30, 2015 for SBH and SB/RH, respectively:

Statement of Financial Position (in millions)	Spectrum Brands Holdings, Inc. As Reported	Spectrum Brands Holdings, Inc. Reclassification	Spectrum Brands Holdings, Inc. As Reclassified	SB/RH Holdings, LLC As Reported	SB/RH Holdings, LLC Reclassification	SB/RH Holdings, LLC As Reclassified
Prepaid expenses and other current assets	$ 116.8	$ (44.7)	$ 72.1	$ 116.8	$ (44.7)	$ 72.1
Deferred charges and other	101.7	(59.5)	42.2	101.6	(59.5)	42.1
Other current liabilities	(217.3)	4.6	(212.7)	(216.5)	4.6	(211.9)
Long-term debt, net of current portion	(3,937.2)	65.1	(3,872.1)	(3,937.2)	65.1	(3,872.1)
Deferred taxes (noncurrent liability)	(607.0)	34.5	(572.5)	(607.0)	34.5	(572.5)

In September 2015, the FASB issued ASU No. 2015-16, *Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments.* The ASU simplifies the presentation of provisional amounts recognized in a business combination during the measurement period (one year from the date of acquisition). Current guidance requires retrospective adjustment of prior periods; the new guidance eliminates this requirement. During the three month period ended January 3, 2016 the Company applied the adoption of this ASU, resulting in the recognition of adjustments to goodwill from the Armored AutoGroup (AAG) acquisition. See Note 8 for adjustments to goodwill.

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NOTE 3 - ACQUISITIONS

Armored AutoGroup - On May 21, 2015, the Company completed the acquisition of AAG, a consumer products company consisting primarily of Armor All and STP products, two of the most recognizable brands in the automotive aftermarket appearance products and performance chemicals categories, respectively, and the A/C PRO brand of do-it-yourself automotive air conditioner recharge products. The results of AAG s operations are included in the Company s Condensed Consolidated Statements of Operations and are reported as a separate segment under Global Auto Care for the three month period ended January 3, 2016. Primary areas of acquisition accounting that are not yet finalized relate to amounts for intangible assets, residual goodwill and income taxes.

Salix - On January 16, 2015, the Company completed the acquisition of Salix, a vertically integrated producer and distributer of premium natural rawhide dog chews, treats and snacks. The results of Salix s operations are included in the Company s Condensed Consolidated Statements of Operations and as part of the Global Pet Supplies segment for the three month period ended January 3, 2016.

European IAMS and Eukanuba - On December 31, 2014, the Company completed the acquisition of Procter & Gamble s European IAMS and Eukanuba pet food business (European IAMS and Eukanuba), premium brands for dogs and cats. The results of European IAMS and Eukanuba s operations are included in the Company s Condensed Consolidated Statements of Operations and as part of the Global Pet Supplies segment for the three month period ended January 3, 2016.

Tell Manufacturing - On October 1, 2014, the Company completed the acquisition of Tell, a manufacturer and distributor of commercial doors, locks and hardware. The results of Tell s operations are included in the Company s Condensed Consolidated Statements of Operations and as part of the Hardware and Home Improvement segment for the three month periods ended January 3, 2016 and December 28, 2014.

Acquisition and Integration Costs

The following table summarizes acquisition and integration related charges incurred by the Company during the three month periods ended January 3, 2016 and December 28, 2014:

(in millions)		**January 3, 2016**		**December 28, 2014**
Armored AutoGroup	$	4.5	$	
HHI Business		2.8		3.1
European IAMS and Eukanuba		1.0		
Other		1.6		5.0
Total acquisition and integration related charges	$	9.9	$	8.1

NOTE 4 - RESTRUCTURING AND RELATED CHARGES

HHI Business Rationalization Initiatives During the fourth quarter of the year ended September 30, 2014, the Company implemented a series of initiatives throughout the Hardware & Home Improvement segment to reduce operating costs and exit low margin business outside the U.S. These initiatives included headcount reductions, the exit of certain facilities and the sale of a portion of the global Hardware & Home Improvement operations. Total costs associated with these initiatives are expected to be approximately $15 million, and are anticipated to be incurred through September 30, 2016.

Global Expense Rationalization Initiatives During the third quarter of the year ended September 30, 2013, the Company implemented a series of initiatives throughout the Company to reduce operating costs. These initiatives consisted of headcount reductions in the Global Batteries & Appliances and Global Pet Supplies segments, and within Corporate. Total costs associated with these initiatives are expected to be approximately $46 million, and are anticipated to be incurred through September 30, 2018.

Other Restructuring Activities The Company is entering or may enter into small, less significant initiatives and restructuring activities to reduce costs and improve margins. Individually these activities are not substantial, and occur over a shorter time period.

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The following table summarizes restructuring and related charges for the three month periods ended January 3, 2016 and December 28, 2014:

(in millions)	January 3, 2016	December 28, 2014
HHI business rationalization initiatives	$ (0.7)	$ 0.2
Global expense rationalization initiatives	1.1	7.2
Other restructuring activities	0.8	
Total restructuring and related charges	$ 1.2	$ 7.4
Reported as:		
Cost of goods sold	$ 0.1	$ 0.2
Operating expense	1.1	7.2

The following is a summary of restructuring and related charges for the three month periods ended January 3, 2016 and December 28, 2014 by cost type:

(in millions)	Termination Benefits	Other Costs	Total
For the three months ended January 3, 2016	1.0	0.2	1.2
For the three months ended December 28, 2014	4.9	2.5	7.4
Cumulative costs through January 3, 2016	29.1	28.7	57.8

The following is a rollforward of the accrual related to all restructuring and related activities by cost type for the three month period ended January 3, 2016:

