

STP Products Manufacturing Co  
Form 424B3  
August 03, 2016  
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**Prospectus Supplement No. 3**

**to Prospectus dated February 2, 2016**

**Filed pursuant to Rule 424(b)(3)  
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 August 3, 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 August 3, 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 July 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 \_\_\_\_\_**

	<b>Name of Registrant, State of Incorporation,</b>	<b>IRS Employer</b>
<b>Commission File No.</b> <b>001-34757</b>	<b>Address of Principal Offices, and Telephone No.</b> <b>Spectrum Brands Holdings, Inc.</b>	<b>Identification No.</b> <b>27-2166630</b>

**(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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>
SB/RH Holdings, LLC	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

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 <input checked="" type="checkbox"/>	No <input type="checkbox"/>
SB/RH Holdings, LLC	Yes <input checked="" type="checkbox"/>	No <input type="checkbox"/>

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):

<b>Registrant</b>	<b>Large Accelerated Filer</b>	<b>Accelerated filer</b>	<b>Non-accelerated filer</b>	<b>Smaller reporting company</b>
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Spectrum Brands Holdings, Inc.

SB/RH Holdings, LLC

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

As of August 1, 2016, there were outstanding 59,404,604 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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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.

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**Table of Contents****PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****SPECTRUM BRANDS HOLDINGS, INC.****Condensed Consolidated Statements of Financial Position****July 3, 2016 and September 30, 2015****(in millions, unaudited)**

	<b>July 3, 2016</b>	<b>September 30, 2015</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 117.0	\$ 247.9
Trade receivables, net	588.9	498.8
Other receivables	61.2	87.9
Inventories	842.3	780.8
Prepaid expenses and other current assets	82.2	72.1
Total current assets	1,691.6	1,687.5
Property, plant and equipment, net	523.2	507.1
Deferred charges and other	41.2	42.2
Goodwill	2,479.7	2,476.7
Intangible assets, net	2,399.6	2,480.3
Total assets	\$ 7,135.3	\$ 7,193.8
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 35.3	\$ 33.8
Accounts payable	473.5	620.6
Accrued wages and salaries	94.5	96.5
Accrued interest	42.0	63.3
Other current liabilities	187.8	212.7
Total current liabilities	833.1	1,026.9
Long-term debt, net of current portion	3,840.2	3,872.1
Deferred income taxes	552.4	572.5
Other long-term liabilities	105.8	115.5
Total liabilities	5,331.5	5,587.0
Commitments and contingencies		
Shareholders' equity:		
Common stock	0.6	0.6

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Additional paid-in capital	2,063.2	2,033.6
Accumulated deficit	(2.6)	(205.5)
Accumulated other comprehensive loss, net of tax	(195.5)	(200.1)
Treasury stock, at cost	(105.8)	(65.5)
Total shareholders' equity	1,759.9	1,563.1
Noncontrolling interest	43.9	43.7
Total equity	1,803.8	1,606.8
Total liabilities and equity	\$ 7,135.3	\$ 7,193.8

See accompanying notes to the condensed consolidated financial statements

**Table of Contents****SPECTRUM BRANDS HOLDINGS, INC.****Condensed Consolidated Statements of Operations****For the three and nine month periods ended July 3, 2016 and June 28, 2015****(in millions, except per share figures, unaudited)**

	<b>Three Month Periods Ended</b>		<b>Nine Month Periods Ended</b>	
	<b>July 3, 2016</b>	<b>June 28, 2015</b>	<b>July 3, 2016</b>	<b>June 28, 2015</b>
Net sales	\$ 1,361.5	\$ 1,247.5	\$ 3,790.0	\$ 3,382.3
Cost of goods sold	830.8	789.5	2,355.5	2,179.0
Restructuring and related charges	0.1		0.4	0.4
Gross profit	530.6	458.0	1,434.1	1,202.9
Selling	201.7	184.8	578.3	517.7
General and administrative	94.2	89.9	276.2	242.5
Research and development	14.6	12.9	42.9	36.9
Acquisition and integration related charges	8.0	24.2	31.2	44.2
Restructuring and related charges	5.4	10.5	7.8	21.9
Total operating expenses	323.9	322.3	936.4	863.2
Operating income	206.7	135.7	497.7	339.7
Interest expense	59.9	112.9	175.8	206.5
Other non-operating expense, net	2.2	1.7	6.5	5.6
Income from operations before income taxes	144.6	21.1	315.4	127.6
Income tax expense (benefit)	42.5	(23.8)	46.8	4.8
Net income	102.1	44.9	268.6	122.8
Net income attributable to non-controlling interest	0.2		0.4	0.3
Net income attributable to controlling interest	\$ 101.9	\$ 44.9	\$ 268.2	\$ 122.5
<b>Earnings Per Share</b>				
Basic earnings per share	\$ 1.72	\$ 0.79	\$ 4.52	\$ 2.26
Diluted earnings per share	1.71	0.79	4.51	2.26
Dividends per share	0.38	0.33	1.09	0.96
<b>Weighted Average Shares Outstanding</b>				
Basic	59.4	56.5	59.3	54.2
Diluted	59.6	56.5	59.5	54.3

