UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

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

Date of Report (Date of earliest event reported): April 5, 2019

SPECTRUM BRANDS HOLDINGS, INC.

(Exact Name of Registrant as Specified in its Charter)

Delaware	001-4219	74-1339132
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

SB/RH HOLDINGS, LLC

(Exact Name of Registrant as Specified in its Charter)

Delaware	333-192634-03	27-2812840
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

3001 Deming Way
Middleton, Wisconsin 53562
(Address of principal executive offices)

(608) 275-3340
(Registrant's telephone number, including area code)

Not applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

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

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

Item 7.01 Regulation FD Disclosure

The information disclosed pursuant to Item 8.01 below is incorporated into this Item 7.01 by reference

Furnished as Exhibit 99.7 hereto is additional information regarding the presentation of discontinued operations in the statement of financial position during the fiscal quarters within the years ended September 30, 2018 and 2017, including other supplemental schedules for each of the respective fiscal quarters including net sales summary and organic sales by segment; adjusted EBITDA; and adjusted EPS; including all applicable non-GAAP reconciliations.

The information furnished pursuant to this Item 7.01, including Exhibit 99.7, referenced here in, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing.

Item 8.01 Other Events

We are filing this Current Report on Form 8-K for the purpose of updating certain sections disclosed in our Form 10-K (“Annual Report”) for the fiscal year ended September 30, 2018 filed with the Securities and Exchange Commission (the “SEC”) on November 23, 2018.

On November 15, 2018, Spectrum Brands Holdings, Inc. (the “Company”, “we” or “us”) entered into an agreement with Energizer Holdings, Inc. (“Energizer”) to sell its Global Auto Care (“GAC”) business to Energizer for $1.25 billion purchase price comprised of cash and Energizer common stock equity. As a result, the Company’s assets and liabilities associated with the GAC segment have been classified as held for sale and the respective operations of the GAC business have been classified as discontinued operations and have been retrospectively presented for all periods presented. The Company subsequently completed its sale of GAC with Energizer on January 28, 2019.

On November 15, 2018, the Company entered into an amended acquisition agreement with Energizer for the sale of its Global Batteries & Lighting (“GBL”) division, which was previously recognized as a component of discontinued operations from its Global Batteries and Appliances (“GBA”) business. The Company’s assets and liabilities associated with the GBL business continue to be classified as held for sale and the respective operations of the GBL division were classified as discontinued operations for all periods presented. The Company subsequently completed its sale of GBL with Energizer on January 2, 2018.

During the first quarter of the fiscal year ending September 30, 2019, the Company made a strategic decision to cease marketing the Home and Personal Care (“HPC”) division as held for sale, which was previously recognized as a component of discontinued operations from its GBA business. As a result, the Company’s assets and liabilities associated with the HPC business have been classified as held for use and the respective operations of the HPC business have been classified as a component of continuing operations and have been retrospectively presented for all periods presented.

The information contained in this report updates and supersedes certain section of the original filing of the Annual Report. Each Item updated in the Annual Report is filed as a separate exhibit to this report. This report does not modify or update other disclosures as presented in the original Annual Report.

The financial statements included in our Quarterly Report on Form 10-Q for the quarter ended December 30, 2018 reflected the presentation of : (i) the assets and liabilities associated with GAC segment classified as held for sale with its respective operations classified as discontinued operations; and (ii) the assets and liabilities associated with the HPC business classified as held for use with its respective operations classified as a component of continuing operations (and also reflected the HPC business as a separate operating and reportable segment).

This filing includes updates only to the portions of Part 1 Item 1, Part 1 Item 1A, Part I Item 2, Part II Item 6, Part II Item 7, and Part II Item 8 of the Annual Report that specifically relate to the aforementioned items, as applicable. The updated items included in this report have not been updated for any information, events or circumstances occurring or existing after the date the Annual Report was originally filed, except for the aforementioned items.

This report should be read in conjunction with our Annual Report (except for the portions updated in this report), our Form 10-Q for the three month period ended December 30, 2018 and other reports on Form 8-K filed during the fiscal year ending September 30, 2019.

Forward-Looking Statements

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

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

- the impact of our indebtedness on our business, financial condition and results of operations;
- the impact of restrictions in our debt instruments on our ability to operate our business, finance our capital needs or pursue or expand business strategies;
- any failure to comply with financial covenants and other provisions and restrictions of our debt instruments;
- the impact of actions taken by significant stockholders;
- 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, significant reduction in, or dependence upon, 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 seasonal nature of sales of certain of our products;
- the effects of climate change and unusual weather activity;
- 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 products, that we manufacture or sell, including the potential for environmental liabilities, product liability claims, litigation and other claims related to products manufactured by us and third parties;
- the impact of pending or threatened litigation;
- the impact of cybersecurity breaches or our actual or perceived failure to protect company and personal data;
- changes in accounting policies applicable to our business;
- our ability to utilize our net operating loss carry-forwards to offset tax liabilities from future taxable income;
- government regulations;
- 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 effects of political or economic conditions, terrorist attacks, acts of war or other unrest in international markets; and
- the transition to a new chief executive officer and such officer's ability to determine and implement changes at the Company to improve the Company's business and financial performance.

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.