(in millions)	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2015	4.3	3.9	8.2
Provisions	1.0	0.2	1.2
Cash expenditures	(3.0)	(3.5)	(6.5)
Non-cash items		(0.2)	(0.2)
Accrual balance at January 3, 2016	$ 2.3	$ 0.4	$ 2.7

The following summarizes restructuring and related charges by segment for the three month periods ended January 3, 2016 and December 28, 2014, cumulative costs incurred through January 3, 2016 and future expected costs to be incurred by segment:

(in millions)	Global Batteries & Appliances	Global Pet Supplies	Hardware & Home Improvement	Corporate	Total

For the three months ended January 3, 2016	$	0.3	$	0.8	$	0.1	$		$ 1.2
For the three months ended December 28, 2014		4.8		2.0		0.2		0.4	7.4
Cumulative costs through January 3, 2016		29.5		11.3		14.9		2.1	57.8
Future costs to be incurred		0.7		2.9				0.1	3.7

NOTE 5 - RECEIVABLES AND CONCENTRATION OF CREDIT RISK

The allowance for uncollectible receivables as of January 3, 2016 and September 30, 2015 was $43.6 million and $44.0 million, respectively. The Company has a broad range of customers including many large retail outlet chains, one of which accounts for a significant percentage of its sales volume. This customer represents approximately 12% and 16% of the Company s Trade Receivable, at January 3, 2016 and September 30, 2015, respectively.

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NOTE 6 - INVENTORIES

Inventories consist of the following:

(in millions)	January 3, 2016	September 30, 2015
Raw materials	$ 158.6	$ 132.4
Work-in-process	42.7	37.9
Finished goods	666.4	610.5
	$ 867.7	$ 780.8

NOTE 7 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of the following:

(in millions)	January 3, 2016	September 30, 2015
Land, buildings and improvements	$ 189.9	$ 190.9
Machinery, equipment and other	494.7	491.9
Capitalized leases	104.3	97.3
Construction in progress	53.5	51.8
Property, plant and equipment	$ 842.4	$ 831.9
Accumulated depreciation	(338.0)	(324.8)
Property, plant and equipment, net	$ 504.4	$ 507.1

NOTE 8 - GOODWILL AND INTANGIBLE ASSETS

Goodwill, by segment, consist of the following:

(in millions)	Global Batteries & Appliances	Hardware & Home Improvement	Global Pet Supplies	Home and Garden	Global Auto Care	Total
Balance, as of September 30, 2015	348.5	699.5	299.6	196.5	932.6	2,476.7
Adjustments					(2.4)	(2.4)
Foreign currency impact	(2.4)	(2.3)	(2.0)		(0.2)	(6.9)
Balance, as of January 3, 2016	$ 346.1	$ 697.2	$ 297.6	$ 196.5	$ 930.0	$ 2,467.4

The carrying value and accumulated amortization for intangible assets subject to amortization are as follows:

	January 3, 2016			September 30, 2015		
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	$ 979.9	$ (259.8)	$ 720.1	$ 985.2	$ (247.4)	$ 737.8
Technology assets	238.5	(84.0)	154.5	238.6	(78.1)	160.5
Tradenames	165.4	(77.5)	87.9	165.4	(73.7)	91.7
Total	$ 1,383.8	$ (421.3)	$ 962.5	$ 1,389.2	$ (399.2)	$ 990.0

The range and weighted average useful lives for definite-lived intangible assets are as follows:

Asset Type	Range	Weighted Average
Customer relationships	2 - 20 years	18.5 years
Technology assets	4 - 18 years	11.1 years
Tradenames	8 - 17 years	16.2 years

Certain tradename intangible assets have an indefinite life and are not amortized. The balance of tradenames not subject to amortization was $1,482.8 million and $1,490.3 million as of January 3, 2016 and September 30, 2015. There was no impairment loss on indefinite-lived trade names for the three month period ended January 3, 2016 or December 28, 2014.

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Amortization expense from intangible assets for the three month periods ended January 3, 2016 and December 28, 2014 was $23.6 million and $20.5 million, respectively. Excluding the impact of any future acquisitions or changes in foreign currency, the Company estimates annual amortization expense of intangible assets for the next five fiscal years will be as follows:

(in millions)	Amortization
2016	$ 93.9
2017	93.0
2018	86.2
2019	85.1
2020	84.9

NOTE 9 - DEBT

Debt consist of the following:

	Spectrum Brands Holdings, Inc.				SB/RH Holdings, LLC			
	January 3, 2016		September 30, 2015		January 3, 2016		September 30, 2015	
(in millions)	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
Term Loan, variable rate, due June 23, 2022	$ 1,223.9	3.5%	$ 1,226.9	3.9%	$ 1,223.9	3.5%	$ 1,226.9	3.9%
CAD Term Loan, variable rate, due June 23, 2022	53.9	4.5%	55.7	4.4%	53.9	4.5%	55.7	4.4%
Euro Term Loan, variable rate, due June 23, 2022	246.3	3.5%	255.8	3.5%	246.3	3.5%	255.8	3.5%
5.75% Notes, due July 15, 2025	1,000.0	5.8%	1,000.0	5.8%	1,000.0	5.8%	1,000.0	5.8%
6.125% Notes, due December 15, 2024	250.0	6.1%	250.0	6.1%	250.0	6.1%	250.0	6.1%
6.375% Notes, due November 15, 2020	520.0	6.4%	520.0	6.4%	520.0	6.4%	520.0	6.4%
6.625% Notes, due November 15, 2022	570.0	6.6%	570.0	6.6%	570.0	6.6%	570.0	6.6%
Revolver Facility, variable rate, expiring June 23, 2020	230.0	3.6%		%	230.0	3.6%		%
Other notes and obligations	10.7	10.6%	11.2	10.2%	10.7	10.6%	45.9	4.9%
Obligations under capital leases	93.6	5.6%	88.2	5.7%	93.6	5.6%	88.2	5.7%
Total debt	4,198.4		3,977.8		4,198.4		4,012.5	
Unamortized discount on debt	(6.6)		(6.8)		(6.6)		(6.8)	
Debt issuance costs	(64.1)		(65.1)		(64.1)		(65.1)	
Less current portion	(34.5)		(33.8)		(34.5)		(68.5)	
Long-term debt, net of current portion	$ 4,093.2		$ 3,872.1		$ 4,093.2		$ 3,872.1	