See accompanying notes to the condensed consolidated financial statements

**SPECTRUM BRANDS HOLDINGS, INC.**

**Condensed Consolidated Statements of Comprehensive Income****For the three and nine month periods ended July 3, 2016 and June 28, 2015****(in millions, unaudited)**

	<b>Three Month Periods Ended</b>		<b>Nine Month Periods Ended</b>	
	<b>July 3, 2016</b>	<b>June 28, 2015</b>	<b>July 3, 2016</b>	<b>June 28, 2015</b>
Net income	\$ 102.1	\$ 44.9	\$ 268.6	\$ 122.8
Other comprehensive (loss) income, net of tax:				
Foreign currency translation (loss) gain	(13.7)	9.5	(6.0)	(68.6)
Unrealized gain (loss) on hedging derivatives, net tax of \$(2.9), \$3.9, \$(0.4) and \$2.0, respectively	7.8	(12.0)	8.6	(8.6)
Defined benefit pension gain (loss), net tax of \$(0.3), \$0.2, \$(0.5) and \$(0.9), respectively	1.2	(0.6)	1.7	2.8
Other comprehensive (loss) income, net of tax	(4.7)	(3.1)	4.3	(74.4)
<b>Comprehensive income</b>	<b>97.4</b>	<b>41.8</b>	<b>272.9</b>	<b>48.4</b>
Comprehensive (loss) income attributable to non-controlling interest	(0.2)		(0.3)	0.3
<b>Comprehensive income attributable to controlling interest</b>	<b>\$ 97.6</b>	<b>\$ 41.8</b>	<b>\$ 273.2</b>	<b>\$ 48.1</b>

See accompanying notes to the condensed consolidated financial statements

**Table of Contents****SPECTRUM BRANDS HOLDINGS, INC.****Condensed Consolidated Statements of Cash Flows****For the nine month periods ended July 3, 2016 and June 28, 2015****(in millions, unaudited)**

	<b>July 3, 2016</b>	<b>June 28, 2015</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 268.6	\$ 122.8
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Amortization of intangible assets	70.5	64.0
Depreciation	66.2	58.7
Share based compensation	47.4	36.3
Non-cash inventory adjustment from acquisitions		7.7
Non-cash restructuring and related charges	2.8	15.0
Amortization of debt issuance costs	8.4	7.7
Write-off of debt issuance costs on retired debt		11.2
Non-cash debt accretion	1.6	1.4
Write-off of unamortized discount on retired debt		1.7
Deferred tax benefit	(3.1)	(32.0)
Net changes in operating assets and liabilities, net of effects of acquisitions	(344.5)	(453.7)
Net cash provided (used) by operating activities	117.9	(159.2)
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(59.6)	(49.5)
Business acquisitions, net of cash acquired		(1,193.2)
Proceeds from sales of property, plant and equipment	0.8	1.3
Other investing activities	(1.9)	(0.9)
Net cash used by investing activities	(60.7)	(1,242.3)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of debt	203.9	3,143.5
Payment of debt	(270.2)	(2,275.2)
Payment of debt issuance costs	(1.6)	(42.7)
Payment of cash dividends	(64.6)	(51.0)
Treasury stock purchases	(40.2)	(8.4)
Payment of contingent consideration	(3.2)	
Share based tax withholding payments, net of proceeds upon vesting	(10.5)	(1.9)
Net proceeds from issuance of common stock		562.8
Net cash (used) provided by financing activities	(186.4)	1,327.1
Effect of exchange rate changes on cash and cash equivalents	(1.7)	(13.0)

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Net decrease in cash and cash equivalents	(130.9)	(87.4)
Cash and cash equivalents, beginning of period	247.9	194.6
Cash and cash equivalents, end of period	\$ 117.0	\$ 107.2

**Supplemental disclosure of cash flow information**

Cash paid for interest	\$ 186.8	\$ 236.3
Cash paid for taxes	30.7	40.0

**Non cash investing activities**

Acquisition of property, plant and equipment through capital leases	\$ 28.2	\$ 2.2
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**Non cash financing activities**