Item 9.01 Financial Statements and Exhibits

Exhibit No.	Description
23.1	Consent of KPMG LLP
99.1	Updated Part I, Item 1 (Business)
99.2	Updated Part 1, Item 1A (Risk Factors)
99.3	Updated Part I, Item 2 (Properties)
99.4	Updated Part II, Item 6 (Selected Financial Data)
99.5	Updated Part II, Item 7 (Management's Discussion and Analysis of Financial Condition and Results of Operations)
99.6	Updated Part II, Item 8 (Financial Statements and Supplementary Data)
99.7	Supplementary Financial Information for the four fiscal quarters in the year ended September 30, 2018 and 2017 and the three month period ended December 30, 2018

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: April 5, 2018	**SPECTRUM BRANDS HOLDINGS, INC.**

By:	/s/ Douglas L. Martin
Name:	Douglas L. Martin
Title	Executive Vice President, Chief Financial Officer

Consent of Independent Registered Public Accounting Firm

The Board of Directors
Spectrum Brands Holdings, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-226592, 333-178587, 333-43223, 333-45568, 333-124693, 333-197222, and 333-197223) on Form S-8 and the registration statements (No. 333-209396, 333-176522, 333-180070, and 333-192779) on Form S-3 of Spectrum Brands Holdings, Inc. (formerly HRG Group, Inc.) of our report dated November 23, 2018, except for the effects of changes in discontinued operations, as discussed in Notes 1, 3, 9, 10, 11, 13, and subsequent events, as discussed in Note 23, as to which the date is April 5, 2019, with respect to the consolidated statements of financial position of Spectrum Brands Holdings, Inc. and subsidiaries as of September 30, 2018 and 2017, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended September 30, 2018, and the related notes, which report appears in this Current Report on Form 8-K of Spectrum Brands Holdings, Inc. dated April 5, 2019.

/s/KPMG LLP

Milwaukee, Wisconsin
April 5, 2019

PART I

ITEM 1. BUSINESS

This combined report is being filed by Spectrum Brands Holdings, Inc. ("SBH") and SB/RH Holdings, LLC ("SB/RH") (collectively, the "Company"). SB/RH is a wholly-owned subsidiary of SBH and represents a majority of its assets, liabilities, revenues, expenses and operations. Thus, all information contained in this report relates to, and is filed by, SBH. Information that is specifically identified in this report as relating solely to SBH, such as its financial statements and its common stock, does not relate to and is not filed by SB/RH. SB/RH makes no representation as to that information. The terms "the Company," "we," and "our" as used in this report, refer to both SBH and its consolidated subsidiaries and SB/RH and its consolidated subsidiaries, unless otherwise indicated. The terms "SBH" and "SB/RH" refer to Spectrum Brands Holdings, Inc. and SB/RH Holdings, LLC, respectively.

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and amendments to reports filed pursuant to Sections 13(a) and 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), are available free of charge through our website at www.spectrumbrands.com as soon as reasonably practicable after such reports are filed with, or furnished to the SEC. You may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 100 F Street, NE, Washington, DC 20549. You may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains our reports, proxy statements and other information at www.sec.gov. In addition, copies of our (i) Corporate Governance Guidelines, (ii) charters for the Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee, (iii) Code of Business Conduct and Ethics and (iv) Code of Ethics for the Principal Executive Officer and Senior Financial Officers are available on our website at www.spectrumbrands.com under "Investor Relations—Corporate Governance." Copies will also be provided to any stockholder upon written request to the Vice President, Investor Relations & Corporate Communications, Spectrum Brands, Inc. at 3001 Deming Way, Middleton, Wisconsin 53562 or via electronic mail at investorrelations@spectrumbrands.com, or by contacting the Vice President, Investor Relations & Corporate Communications by telephone at (608) 275-3340.

General

Overview

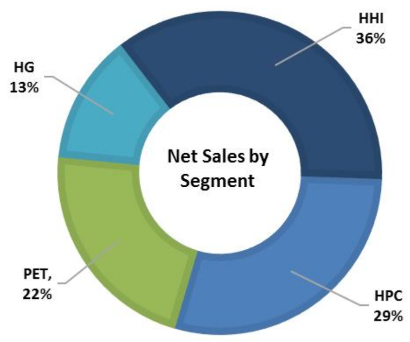
On July 13, 2018, the Company completed the planned Spectrum Merger, as further discussed in *Note 4 – Acquisitions* to the Consolidated Financial Statements, included elsewhere in this report. Prior to the Spectrum Merger, SBH was a holding company, doing business as HRG Group, Inc. ("HRG") and conducting its operations principally through its majority owned subsidiaries. Effective the date of the Spectrum Merger, management of the organization was assumed by management of its majority owned subsidiary, Spectrum Brands Holdings, Inc. (subsequently renamed Spectrum Brands Legacy, Inc.) ("Spectrum"); resulting in HRG changing its name to SBH and changing the ticker of common stock traded on the New York Stock Exchange ("NYSE") from the symbol "HRG" to "SPB".

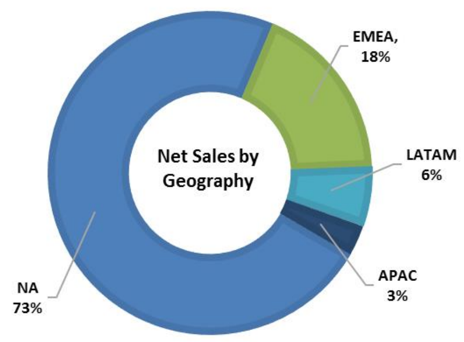
Prior to the Spectrum Merger, the reportable segments consisted of (i) Consumer Products, which represented HRG's 62.0% controlling interest in Spectrum, and (ii) Corporate and Other, which represented the holding company at HRG and other subsidiaries of HRG. Effective the date of the Spectrum Merger, the manner in which management views its business activities changed to reflect the reporting segments of Spectrum. Refer to *Note 19 – Segment Information*, included in the Notes to the Consolidated financial statements, included elsewhere in this Annual Report, for further discussion of our reporting segments.

SB/RH is a wholly owned subsidiary of Spectrum and ultimately, SBH. Spectrum Brands, Inc., a wholly-owned subsidiary of SB/RH ("SBI") incurred certain debt guaranteed by SB.RH and domestic subsidiaries of SBI. The reportable segments of SB/RH are consistent with the segments of SBH.