The Term Loans and Revolver Facility are subject to variable interest rates, (i) the USD Term Loan is subject to either adjusted LIBOR (International Exchange London Interbank Offered Rate), subject to a 0.75% floor, plus 2.75% per annum, or base rate plus 1.75% per annum, (ii) the CAD Term Loan is subject to either CDOR (Canadian Dollar Offered Rate), subject to a 0.75% floor plus 3.5% per annum, or base rate plus 2.5% per annum, (iii) the Euro Term Loan is subject to either EURIBOR (Euro Interbank Offered Rate), subject to a 0.75% floor, plus 2.75% per annum, with no base rate option available and (iv) the Revolver Facility is subject to either adjusted LIBOR plus 2.75% per annum, or base rate plus 1.75% per annum. As a result of borrowings and payments under the Revolver Facility, at January 3, 2016, the Company had borrowing availability of $245.3 million, net outstanding letters of credit of $24.7 million.

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NOTE 10 - DERIVATIVES

Cash Flow Hedges

Interest Rate Swaps. The Company uses interest rate swaps to manage its interest rate risk. The swaps are designated as cash flow hedges with the changes in fair value recorded in AOCI and as a derivative hedge asset or liability, as applicable. The swaps settle periodically in arrears with the related amounts for the current settlement period payable to, or receivable from, the counterparties included in accrued liabilities or receivables, respectively, and recognized in earnings as an adjustment to interest from the underlying debt to which the swap is designated. At January 3, 2016 and September 30, 2015, the Company had a series of U.S. dollar denominated interest rate swaps outstanding which effectively fix the interest on floating rate debt, exclusive of lender spreads, at 1.36% for a notional principal amount of $300.0 million through April 2017. The derivative net losses estimated to be reclassified from AOCI into earnings over the next 12 months is $1.2 million, net of tax. The Company s interest rate swap derivative financial instruments at January 3, 2016 and September 30, 2015 are as follows:

	January 3, 2016		September 30, 2015	
(in millions)	**Notional Amount**	**Remaining Years**	**Notional Amount**	**Remaining Years**
Interest rate swaps - fixed	$ 300.0	1.3	$ 300.0	1.5

Commodity Swaps. The Company is exposed to risk from fluctuating prices for raw materials, specifically zinc and brass used in its manufacturing processes. The Company hedges a portion of the risk associated with the purchase of these materials through the use of commodity swaps. The hedge contracts are designated as cash flow hedges with the fair value changes recorded in AOCI and as a hedge asset or liability, as applicable. The unrecognized changes in fair value of the hedge contracts are reclassified from AOCI into earnings when the hedged purchase of raw materials also affects earnings. The swaps effectively fix the floating price on a specified quantity of raw materials through a specified date. At January 3, 2016, the Company had a series of zinc and brass swap contracts outstanding through September 2017. The derivative net losses estimated to be reclassified from AOCI into earnings over the next 12 months is $3.7 million, net of tax. The Company had the following commodity swap contracts outstanding as of January 3, 2016 and September 30, 2015.

	January 3, 2016		September 30, 2015	
(in millions, except notional)	**Notional**	**Contract Value**	**Notional**	**Contract Value**
Zinc swap contracts	11.6 tons	$ 22.6	10.8 Tons	$ 22.2
Brass swap contracts	1.4 tons	$ 6.5	1.8 Tons	$ 8.5

Foreign exchange contracts. The Company periodically enters into forward foreign exchange contracts to hedge the risk from forecasted foreign currency denominated third party and intercompany sales or payments. These obligations generally require the Company to exchange foreign currencies for U.S. Dollars, Euros, Pounds Sterling, Australian Dollars, Brazilian Reals, Mexican Pesos, Canadian Dollars or Japanese Yen. These foreign exchange contracts are cash flow hedges of fluctuating foreign exchange related to sales of product or raw material purchases. Until the sale or purchase is recognized, the fair value of the related hedge is recorded in AOCI and as a derivative hedge asset or liability, as applicable. At the time the sale or purchase is recognized, the fair value of the related hedge is reclassified as an adjustment to Net Sales or purchase price variance in Cost of Goods Sold on the Condensed Consolidated Statements of Operations. At January 3, 2016, the Company had a series of foreign exchange derivative contracts outstanding through September 2017. The derivative net losses estimated to be reclassified from AOCI into earnings over the next 12 months is $5.0 million, net of tax. At January 3, 2016 and September 30, 2015, the Company had foreign exchange derivative contracts designated as cash flow hedges with a notional value of $220.5 million and $300.6 million, respectively.

Derivative Contracts Not Designated as Hedges for Accounting Purposes

Foreign exchange contracts. The Company periodically enters into forward and swap foreign exchange contracts to economically hedge the risk from third party and intercompany payments resulting from existing obligations. These obligations generally require the Company to exchange foreign currencies for U.S. Dollars, Canadian Dollars, Euros or Australian Dollars. These foreign exchange contracts are fair value hedges of a related liability or asset recorded in the accompanying Condensed Consolidated Statements of Financial Position. The gain or loss on the derivative hedge contracts is recorded in earnings as an offset to the change in value of the related liability or asset at each period end. At January 3, 2016, the Company had a series of forward exchange contracts outstanding through March 2016. At January 3, 2016 and September 30, 2015, the Company had $160.7 million and $126.8 million, respectively, of notional value of such foreign exchange derivative contracts outstanding.