Issuance of shares through stock compensation plan	\$ 47.2	\$ 11.0
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See accompanying notes to the condensed consolidated financial statements



**Table of Contents****SB/RH HOLDINGS, LLC****Condensed Consolidated Statements of Financial Position****July 3, 2016 and September 30, 2015****(in millions, unaudited)**

	<b>July 3, 2016</b>	<b>September 30, 2015</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 116.9	\$ 247.9
Trade receivables, net	588.9	498.8
Other receivables	61.2	87.9
Inventories	842.3	780.8
Prepaid expenses and other current assets	82.2	72.1
<b>Total current assets</b>	<b>1,691.5</b>	<b>1,687.5</b>
Property, plant and equipment, net	523.2	507.1
Deferred charges and other	34.6	42.1
Goodwill	2,479.7	2,476.7
Intangible assets, net	2,399.6	2,480.3
<b>Total assets</b>	<b>\$ 7,128.6</b>	<b>\$ 7,193.7</b>
<b>Liabilities and Shareholder's Equity</b>		
Current liabilities:		
Current portion of long-term debt	\$ 42.3	\$ 68.5
Accounts payable	473.5	620.6
Accrued wages and salaries	94.5	96.5
Accrued interest	42.0	63.3
Other current liabilities	187.1	211.9
<b>Total current liabilities</b>	<b>839.4</b>	<b>1,060.8</b>
Long-term debt, net of current portion	3,840.2	3,872.1
Deferred income taxes	555.6	572.5
Other long-term liabilities	105.8	115.5
<b>Total liabilities</b>	<b>5,341.0</b>	<b>5,620.9</b>
Commitments and contingencies		
Shareholder's equity:		
Other capital	1,991.6	1,969.9
Accumulated deficit	(58.3)	(246.7)
Accumulated other comprehensive loss, net of tax	(195.5)	(200.1)
<b>Total shareholder's equity</b>	<b>1,737.8</b>	<b>1,523.1</b>

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Noncontrolling interest	49.8	49.7
Total equity	1,787.6	1,572.8
Total liabilities and equity	\$ 7,128.6	\$ 7,193.7

See accompanying notes to the condensed consolidated financial statements

**Table of Contents****SB/RH HOLDINGS, LLC****Condensed Consolidated Statements of Operations****For the three and nine month periods ended July 3, 2016 and June 28, 2015****(in millions, unaudited)**

	<b>Three Month Periods Ended</b>		<b>Nine Month Periods Ended</b>	
	<b>July 3, 2016</b>	<b>June 28, 2015</b>	<b>July 3, 2016</b>	<b>June 28, 2015</b>
Net sales	\$ 1,361.5	\$ 1,247.5	\$ 3,790.0	\$ 3,382.3
Cost of goods sold	830.8	789.5	2,355.5	2,179.0
Restructuring and related charges	0.1		0.4	0.4
Gross profit	530.6	458.0	1,434.1	1,202.9
Selling	201.7	184.8	578.3	517.7
General and administrative	92.8	88.2	271.7	238.1
Research and development	14.6	12.9	42.9	36.9
Acquisition and integration related charges	8.0	24.2	31.2	44.2
Restructuring and related charges	5.4	10.5	7.8	21.9
Total operating expenses	322.5	320.6	931.9	858.8
Operating income	208.1	137.4	502.2	344.1
Interest expense	59.9	112.9	175.8	206.5
Other non-operating expense, net	2.2	1.7	6.5	5.6
Income from operations before income taxes	146.0	22.8	319.9	132.0
Income tax expense	40.8	(23.8)	56.6	4.8
Net income	105.2	46.6	263.3	127.2
Net income attributable to non-controlling interest	0.1		0.3	0.2
Net income attributable to controlling interest	\$ 105.1	\$ 46.6	\$ 263.0	\$ 127.0

See accompanying notes to the condensed consolidated financial statements

**SB/RH HOLDINGS, LLC****Condensed Consolidated Statements of Comprehensive Income****For the three and nine month periods ended July 3, 2016 and June 28, 2015****(in millions, unaudited)**