Spectrum

We are a diversified global branded consumer products company. We manage the business in four vertically integrated, product focused segments: (i) Hardware & Home Improvement ("HHI"), (ii) Home and Personal Care ("HPC"), (iii) Global Pet Supplies ("PET"), and (iv) Home and Garden ("H&G"). The Company manufactures, markets and/or distributes its products globally in the North America ("NA"); Europe, Middle East & Africa ("EMEA"); Latin America ("LATAM") and Asia-Pacific ("APAC") regions through a variety of trade channels, including retailers, wholesalers and distributors, original equipment manufacturers ("OEMs") and construction companies. We enjoy strong name recognition in our regions under our various brands and patented technologies across multiple product categories. Geographic strategic initiatives and financial objectives are determined at the corporate level. Each segment is responsible for implementing defined strategic initiatives and achieving certain financial objectives and has a president or general manager responsible for sales and marketing initiatives and the financial results for all product lines within that segment. The following is an overview of the consolidated business showing the net sales by segment and geographic region sold (based upon destination) as a percentage of consolidated net sales for the year ended September 30, 2018.

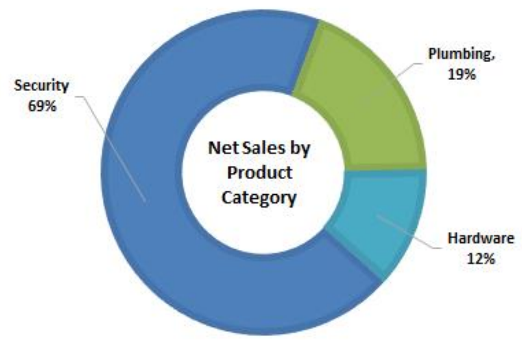


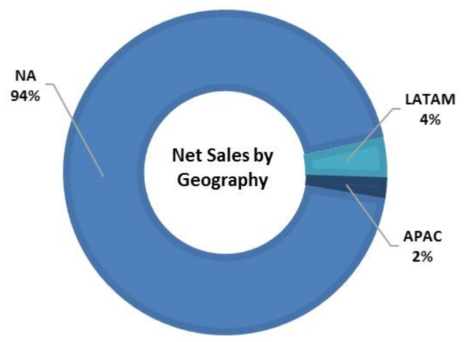


Our operating performance is influenced by a number of factors including: general economic conditions; foreign exchange fluctuations; trends in consumer markets; consumer confidence and preferences; our overall product line mix, including pricing and gross margin, which vary by product line and geographic market; pricing of certain raw materials and commodities; energy and fuel prices; and our general competitive position, especially as impacted by our competitors' advertising and promotional activities and pricing strategies. See *Management's Discussion and Analysis of Financial Condition and Results of Operations*, included in Item 7 to this Annual Report, for further discussion of the consolidated operating results and segment operating results.

Hardware and Home Improvement (HHI)

The following is an overview of net sales by product category and geographic region sold (based upon destination) for the year ended September 30, 2018





Product Category	Products	Brands
Residential Locksets	Residential locksets and door hardware including knobs, levers, deadbolts, handlesets, and electronic and connected keyless entry locks for residential and commercial applications.	Kwikset®, Weiser®, Baldwin®, EZSET®, and Tell Manufacturing®
Plumbing & Accessories	Kitchen, bath and shower faucets and plumbing products.	Pfister®
Builders' Hardware	Hinges, metal shapes, security hardware, wire goods, track and sliding door hardware, screen and storm door products, garage door hardware, gate hardware, window hardware and floor protection.	National Hardware®, FANAL®, Stanley® and Black and Decker®

Our residential lockset products incorporate patented SmartKey® technology that provides advanced security and easy rekeying. We also supply product to some customers who have private label offerings. We license the Stanley® and Black & Decker® marks and logos for such products as residential locksets, builder's hardware, padlocks, and door hardware through a transitional trademark license agreement with Stanley Black & Decker Corporation ("SBD"). Under the agreement we have a royalty-free, fully paid license to use certain trademarks, brand names and logos in marketing our products and services for five years after the completion of the HHI business acquisition in the 2013 fiscal year. The Company amended the license agreement with SBD to extend the license agreement and allow for the continued use of the respective trademarks, brand names and logos through December 2018. During this extension period, Spectrum will pay to SBD royalties based on a percentage of sales.

The sales force of the HHI business is aligned by brands, customers and geographic regions. We have strong partnerships with a variety of customers including large home improvement centers, wholesale distributors, home builders, plumbers, home automation providers, security/alarm monitoring providers, and commercial contractors. Our sales generally are made through the use of individual purchase orders. A significant percentage of our sales are attributable to a limited group of retailer customers, including Home Depot and Lowe's, which are customers with more than 10% of Spectrum sales and represent approximately 37% of HHI sales for the fiscal year ended September 30, 2018.

Primary competitors in security and residential locksets include Allegion (Schlage), Assa Abloy (Emtek, Yale) and private label import brands such as Defiant. Primary competitors for plumbing include Masco (Delta), Fortune Brands (Moen), Kohler, American Standard and private label brands such as Glacier Bay. Primary competitors for hardware include The Hillman Group, Hampton Products, Koch (Lehigh) and private labels such as Crown Bolt.