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Commodity Swaps. The Company periodically enters into commodity swap contracts to economically hedge the risk from fluctuating prices for raw materials, specifically the pass-through of market prices for silver used in manufacturing purchased watch batteries. The Company hedges a portion of the risk associated with these materials through the use of commodity swaps. The swap contracts are designated as economic hedges with the unrealized gain or loss recorded in earnings and as an asset or liability at each period end. The unrecognized changes in the fair value of the hedge contracts are adjusted through earnings when the realized gains or losses affect earnings upon settlement of the hedges. The swaps effectively fix the floating price on a specified quantity of silver through a specified date. At January 3, 2016, the Company had a series of commodity swaps outstanding through August 2016. The Company had the following commodity swaps outstanding as of January 3, 2016 and September 30, 2015:

	January 3, 2016		September 30, 2015	
(in millions, except notional)	**Notional**	**Contract Value**	**Notional**	**Contract Value**
Silver	15.0 troy oz.	$ 0.2	25.0 troy oz.	$ 0.4

Fair Value of Derivative Instruments

The fair value of the Company s outstanding derivative contracts recorded in the Condensed Consolidated Statements of Financial Position are as follows:

(in millions)	**Line Item**	**January 3, 2016**	**September 30, 2015**
Derivative Assets			
Foreign exchange contracts - designated as hedge	Receivables Other	$ 6.7	$ 5.2
Foreign exchange contracts - designated as hedge	Deferred charges and other	0.8	0.4
Foreign exchange contracts - not designated as hedge	Receivables Other	0.1	0.4
Total Derivative Assets		$ 7.6	$ 6.0
Derivative Liabilities			
Interest rate swaps - designated as hedge	Other current liabilities	$ 1.2	$ 1.4
Interest rate swaps - designated as hedge	Accrued interest	0.5	0.4
Interest rate swaps - designated as hedge	Other long-term liabilities	0.2	0.8
Commodity swaps - designated as hedge	Accounts payable	4.3	4.7
Commodity swaps - designated as hedge	Other long-term liabilities	0.8	0.8
Commodity swaps - not designated as hedge	Accounts payable		0.1
Foreign exchange contracts - designated as hedge	Accounts payable		1.5
Foreign exchange contracts - designated as hedge	Other long-term liabilities	0.1	
Foreign exchange contracts - not designated as hedge	Accounts payable	0.6	0.1
Total Derivative Liabilities		$ 7.7	$ 9.8

The Company is exposed to the risk of default by the counterparties with which it transacts and generally does not require collateral or other security to support financial instruments subject to credit risk. The Company monitors counterparty credit risk on an individual basis by periodically assessing each such counterparty s credit rating exposure. The maximum loss due to credit risk equals the fair value of the gross asset derivatives that are concentrated with certain domestic and foreign financial institution counterparties. The Company considers these exposures when measuring its credit reserve on its derivative assets, which was less than $0.1 million as of January 3, 2016 and September 30, 2015.

The Company s standard contracts do not contain credit risk related contingent features whereby the Company would be required to post additional cash collateral as a result of a credit event. However, the Company is typically required to post collateral in the normal course of business to offset its liability positions. As of January 3, 2016 and September 30, 2015, there was $4.1 million and $3.5 million, respectively, of posted cash collateral related to such liability positions. In addition, as of January 3, 2016 and September 30, 2015, the Company had no posted standby letters of credit related to such liability positions. The cash collateral is included in Other Receivables in the Condensed Consolidated Statements of Financial Position.

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The following table summarizes the impact of derivative instruments on the accompanying Condensed Consolidated Statement of Operations for the three month periods ended January 3, 2016 and December 28, 2014, pretax:

For the three months ended January 3, 2016 (in millions)	Gain (Loss) in OCI	Effective Portion Reclassified to Earnings Line Item	Effective Portion Reclassified to Earnings Gain (Loss)	Ineffective portion Line Item	Ineffective portion Gain (Loss)
Interest rate swaps	$ 0.3	Interest expense	$ (0.5)	Interest expense	$
Commodity swaps	(1.0)	Cost of goods sold	(1.4)	Cost of goods sold	
Foreign exchange contracts	(0.1)	Net sales		Net sales	
Foreign exchange contracts	5.4	Cost of goods sold	2.1	Cost of goods sold	
Total	$ 4.6		$ 0.2		$

For the three months ended December 28, 2014 (in millions)	Gain (Loss) in OCI	Effective Portion Reclassified to Earnings Line Item	Effective Portion Reclassified to Earnings Gain (Loss)	Ineffective portion Line Item	Ineffective portion Gain (Loss)
Interest rate swaps	$ (0.6)	Interest expense	$ (0.5)	Interest expense	$
Commodity swaps	(1.2)	Cost of goods sold	0.4	Cost of goods sold	
Foreign exchange contracts	0.1	Net sales		Net sales	
Foreign exchange contracts	9.4	Cost of goods sold	4.9	Cost of goods sold	
Total	$ 7.7		$ 4.8		$

The following table summarizes the loss associated with derivative contracts not designated as hedges in the Condensed Consolidated Statements of Operations for the three month periods ended January 3, 2016 and December 28, 2014.