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	<b>Three Month Periods Ended</b>		<b>Nine Month Periods Ended</b>	
	<b>July 3, 2016</b>	<b>June 28, 2015</b>	<b>July 3, 2016</b>	<b>June 28, 2015</b>
Net income	\$ 105.2	\$ 46.6	\$ 263.3	\$ 127.2
Other comprehensive (loss) income, net of tax:				
Foreign currency translation (loss) gain	(13.7)	9.5	(6.0)	(68.6)
Unrealized gain (loss) on hedging derivatives, net tax of \$(2.9), \$3.9, \$(0.4) and \$2.0, respectively	7.8	(12.0)	8.6	(8.6)
Defined benefit pension gain (loss), net tax of \$(0.3), \$0.2, \$(0.5) and \$(0.9), respectively	1.2	(0.6)	1.7	2.8
Other comprehensive (loss) income, net of tax	(4.7)	(3.1)	4.3	(74.4)
Comprehensive income	100.5	43.5	267.6	52.8
Comprehensive (loss) income attributable to non-controlling interest	(0.2)		(0.3)	0.2
Comprehensive income attributable to controlling interest	\$ 100.7	\$ 43.5	\$ 267.9	\$ 52.6

See accompanying notes to the condensed consolidated financial statements

**Table of Contents****SB/RH HOLDINGS, LLC****Condensed Consolidated Statements of Cash Flows****For the nine month periods ended July 3, 2016 and June 28, 2015****(in millions, unaudited)**

	<b>July 3, 2016</b>	<b>June 28, 2015</b>
<b>Cash flows from operating activities</b>		
Net income	\$ 263.3	\$ 127.2
Adjustments to reconcile net income to net cash provided (used) by operating activities:		
Amortization of intangible assets	70.5	64.0
Depreciation	66.2	58.7
Share based compensation	43.4	32.2
Non-cash inventory adjustment from acquisitions		7.7
Non-cash restructuring and related charges	2.8	15.0
Amortization of debt issuance costs	8.4	7.7
Write-off of debt issuance costs on retired debt		11.2
Non-cash debt accretion	1.6	1.4
Write-off of unamortized discount on retired debt		1.7
Deferred tax expense (benefit)	6.6	(32.0)
Net changes in operating assets and liabilities, net of effects of acquisitions	(358.1)	(458.4)
Net cash provided (used) by operating activities	104.7	(163.6)
<b>Cash flows from investing activities</b>		
Purchases of property, plant and equipment	(59.6)	(49.5)
Business acquisitions, net of cash acquired		(1,193.2)
Proceeds from sales of property, plant and equipment	0.8	1.3
Other investing activities	(1.9)	(0.9)
Net cash used by investing activities	(60.7)	(1,242.3)
<b>Cash flows from financing activities</b>		
Proceeds from issuance of debt	217.8	3,177.0
Payment of debt	(311.7)	(2,281.9)
Payment of debt issuance costs	(1.6)	(37.3)
Payment of cash dividends to parent	(74.6)	(51.0)
Payment of contingent consideration	(3.2)	
Share based tax withholding payments, net of proceeds upon vesting		(1.9)
Capital contribution from parent		528.3
Net cash (used) provided by financing activities	(173.3)	1,333.2
Effect of exchange rate changes on cash and cash equivalents	(1.7)	(13.0)
Net decrease in cash and cash equivalents	(131.0)	(85.7)

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Cash and cash equivalents, beginning of period	247.9	192.9
Cash and cash equivalents, end of period	\$ 116.9	\$ 107.2
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest	\$ 186.8	\$ 236.3
Cash paid for taxes	30.7	40.0
<b>Non cash investing activities</b>		
Acquisition of property, plant and equipment through capital leases	\$ 28.2	\$ 2.2
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 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 March 2016, the Financial Accounting Standards Board ( FASB ) issued Accounting Standards Update ( ASU ) No. 2016-09, *Compensation-Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting*. The ASU provides for changes to the accounting for share-based payment awards issued to employees; primarily income taxes upon award vest or settlement, cash flow presentations of excess tax benefits and employee withheld taxes paid, as well as an entity forfeiture policy election. The ASU is effective for annual periods beginning after December 15, 2016, and interim period within those annual periods. Early adoption is permitted for any interim or annual period. The Company has elected to early adopt for the three month period ended July 3, 2016, effective as if adopted the first day of the fiscal year, October 1, 2015.

Under the new guidance, all excess tax benefits ( windfalls ) and deficiencies ( shortfalls ) related to employee stock compensation will be recognized within income tax expense. Under prior guidance, windfalls were recognized to additional paid-in capital and shortfalls were only recognized in the extent they exceed the pool of windfall tax benefits. As of September 30, 2015, there was \$22.2 million of unrecognized deferred tax assets attributable to excess tax benefits that were not previously recognized as they did not reduce income taxes payable. The cumulative adjustment for the adoption did not have an impact on net equity as the incremental deferred tax assets are fully reserved by an incremental valuation allowance as of September 30, 2015. The adoption of the new standard impacted our previously reported quarterly results for the recognition of excess tax benefits in our provision for income taxes rather than paid in capital. Due to the valuation allowance on deferred taxes, there was no impact to our quarterl