Sales in our HHI segment primarily increase during the spring and summer construction period (the Company's third and fourth fiscal quarters). Our sales by quarter as a percentage of annual net sales during the years ended September 30, 2018, 2017 and 2016 are as follows:

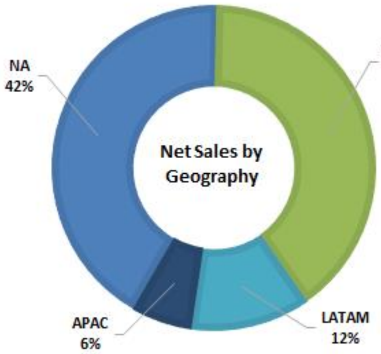
	2018	2017	2016
First Quarter	24%	23%	23%
Second Quarter	23%	25%	24%
Third Quarter	27%	25%	27%
Fourth Quarter	26%	27%	26%

The principal raw materials used in manufacturing include brass, zinc, and steel that are sourced either on a global or regional basis. The prices of these raw materials are susceptible to fluctuations due to supply and demand trends, energy costs, transportation costs, government regulations and tariffs, changes in currency exchange rates, price controls, general economic conditions and other unforeseen circumstances. We have regularly engaged in forward purchase and hedging derivative transactions in an attempt to effectively manage certain raw material costs we expect to incur over the next 12 to 24 months. Substantially all of our Pfister products are manufactured by third party suppliers that are primarily located in the APAC region. We maintain ownership of most of the tooling and molds used by our suppliers. We continually evaluate our manufacturing facilities' capacity and related utilization. In general, we believe our existing facilities are adequate for our present and foreseeable needs.

Our research and development strategy is focused on new product development and performance enhancements of our existing products. We plan to continue to use our brand names, customer relationships and research and development efforts to introduce innovative products that offer enhanced value to consumers through new designs and improved functionality.

Home and Personal Care (“HPC”)

The following is an overview of net sales by product category and geographic region sold (based upon destination) for the year ended September 30, 2018



Product Category	Products	Brands
Home Appliances	Small kitchen appliances including toaster ovens, coffeemakers, slow cookers, blenders, hand mixers, grills, food processors, juicers, toasters, breadmakers, and irons.	Black & Decker®, Russell Hobbs®, George Foreman®, Toastmaster®, Juiceman®, Farberware®, and Breadman®
Personal Care	Hair dryers, flat irons and straighteners, rotary and foil electric shavers, personal groomers, mustache and beard trimmers, body groomers, nose and ear trimmers, women's shavers, haircut kits and intense pulsed light hair removal systems.	Remington®, LumaBella®

We license the Black & Decker® brand in North America, Latin America (excluding Brazil) and the Caribbean for four core categories of household appliances: beverage products, food preparation products, garment care products and cooking products through a trademark license agreement with BDC through December 2021. Under the agreement, we agree to pay BDC royalties based on a percentage of sales, with minimum annual royalty payments of $15.0 million. The agreement also requires us to comply with maximum annual return rates for products. If BDC does not agree to renew the license agreement, we have 18 months to transition out of the brand name with no minimum royalty payments during such transition period and BDC has agreed to not compete in the four categories for five years after the end of the transition period. Upon request, BDC may elect to extend the license to use the Black & Decker® brand to certain additional product categories. BDC has approved several extensions of the license to additional categories and geographies.

We own the right to use the Remington® trademark for electric shavers, shaver accessories, grooming products and personal care products; and Remington Arms Company, Inc. (“Remington Arms”) owns the rights to use the trademark for firearms, sporting goods and products for industrial use, including industrial hand tools. The terms of a 1986 agreement between Remington Products, LLC and Remington Arms provides for the shared rights to use the trademark on products which are not considered “principal products of interest” for either company. We retain the trademark for nearly all products which we believe can benefit from the use of the brand name in our distribution channels. Through our acquisition of Shaser, Inc., we have patented technology that is used in our i-Light and i-Light Reveal intense pulsed light hair removal product line.

HPC products are sold primarily to large retailers, online retailers, wholesalers, distributors, warehouse clubs, food and drug chains and specialty trade or retail outlets such as consumer electronics stores, department stores, discounters and other specialty stores. International distribution varies by region and is often executed on a country-by-country basis. Our sales generally are made through the use of individual purchase orders. A significant percentage of our sales are attributable to a limited group of retailer customers, including Wal-Mart, which is a customer having more than 10% of Spectrum sales and represent approximately 21% of HPC net sales for the fiscal year ended September 30, 2018.

Primary competitors for small appliances include Newell Brands (Sunbeam, Mr. Coffee, Crockpot, Oster), De’Longhi America (DeLonghi, Kenwood, Braun), SharkNinja (Shark, Ninja), Hamilton Beach Holding Co. (Hamilton Beach, Proctor Silex), Sensio, Inc. (Bella); SEB S.A.(T-fal, Krups, Rowenta), Whirlpool Corporation (Kitchen Aid), Conair Corporation (Cuisinart, Waring), Koninklijke Philips N.V. (Philips), Glen Dimplex (Morphy Richards) and private label brands for major retailers. Primary competitors in personal care include are Koninklijke Philips Electronics N.V. (Norelco), The Procter & Gamble Company (Braun), Conair Corporation, Wahl Clipper Corporation and Helen of Troy Limited.

Sales from electric personal care product categories tend to increase during the December holiday season (the Company’s first fiscal quarter), while small appliances sales increase from July through December primarily due to the increased demand by customers in the late summer for “back-to-school” sales (the Company’s fourth fiscal quarter) and in December for the holiday season. Our sales by quarter as a percentage of annual net sales during the years ended September 30, 2018, 2017 and 2016 are as follows:

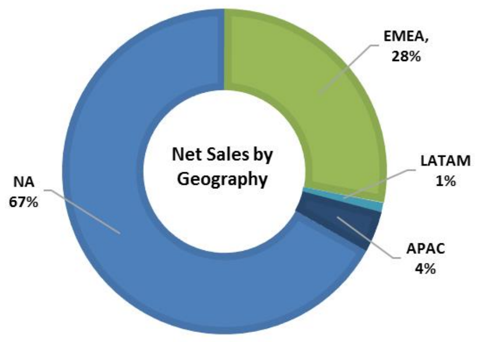
	2018	2017	2016
First Quarter	31%	31%	31%
Second Quarter	21%	20%	21%
Third Quarter	23%	23%	23%
Fourth Quarter	25%	26%	25%

Substantially all of our home appliances and personal care products are manufactured by third party suppliers that are primarily located in the APAC region. We maintain ownership of most of the tooling and molds used by our suppliers.