(in millions)	Line Item	January 3, 2016	December 28, 2014
Foreign exchange contracts	Other expense, net	(2.1)	(1.7)
Total		$ (2.1)	$ (1.7)

NOTE 11 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company has not changed the valuation techniques used in measuring the fair value of any financial assets and liabilities during the year. The Company s derivative portfolio contains Level 2 instruments. See Note 10, Derivatives for additional detail. The fair values of derivative instruments as of January 3, 2016 and September 30, 2015 are as follows:

(in millions)	January 3, 2016 Carrying Amount	January 3, 2016 Fair Value	September 30, 2015 Carrying Amount	September 30, 2015 Fair Value
Derivative Assets	$ 7.6	$ 7.6	$ 6.0	$ 6.0
Derivative Liabilities	$ 7.7	$ 7.7	$ 9.8	$ 9.8

The carrying values of cash and cash equivalents, receivables, accounts payable and short term debt approximate fair value based on the short-term nature of these assets and liabilities.

The carrying values and fair values for debt as of January 3, 2016 and September 30, 2015 are as follows:

(in millions)	January 3, 2016 Carrying Amount	January 3, 2016 Fair Value	September 30, 2015 Carrying Amount	September 30, 2015 Fair Value
Total debt - Spectrum Brands Holdings, Inc.	$ 4,127.7	$ 4,301.3	$ 3,905.9	$ 4,085.8
Total debt - SB/RH Holdings, LLC	$ 4,127.7	$ 4,301.3	$ 3,940.6	$ 4,120.5

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NOTE 12 - EMPLOYEE BENEFIT PLANS

The net periodic benefit cost for the Company s pension and deferred compensation plans for the three month periods ended January 3, 2016, and December 28, 2014 were as follows:

	U.S Plans		Non U.S. Plans	
(in millions)	**January 3, 2016**	**December 28, 2014**	**January 3, 2016**	**December 28, 2014**
Service cost	$ 0.1	$ 0.1	$ 0.7	$ 0.7
Interest cost	0.7	0.8	1.5	1.6
Expected return on assets	(1.1)	(1.2)	(1.2)	(1.3)
Recognized net actuarial loss	0.1	(0.1)	0.4	0.5
Net periodic benefit cost	$ (0.2)	$ (0.4)	$ 1.4	$ 1.5
Weighted average assumptions				
Discount rate	4.25%	4.15%	1.75 - 13.81%	2.00 - 13.50%
Expected return on plan assets	7.25%	7.50%	1.75 - 4.53%	2.00 - 5.26%
Rate of compensation increase	N/A	N/A	2.25 - 5.50%	2.25 - 5.50%

Company contributions to its pension and deferred compensation plans, including discretionary amounts, for the three months ended January 3, 2016 and December 28, 2014, were $3.6 million and $2.2 million, respectively.

NOTE 13 - SHARE BASED COMPENSATION

Share based compensation expense for SBH during the three month periods ended January 3, 2016 and December 28, 2014 was $10.1 million and $5.6 million respectively. Share based compensation expense for SB/RH during the three month periods ended January 3, 2016 and December 28, 2014 was $8.5 million and $4.8 million respectively. The remaining unrecognized pre-tax compensation cost at January 3, 2016 was $44.5 million and $39.3 million for SBH and SB/RH, respectively.

During the three month period ended January 3, 2016, the Company granted 0.4 million Restricted Stock Units (RSUs), which include 0.1 million units that vested immediately or within 12 months and 0.3 million that are both performance and time-based and vest over a period ranging from one to two years. The total market value of the RSUs on the dates of the grants was $42.1 million and $40.3 million for SBH and SB/RH, respectively. The fair value of RSUs is determined based on the market price of the Company s shares of common stock on the grant date. A summary of the activity in the Company s RSUs during the three month period ended January 3, 2016 is as follows:

	Spectrum Brands Holdings, Inc.			SB/RH Holdings, LLC		
(in millions, except per share data)	**Shares**	**Weighted Average Grant Date Fair Value**	**Fair Value at Grant Date**	**Shares**	**Weighted Average Grant Date Fair Value**	**Fair Value at Grant Date**
Non-vested RSUs at September 30, 2015	0.6	87.50	$ 53.2	0.5	87.71	$ 42.1
Granted	0.4	95.22	42.1	0.4	95.39	40.3
Forfeited	(0.1)	89.55	(6.2)	(0.1)	89.55	(6.2)

Vested	(0.4)	85.97		(36.0)	(0.3)	85.61		(32.6)
Non-vested RSUs at January 3, 2016	0.5	94.49	$	53.1	0.5	95.92	$	43.6

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NOTE 14 - ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The changes in the components of accumulated other comprehensive income (loss) (AOCI), net of tax, for the three month periods ended January 3, 2016 and December 28, 2014 were as follows:

(in millions)	Foreign Currency Translation	Derivative Hedging	Employee Benefit Plans	Total
Accumulated other comprehensive (loss) income, as of September 30, 2015	(152.3)	(4.0)	(43.8)	(200.1)
Other comprehensive (loss) income before reclassification	(20.5)	4.6	0.8	(15.1)
Amounts reclassified from accumulated other comprehensive income (loss)		(0.2)	0.6	0.4
Other comprehensive (loss) income, three months ended January 3, 2016	(20.5)	4.4	1.4	(14.7)
Deferred tax effect		(0.9)	(0.3)	(1.2)
Deferred tax valuation allowance		0.2		0.2
Other comprehensive (loss) income, net of tax	(20.5)	3.7	1.1	(15.7)
Other comprehensive (loss) attributable to non-controlling interest	(0.1)			(0.1)
Other comprehensive income (loss) attributable to controlling interest	(20.4)	3.7	1.1	(15.6)
Accumulated other comprehensive (loss) income, as of January 3, 2016	$ (172.7)	$ (0.3)	$ (42.7)	$ (215.7)

Amounts reclassified from AOCI associated with employee benefit plan costs and recognized on the Company s Condensed Consolidated Statements of Operations for the three month periods ended January 3, 2016 and December 28, 2014 were as follows:

(in millions)	January 3, 2016	December 28, 2014
Cost of goods sold	$ 0.3	$ 0.2
Selling expenses	0.1	0.1
General and administrative expenses	0.2	0.1
Amounts reclassified from accumulated other comprehensive loss	$ 0.6	$ 0.4

See Note 10 Derivatives , for amounts reclassified from AOCI from the Company s derivative hedging activity.

NOTE 15 - INCOME TAXES

The Company s effective tax rate for the three month periods ended January 3, 2016 and December 28, 2014 were 8.6% and 29.1%, respectively. The Company s estimated annual effective tax rate applied to this quarter differs from the U.S. federal statutory rate of 35% principally due to income earned outside the U.S. that is subject to statutory rates lower than 35% and the release of valuation allowance on U.S. net operating losses deferred tax assets offsetting tax expense on U.S. pretax income. Additionally, the Company recorded U.S. deferred tax expense related to the change in book basis of indefinite-lived intangibles, which are amortized for tax purposes but not for book purposes. For the three month period ended January 3, 2016, the effective tax rate was also reduced $5.8 million for non-recurring items related to the impact of tax law changes and changes in state deferred tax rates on the Company s net deferred tax liabilities.

In December 2015, the Company received a ruling from the Internal Revenue Service which resulted in approximately $87 million of U.S. net operating losses being restored. As a result of the Company s U.S. valuation allowance, the increase in net operating losses does not impact the Company s effective tax rate.

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NOTE 16 - SEGMENT INFORMATION

The Company identifies its segments using the management approach, which designates the internal organization that is used by management for making operating decisions and assessing performance as the source of the Company s reportable segments. The Company manufactures, markets and/or distributes multiple product lines through various distribution networks, and in multiple geographic regions. The Company manages its business in five vertically integrated, product-focused reporting segments: (i) Global Batteries & Appliances, which consists of the Company s worldwide battery, electric personal care and small appliances businesses; (ii) Hardware & Home Improvement, which consists of the Company s worldwide hardware, home improvement and plumbing business; (iii) Global Pet Supplies, which consists of the Company s worldwide pet supplies business; (iv) Home and Garden, which consists of the Company s home and garden and insect control business and (v) Global Auto Care, which was established through the AAG acquisition on May 21, 2015 and consists of the Company s automotive appearance and performance products. Global strategic initiatives and financial objectives for each reportable segment are determined at the corporate level. Each segment is responsible for implementing defined strategic initiatives and achieving certain financial objectives, and has a general manager responsible for the sales and marketing initiatives and financial results for product lines within the segment.

Net sales relating to the segments for the three month periods ended January 3, 2016 and December 28, 2014 are as follows:

	Spectrum Brands Holdings, Inc.		SB/RH Holdings, LLC	
Net sales to external customers (in millions)	**January 3, 2016**	**December 28, 2014**	**January 3, 2016**	**December 28, 2014**
Consumer batteries	$ 252.6	$ 240.2	$ 252.6	$ 240.2
Small appliances	189.9	223.8	189.9	223.8
Personal care	168.8	172.5	168.8	172.5
Global Batteries & Appliances	611.3	636.5	611.3	636.5
Hardware & Home Improvement	282.7	271.2	282.7	271.2
Global Pet Supplies	203.4	120.6	203.4	120.6
Home and Garden	47.7	39.5	47.7	39.5
Global Auto Care	73.7		73.7	
Net sales	$ 1,218.8	$ 1,067.8	$ 1,218.8	$ 1,067.8

Segment profit does not include corporate expenses, acquisition and integration related charges, restructuring and related charges, impairment charges, interest expense, income tax expense, and other non-operating expenses. Corporate expenses primarily include general and administrative expenses and the cost of stock compensation plans which are evaluated on a consolidated basis and not allocated to the segments. Segment profit in relation to the Company s reportable segments for the three month periods ended January 3, 2016 and December 28, 2014 are as follows:

	Spectrum Brands Holdings, Inc.		SB/RH Holdings, LLC	
Segment Profit (in millions)	**January 3, 2016**	**December 28, 2014**	**January 3, 2016**	**December 28, 2014**
Global Batteries & Appliances	$ 90.4	$ 96.6	$ 90.4	$ 96.6

Hardware & Home Improvement	44.2	38.9	44.2	38.9
Global Pet Supplies	18.8	5.6	18.8	5.6
Home and Garden	3.6	2.8	3.6	2.8
Global Auto Care	14.1		14.1	
Total segment profit	171.1	143.9	171.1	143.9
Corporate expense	17.5	12.8	15.7	11.8
Acquisition and integration related charges	9.9	8.1	9.9	8.1
Restructuring and related charges	1.2	7.4	1.2	7.4
Interest expense	58.4	44.4	58.4	44.4
Other non-operating expenses, net	3.5	0.7	3.5	0.7
Income from operations before income taxes	$ 80.6	$ 70.5	$ 82.4	$ 71.5

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NOTE 17 - EARNINGS PER SHARE - SBH

The reconciliation of the numerator and denominator of the basic and diluted earnings per share calculation and the anti-dilutive shares for the three month periods ended January 3, 2016 and December 28, 2014 are as follows:

(in millions, except per share amounts)	January 3, 2016	December 28, 2014
Numerator		
Net income attributable to controlling interest	$ 73.6	$ 49.8
Denominator		
Weighted average common shares outstanding - basic	59.2	52.8
Dilutive shares		0.3
Weighted average common shares outstanding - diluted	59.2	53.1
Earnings per share		
Basic earnings per share	$ 1.24	$ 0.94
Diluted earnings per share	$ 1.24	$ 0.94
Weighted average number of anti-dilutive shares excluded from denominator		
Restricted stock units	0.3	0.1

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NOTE 18 - GUARANTOR STATEMENTS SB/RH

SBI (Spectrum Brands, Inc.) and SB/RH (collectively, the Parent), with their domestic subsidiaries as guarantors, has issued the 6.375% Notes and the 6.625% Notes under the 2020/22 Indenture, 6.125% Notes under the 2024 Indenture and the 5.75% Notes under the 2025 Indenture. See Note 9, Debt for further information on the 6.375% Notes, 6.625% Notes, 6.125% Notes and 5.75% Notes.