Our research and development strategy is focused on new product development and performance enhancements of our existing products. We plan to continue to use our brand names, customer relationships and research and development efforts to introduce innovative products that offer enhanced value to consumers through new designs and improved functionality.

Pet Supplies (PET)

The following is an overview of PET net sales by product category and geographic region sold (based upon destination) for the year ended September 30, 2018:



Product Category	Products	Brands
Companion Animal	Rawhide chews, dog and cat clean-up, training, health and grooming products, small animal food and care products, rawhide-free dog treats, and wet and dry pet food for dogs and cats.	8IN1® (8-in-1), Dingo®, Nature's Miracle®, Wild Harvest™, Littermaid®, Jungle®, Excel®, FURminator®, IAMS® (Europe only), Eukanuba® (Europe only), Healthy-Hide®, DreamBone®, SmartBones®, GloFish®, ProSense®, Perfect Coat®, eCOTRITION®, Birdola® and Digest-eeze®.
Aquatics	Consumer and commerical aquarium kits, stand-alone tanks; acqustics equipment such as filtration systems, heaters and pumps; and acqutics consumables such as fish food, water managerment and care	Tetra®, Marineland®, Whisper® and Instant Ocean®.

We sell primarily to pet superstores, mass merchandisers, e-tailers, grocery stores and drug chains, warehouse clubs and other specialty retailers. International distribution varies by region and is often executed on a country-by-country basis. Our sales generally are made through the use of individual purchase orders. In addition to product sales, we also perform installation and maintenance services on commercial aquariums. A significant percentage of our sales are attributable to a limited group of retailer customers, including Wal-Mart, which is a customer with more than 10% of Spectrum sales and represent approximately 23% of PET net sales for the fiscal year ended September 30, 2018.

Primary competitors are Mars Corporation, the Hartz Mountain Corporation and Central Garden & Pet Company which all sell a comprehensive line of pet supplies that compete across our product categories. The pet supplies product category is highly fragmented with no competitor holding a substantial market share and consists of small companies with limited product lines.

Sales remain fairly consistent throughout the year with little variation. Our sales by quarter as a percentage of annual net sales during the years ended September 30, 2018, 2017 and 2016 are as follows:

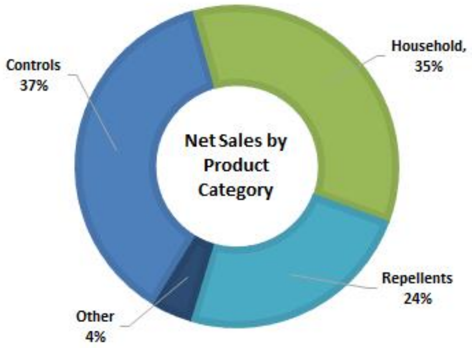
	2018	2017	2016
First Quarter	25%	25%	25%
Second Quarter	25%	24%	25%
Third Quarter	24%	24%	25%
Fourth Quarter	26%	27%	25%

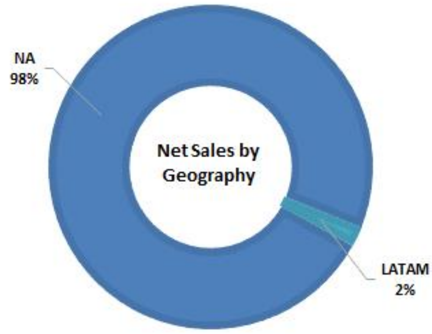
Substantially all of our rawhide alternative products are manufactured by third party suppliers that are primarily located in the Asia-Pacific region and Mexico. We maintain ownership of most of the tooling and molds used by our suppliers. We continually evaluate our manufacturing facilities' capacity and related utilization. In general, we believe our existing facilities are adequate for our present and foreseeable needs.

Our research and development strategy is focused on new product development and performance enhancements of our existing products. We plan to continue to use our brand names, customer relationships and research and development efforts to introduce innovative products that offer enhanced value to consumers through new designs and improved functionality.

Home and Garden (H&G)

The following is an overview of H&G net sales by product category and geographic region sold (based upon destination) for the year ended September 30, 2018:





Product Category	Products	Brands
Household	Household pest control solutions such as spider and scorpion killers; ant and roach killers; flying insect killers; insect foggers; wasp and hornet killers; and bedbug, flea and tick control products.	Hot Shot®, Black Flag®, Real-Kill®, Ultra Kill®, The Ant Trap® (TAT), and Rid-A-Bug®.
Controls	Outdoor insect and weed control solutions, and animal repellents such as aerosols, granules, and ready-to-use sprays or hose-end ready-to-sprays.	Spectracide®, Garden Safe®, Liquid Fence®, and EcoLogic®.
Repellents	Personal use pesticides and insect repellent products, including aerosols, lotions, pump sprays and wipes, yard sprays and citronella candles.	Cutter® and Repel®.

Other product category consists of products sold to the Global Auto Care business unit that was classified as discontinued operations and subsequently sold to Energizer Holdings, Inc. ("Energizer") on January 28, 2019. Product sales and distribution will continue under a supply agreement with Energizer subsequent to the completion of the sale. See *Note 3 – Divestitures*, in Notes to the Consolidated Financial Statements, included elsewhere for additional discussion.

We sell primarily to home improvement centers, mass merchandisers, dollar stores, hardware stores, home and garden distributors, and food and drug retailers, primarily in the U.S. We also sell certain products in our LATAM markets, primarily in the Caribbean. Our sales generally are made through the use of individual purchase orders. A significant percentage of our sales are attributable to a limited group of retailer customers, including Wal-Mart, Home Depot and Lowe's, which are customers with more than 10% of Spectrum sales and represent approximately 66% of H&G net sales for the fiscal year ended September 30, 2018.

Primary competitors are The Scotts Miracle-Gro Company (Scotts, Ortho, Roundup, Miracle-Gro, Tomcat); Central Garden & Pet (AMDRO, Sevin), Bayer A.G. (Bayer Advanced), S.C. Johnson & Son, Inc. (Raid, OFF!); and Henkel AG & Co. KGaA (Combat).

Sales typically peak during the first six months of the calendar year (the Company's second and third fiscal quarters) due to customer seasonal purchasing patterns and timing of promotional activities. Our sales by quarter as a percentage of annual net sales during the years ended September 30, 2018, 2017 and 2016 are as follows

	2018	2017	2016
First Quarter	10%	10%	9%
Second Quarter	25%	27%	30%
Third Quarter	42%	39%	42%
Fourth Quarter	23%	24%	19%

Our research and development strategy is focused on new product development and performance enhancements of our existing products. We plan to continue to use our brand names, customer relationships and research and development efforts to introduce innovative products that offer enhanced value to consumers through new designs and improved functionality.

HRG - Salus

HRG, through its subsidiary, Salus, used variable interest entities ("VIE") for securitization activities, in which Salus transferred whole loans into a trust or other vehicle such that the assets were legally isolated from the creditors of Salus. Assets held in a trust could only be used to settle obligations of the trust. The creditors of the trusts typically had no recourse to Salus except in accordance with the obligations under standard representations and warranties. When Salus was the servicer of whole loans held in a securitization trust, Salus has the power to direct the most significant activities of the trust. Salus consolidated a whole-loan securitization trust if it had the power to direct the most significant activities and also held securities issued by the trust or has other contractual arrangements, other than standard representations and warranties that could potentially be significant to the trust.

Other Information

Governmental Regulations and Environmental Matters

Due to the nature of our operations, our facilities are subject to a broad range of federal, state, local and foreign legal and regulatory provisions relating to the environment, including those regulating the discharge of materials into the environment, the handling and disposal of solid and hazardous substances and wastes and the remediation of contamination associated with the releases of hazardous substances at our facilities. We believe that compliance with the federal, state, local and foreign laws and regulations to which we are subject will not have a material effect upon our capital expenditures, financial condition, earnings or competitive position.

From time to time, we have been required to address the effect of historic activities on the environmental condition of our properties. We have not conducted invasive testing at all facilities to identify all potential environmental liability risks. Given the age of our facilities and the nature of our operations, it is possible that material liabilities may arise in the future in connection with our current or former facilities. If previously unknown contamination of property underlying or in the vicinity of our manufacturing facilities is discovered, we could incur material unforeseen expenses, which could have a material adverse effect on our financial condition, capital expenditures, earnings and competitive position. Although we are currently engaged in investigative or remedial projects at some of our facilities, we do not expect that such projects, taking into account established accruals, will cause us to incur expenditures that are material to our business, financial condition or results of operations; however, it is possible that our future liability could be material.

We have been, and in the future may be, subject to proceedings related to our disposal of industrial and hazardous material at off-site disposal locations or similar disposals made by other parties for which we are held responsible as a result of our relationships with such other parties. In the U.S., these proceedings are under the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") or similar state laws that hold persons who "arranged for" the disposal or treatment of such substances strictly liable for costs incurred in responding to the release or threatened release of hazardous substances from such sites, regardless of fault or the lawfulness of the original disposal. Liability under CERCLA is typically joint and several, meaning that a liable party may be responsible for all costs incurred in investigating and remediating contamination at a site. As a practical matter, liability at CERCLA sites is shared by all of the viable responsible parties. We occasionally are identified by federal or state governmental agencies as being a potentially responsible party for response actions contemplated at an off-site facility. At the existing sites where we have been notified of our status as a potentially responsible party, it is either premature to determine whether our potential liability, if any, will be material or we do not believe that our liability, if any, will be material. We may be named as a potentially responsible party under CERCLA or similar state laws for other sites not currently known to us, and the costs and liabilities associated with these sites may be material.

It is difficult to quantify with certainty the potential financial impact of actions regarding expenditures for environmental matters, particularly remediation, and future capital expenditures for environmental control equipment. See *Note 18 - Commitments and Contingencies* in the Notes to the Consolidated Financial Statements included elsewhere within the Annual Report for further discussion on estimated liabilities arising from such environmental matters. Nevertheless, based upon the information currently available, we believe that our ultimate liability arising from such environmental matters should not be material to our business or financial condition.