The following consolidating financial statements illustrate the components of the consolidated financial statements of SB/RH. Investments in subsidiaries are accounted for using the equity method for purposes of illustrating the consolidating presentation. The elimination entries presented herein eliminate investments in subsidiaries and intercompany balances and transactions.

Statement of Financial Position As of January 3, 2016 (in millions)	**Parent**	**Guarantor Subsidiaries**	**Nonguarantor Subsidiaries**	**Eliminations**	**Consolidated**
Assets					
Current assets:					
Cash and cash equivalents	$ 6.3	$ 3.6	$ 138.1	$	$ 148.0
Trade receivables, net	178.9	82.7	252.2		513.8
Intercompany receivables		711.6	193.7	(905.3)	
Other receivables	12.8	14.7	61.6	(2.8)	86.3
Inventories	415.3	162.3	308.2	(18.1)	867.7
Prepaid expenses and other	39.2	8.0	33.3	(0.5)	80.0
Total current assets	652.5	982.9	987.1	(926.7)	1,695.8
Property, plant and equipment, net	232.8	59.7	211.9		504.4
Long-term intercompany receivables	550.0	303.6	14.2	(867.8)	
Deferred charges and other	152.8	0.7	40.2	(154.1)	39.6
Goodwill	910.7	1,152.7	404.0		2,467.4
Intangible assets, net	1,387.7	641.5	416.1		2,445.3
Investments in subsidiaries	3,195.9	1,130.4	(2.9)	(4,323.4)	
Total assets	$ 7,082.4	$ 4,271.5	$ 2,070.6	$ (6,272.0)	$ 7,152.5
Liabilities and Shareholders Equity					
Current liabilities:					
Current portion of long-term debt	$ 18.3	$	$ 16.2	$	$ 34.5
Accounts payable	178.1	39.1	203.7		420.9
Intercompany accounts payable	804.7		41.6	(846.3)	
Accrued wages and salaries	27.4	6.6	39.2		73.2
Accrued interest	57.6		0.1		57.7
Other current liabilities	75.6	22.9	110.6	(3.6)	205.5
Total current liabilities	1,161.7	68.6	411.4	(849.9)	791.8
Long-term debt, net of current portion	4,065.1		28.1		4,093.2
Long-term intercompany debt	15.7	578.7	332.2	(926.6)	
Deferred income taxes	198.9	422.1	98.5	(156.4)	563.1

Other long-term liabilities	26.1	6.2	70.0		102.3
Total liabilities	5,467.5	1,075.6	940.2	(1,932.9)	5,550.4
Shareholder s equity:					
Other equity	2,031.6	1,176.2	69.6	(1,308.7)	1,968.7
Accumulated (deficit) earnings	(200.8)	2,211.6	1,198.8	(3,410.2)	(200.6)
Accumulated other comprehensive (loss) income	(215.9)	(191.9)	(187.7)	379.8	(215.7)
Total shareholder s equity	1,614.9	3,195.9	1,080.7	(4,339.1)	1,552.4
Non-controlling interest			49.7		49.7
Total equity	1,614.9	3,195.9	1,130.4	(4,339.1)	1,602.1
Total liabilities and shareholder s equity	$ 7,082.4	$ 4,271.5	$ 2,070.6	$ (6,272.0)	$ 7,152.5

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Statement of Financial Position As of September 30, 2015 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Assets					
Current assets:					
Cash and cash equivalents	$ 13.0	$ 8.6	$ 226.3	$	$ 247.9
Trade receivables, net	175.8	94.9	228.1		498.8
Intercompany receivables	152.0	713.8	225.0	(1,090.8)	
Other receivables	14.3	11.2	62.4		87.9
Inventories	410.3	95.7	291.8	(17.0)	780.8
Prepaid expenses and other	36.1	2.2	33.0	0.8	72.1
Total current assets	801.5	926.4	1,066.6	(1,107.0)	1,687.5
Property, plant and equipment, net	235.2	60.7	211.2		507.1
Long-term intercompany receivables	2.8	357.7	15.4	(375.9)	
Deferred charges and other	154.8	14.1	35.3	(162.1)	42.1
Goodwill	910.7	1,154.0	412.0		2,476.7
Intangible assets, net	1,402.4	646.6	431.3		2,480.3
Investments in subsidiaries	3,150.1	1,095.9	(2.9)	(4,243.1)	
Total assets	$ 6,657.5	$ 4,255.4	$ 2,168.9	$ (5,888.1)	$ 7,193.7
Liabilities and Shareholder s Equity					
Current liabilities:					
Current portion of long-term debt	$ 53.4	$	$ 15.1	$	$ 68.5
Accounts payable	281.1	45.9	293.6		620.6
Intercompany accounts payable	449.4		28.5	(477.9)	
Accrued wages and salaries	40.3	10.0	46.2		96.5
Accrued interest	63.2		0.1		63.3
Other current liabilities	84.5	21.5	106.0	(0.1)	211.9
Total current liabilities	971.9	77.4	489.5	(478.0)	1,060.8
Long-term debt, net of current portion	3,848.8		23.3		3,872.1
Long-term intercompany debt	16.8	578.7	392.6	(988.1)	
Deferred income taxes	202.1	440.5	94.2	(164.3)	572.5
Other long-term liabilities	33.3	8.8	73.4		115.5
Total liabilities	5,072.9	1,105.4	1,073.0	(1,630.4)	5,620.9
Shareholder s equity:					
Other equity	1,981.7	1,129.2	34.7	(1,175.7)	1,969.9
Accumulated (deficit) earnings	(246.7)	2,139.8	1,176.1	(3,315.9)	(246.7)
Accumulated other comprehensive (loss) income	(200.2)	(175.1)	(171.0)	346.2	(200.1)
Total shareholder s equity	1,534.8	3,093.9	1,039.8	(4,145.4)	1,523.1
Non-controlling interest	49.8	56.1	56.1	(112.3)	49.7
Total equity	1,584.6	3,150.0	1,095.9	(4,257.7)	1,572.8
Total liabilities and shareholder s equity	$ 6,657.5	$ 4,255.4	$ 2,168.9	$ (5,888.1)	$ 7,193.7