Electronic and electrical products that depend on electric current to operate ("EEE") that we sell in Europe are subject to regulation in European Union ("EU") markets under two key EU directives. Among our brands, this includes a limited range of products, such as aquarium pumps, heaters, and lighting. The first directive is the Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment ("RoHS") which took effect in EU member states beginning July 1, 2006. RoHS prohibits companies from selling EEE products which contain certain specified hazardous materials in EU member states. We believe that compliance with RoHS does not have a material effect on our capital expenditures, financial condition, earnings or competitive position. The second directive is entitled the Waste of Electrical and Electronic Equipment ("WEEE"). WEEE makes producers or importers of particular classes of EEE goods financially responsible for specified collection, recycling, treatment and disposal of past and future covered products. WEEE assigns levels of responsibility to companies doing business in EU markets based on their relative market share. WEEE calls on each EU member state to enact enabling legislation to implement the directive. To comply with WEEE requirements, we have partnered with other companies to create a comprehensive collection, treatment, disposal and recycling program as specified within the member countries we conduct business. As EU member states pass enabling legislation we currently expect our compliance system to be sufficient to meet such requirements. Our current estimated costs associated with compliance with WEEE are not significant based on our current market share. However, we continue to evaluate the impact of the WEEE legislation and implementing regulations as EU member states implement guidance and as our market share changes and, as a result, actual costs to our company could differ from our current estimates and may be material to our business, financial condition or results of operations.

Certain of our products and facilities in each of our business segments are regulated by the United States Environmental Protection Agency (the "EPA"), the United States Food and Drug Administration (the "FDA") and/or other federal consumer protection and product safety agencies and are subject to the regulations such agencies enforce, as well as by similar state, foreign and multinational agencies and regulations. For example, in the U.S., all products containing pesticides are regulated by the EPA and equivalent state agencies. The majority of these products must be registered at a federal and/or state level before they can be sold. Our inability to obtain, delay in our receipt of, or the cancellation of any registration could have an adverse effect on our business, financial condition and results of operations. The severity of the effect would depend on which products were involved, whether another product could be substituted and whether our competitors were similarly affected. We attempt to anticipate regulatory developments and maintain registrations of, and access to, substitute chemicals and other ingredients. We may not always be able to avoid or minimize these risks.

The Food Quality Protection Act ("FQPA") established a standard for food-use pesticides, which is that a reasonable certainty of no harm will result from the cumulative effect of pesticide exposures. Under the FQPA, the EPA is evaluating the cumulative effects from dietary and non-dietary exposures to pesticides. The pesticides in certain of our products continue to be evaluated by the EPA as part of this program. It is possible that the EPA or a third party active ingredient registrant may decide that a pesticide we use in our products will be limited or made unavailable to us. We cannot predict the outcome or the severity of the effect of the EPA's continuing evaluations of active ingredients used in our products.

Certain of our products and packaging materials are subject to regulations administered by the FDA. Among other things, the FDA enforces statutory prohibitions against misbranded and adulterated products, establishes ingredients and manufacturing procedures for certain products, establishes standards of identity for certain products, determines the safety of products and establishes labeling standards and requirements. In addition, various states regulate these products by enforcing federal and state standards of identity for selected products, grading products, inspecting production facilities and imposing their own labeling requirements.

The fish sold under the GloFish brand can be classified as an intragenic or transgenic species due to the addition of their bioluminescent genes, which means the FDA has the authority to regulate as the luminescence is caused by intentionally altered genomic DNA. Additional regulatory agencies, including the EPA, as well as agencies in U.S. and foreign states have authority to regulate these types of species. It is possible that the EPA, FDA, another U.S. federal agency, a U.S. state, or a foreign agency could in the future seek to exercise authority over the distribution and/or sale of GloFish brand fish. We will continue to monitor the development of any regulations that might apply to our bioluminescent fish.

Certain of our products may be regulated under programs within the United States, Canada, or in other countries that may require that those products and the associated product packaging be recycled or managed for disposal through a designated recycling program. Some programs are funded through assessment of a fee on the manufacturer and suppliers, including Spectrum Brands. We do not expect that such programs will cause us to incur expenditures that are material to our business, financial condition or results of operations; however, it is possible that our future liability could be material.

The United States Toxic Substances Control Act ("TSCA") was amended in 2016, and the EPA is currently evaluating additional chemicals for regulation under that amended law. Certain of our products may be manufactured using chemicals or other ingredients that may be subject to regulation under current TSCA regulations, and other chemicals or ingredients may be regulated under the law in the future. We do not expect that compliance with current or future TSCA regulations will cause us to incur expenditures that are material to our business, financial condition or results of operations; however, it is possible that our future liability could be material.

Employees

We have approximately 14,000 full-time employees worldwide as of September 30, 2018 associated with our continuing operations. Approximately 4% of our total labor force is covered by 3 collective bargaining agreements that will expire during our fiscal year ending September 30, 2019. We believe that our overall relationship with our employees is good.

Discontinued Operations

Global Batteries and Lighting ("GBL")

The Company's assets and liabilities associated with GBL have been classified as held for sale and the respective operations have been classified as discontinued operations; and reported separately for all periods presented. GBL consists of consumer batteries products including alkaline batteries, zinc carbon batteries, nickel metal hydride (NiMH) rechargeable batteries, hearing aid batteries, battery chargers, battery-powered portable lighting products including flashlights and lanterns, and other specialty battery products primarily under the Rayovac® and VARTA® brand, and other proprietary brand names pursuant to licensing arrangements with third parties.

On January 15, 2018 the Company entered into a definitive acquisition agreement with Energizer Holdings, Inc. ("Energizer") where Energizer has agreed to acquire from the Company its GBL business for an aggregate purchase price of $2.0 billion in cash, subject to customary purchase price adjustments. The Agreement provides that Energizer will purchase the equity of certain subsidiaries of the Company and acquire certain assets and assume certain liabilities of other subsidiaries used or held for the purpose of the GBL business. On November 15, 2018, subsequent to the year ended September 30, 2018, the Company entered into an amended acquisition agreement to address a proposed remedy submitted by Energizer to the European Commission, which provided for conditional approval from the commission provided the Varta® consumer battery, chargers, portable power and portable lighting business in the EMEA region be divested by Energizer subsequent to the GBL acquisition, including manufacturing and distribution facilities in Germany. Approval from the commission was received on December 11, 2018. The amended acquisition agreement provides for a purchase price adjustment that is contingent upon the completion of the divestiture of Energizer, including a potential downward adjustment equal to 75% of the difference between the divestiture sale price and the target sale price of $600 million, not to exceed $200 million; or a potential upward adjustment equal to 25% of the excess purchase price. Energizer anticipates that it will complete the divestiture in the 2019 fiscal year. On January 2, 2019, the Company completed the sale of GBL to Energizer. Refer to *Note 3 – Divestitures* and *Note 23 – Subsequent Events* to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further discussion pertaining to the GBL divestiture.