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Statement of Operations Three month period ended January 3, 2016 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ 632.0	$ 190.9	$ 734.3	$ (338.4)	$ 1,218.8
Cost of goods sold	436.1	135.9	543.0	(337.0)	778.0
Restructuring and related charges			0.1		0.1
Gross profit	195.9	55.0	191.2	(1.4)	440.7
Selling	75.9	21.0	90.6	(0.4)	187.1
General and administrative	51.9	14.7	17.9		84.5
Research and development	8.7	1.3	3.8		13.8
Acquisition and integration related charges	6.4	0.8	2.7		9.9
Restructuring and related charges	0.8	0.1	0.2		1.1
Total operating expense	143.7	37.9	115.2	(0.4)	296.4
Operating income (loss)	52.2	17.1	76.0	(1.0)	144.3
Interest expense	48.3	5.5	4.6		58.4
Other non-operating (income) expense, net	(71.9)	(47.3)	3.7	119.0	3.5
Income from operations before income taxes	75.8	58.9	67.7	(120.0)	82.4
Income tax expense (benefit)	0.3	(3.7)	10.3		6.9
Net income (loss)	75.5	62.6	57.4	(120.0)	75.5
Net income attributable to non-controlling interest			0.1		0.1
Net income (loss) attributable to controlling interest	$ 75.5	$ 62.6	$ 57.3	$ (120.0)	$ 75.4

Statement of Operations Three month period ended December 28, 2014 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ 258.5	$ 359.7	$ 673.3	$ (223.7)	$ 1,067.8
Cost of goods sold	188.7	240.5	491.2	(223.0)	697.4
Restructuring and related charges			0.2		0.2
Gross profit	69.8	119.2	181.9	(0.7)	370.2
Selling	23.2	55.3	81.3		159.8
General and administrative	21.4	33.8	12.1		67.3
Research and development	4.9	3.0	3.3		11.2
Acquisition and integration related charges	4.0	2.9	1.2		8.1
Restructuring and related charges	3.6	1.9	1.7		7.2
Total operating expense	57.1	96.9	99.6		253.6
Operating income (loss)	12.7	22.3	82.3	(0.7)	116.6
Interest expense	38.4	(0.1)	6.1		44.4
Other non-operating (income) expense, net	(67.5)	(59.5)	0.5	127.2	0.7

Income from operations before income taxes	41.8	81.9	75.7	(127.9)	71.5
Income tax expense (benefit)	(9.2)	12.7	17.2	(0.2)	20.5
Net income (loss)	51.0	69.2	58.5	(127.7)	51.0
Net income (loss) attributable to non-controlling interest	0.2	0.2	0.2	(0.4)	0.2
Net income (loss) attributable to controlling interest	$ 50.8	$ 69.0	$ 58.3	$ (127.3)	$ 50.8

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Statement of Comprehensive Income

Three month period ended January 3, 2016 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ 75.5	$ 62.6	$ 57.4	$ (120.0)	$ 75.5
Other comprehensive income (loss), net of tax:					
Foreign currency translation (loss) gain	(20.4)	(20.5)	(20.4)	40.8	(20.5)
Unrealized gain (loss) on derivative instruments	3.7	2.7	2.7	(5.4)	3.7
Defined benefit pension gain (loss)	1.1	1.1	1.1	(2.2)	1.1
Other comprehensive (loss) income	(15.6)	(16.7)	(16.6)	33.2	(15.7)
Comprehensive income (loss)	59.9	45.9	40.8	(86.8)	59.8
Comprehensive (loss) attributable to non-controlling interest			(0.1)		(0.1)
Comprehensive income (loss) attributable to controlling interest	$ 59.9	$ 45.9	$ 40.9	$ (86.8)	$ 59.9

Statement of Comprehensive Income

Three month period ended December 28, 2014 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net income (loss)	$ 51.0	$ 69.2	$ 58.5	$ (127.7)	$ 51.0
Other comprehensive income (loss), net of tax:					
Foreign currency translation (loss) gain	(34.5)	(34.7)	(34.7)	69.4	(34.5)
Unrealized gain (loss) on derivative instruments	1.9	2.8	3.1	(5.9)	1.9
Defined benefit pension gain (loss)	1.1	1.0	1.0	(2.0)	1.1
Other comprehensive (loss) income	(31.5)	(30.9)	(30.6)	61.5	(31.5)
Comprehensive income (loss)	19.5	38.3	27.9	(66.2)	19.5
Comprehensive income (loss) attributable to non-controlling interest	0.2	0.2	0.2	(0.4)	0.2
Comprehensive income (loss) attributable to controlling interest	$ 19.3	$ 38.1	$ 27.7	$ (65.8)	$ 19.3