Global Auto Care ("GAC")

The Company's assets and liabilities associated with GAC have been classified as held for sale and the respective operations have been classified as discontinued operations; and reported separately for all periods presented. GAC consists of appearance products, including protectants, wipes, tire and wheel care products, glass cleaners, leather care products, air fresheners and washes designed to clean, shine, refresh and protect interior and exterior automobile surfaces under the Armor All® brand; performance products including STP® branded fuel and oil additives, functional fluids and automotive appearance products; A/C recharge products that consist of do-it-yourself automotive air conditioner recharge products under the A/C Pro® brand, along with other refrigerant and oil recharge kits, sealants and accessories.

On November 15, 2018 the Company entered into a definitive acquisition agreement with Energizer where Energizer agreed to acquire from the Company its GAC business for an aggregate purchase price of $1.25 billion, including $937.5 million in cash plus stock consideration of 5.3 million shares of Energizer common stock with an approximate value of $312.5 million, subject to customary purchase price adjustments. The agreement provides that Energizer will purchase the equity of certain subsidiaries of the Company and acquire certain assets and assume certain liabilities of other subsidiaries used or held for the purpose of the GAC business. On January 28, 2019, the Company completed the sale of GAC to Energizer. Refer to *Note 3 – Divestitures* and *Note 23 – Subsequent Events* to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further discussion pertaining to the GAC divestiture.

HRG – Insurance Operations

On November 30, 2017, Fidelity & Guaranty Life ("FGL"), a former majority owned subsidiary of HRG, completed its merger (the "FGL Merger") with CF Corporation and its related entities (collectively, the "CF Entities") in accordance with its previously disclosed Agreement and Plan of Merger (the "FGL Merger Agreement"). In addition, pursuant to a share purchase agreement, on November 30, 2017, Front Street Re (Delaware) Ltd., a wholly-owned subsidiary of HRG, sold to the CF Entities (such sale, the "Front Street Sale") all of the issued and outstanding shares of its former wholly-owned subsidiaries, Front Street Re Cayman Ltd. and Front Street Re Ltd (collectively, "Front Street", and together with FGL, the "Insurance Operations"). Pursuant to the share purchase agreement, on December 5, 2017, the Company repaid the $92.0 million of notes (such notes, the "HGI Energy Notes") issued by HGI Energy, which were held directly and indirectly by Front Street and FGL. As a result of the completion of the FGL Merger and the Front Street Sale, HRG no longer has any equity interest in FGL or Front Street and HRG's former Insurance Operations business is presented as discontinued operations for prior periods. HRG deconsolidated FGL and Front Street as of November 30, 2017. Refer *Note 3 – Divestitures*, included in the Notes to the Consolidated Financial Statements for more discussion pertaining to the disposition of HRG's former Insurance Operations business.

Exhibit 99.2

ITEM 1A. RISK FACTORS

Any of the following factors could materially and adversely affect our business, financial condition and results of operations. The risks described below are not the only risks that we may face. Additional risks and uncertainties not currently known to us or that we currently view as immaterial may also materially and adversely affect our business, financial condition or results of operations.

Our substantial indebtedness may limit our financial and operating flexibility, and we may incur additional debt, which could increase the risks associated with our substantial indebtedness.

We have, and we expect to continue to have, a significant amount of indebtedness. See *Note 11 – Debt* to the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report for additional detail. Our substantial indebtedness has had, and could continue to have, material adverse consequences for our business, and may:

- require us to dedicate a large portion of our cash flow to pay principal and interest on our indebtedness, which will reduce the availability of our cash flow to fund working capital, capital expenditures, research and development expenditures and other business activities;
- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict our ability to make strategic acquisitions, dispositions or to exploit business opportunities;
- place us at a competitive disadvantage compared to our competitors that have less debt; and
- limit our ability to borrow additional funds (even when necessary to maintain adequate liquidity) or dispose of assets.

Under the senior secured facilities and the indentures governing our senior notes (such indentures together, the "Indentures"), we may incur additional indebtedness. If new debt is added to our existing debt levels, the related risks that we now face would increase.

Furthermore, a portion of our debt bears interest at variable rates. Increases in market interest rates may raise the interest rate on our variable rate debt and create higher debt service requirements, which would adversely affect our cash flow and could adversely impact our results of operations. While we may enter into agreements limiting our exposure to higher debt service requirements, any such agreements may not offer complete protection from this risk. Upon completion of a divestiture, we may be required to pay down debt using proceeds from the sale.

Restrictive covenants in the senior secured facilities and the Indentures may restrict our ability to pursue our business strategies.

The senior secured facilities and the Indentures each restrict, among other things, asset dispositions, mergers and acquisitions, dividends, stock repurchases and redemptions, other restricted payments, indebtedness and preferred stock, loans and investments, liens and affiliate transactions. The senior secured facilities and the Indentures also contain customary events of default and covenants imposing operating and financial restrictions on our business. These covenants could, among other things, restrict our ability to incur additional indebtedness, liens or engage in sale and leaseback transactions, pay dividends or make distribution in respect of capital stock, make certain restricted payments, sell assets, engage in transactions with affiliates, except on an arms-length basis, or consolidate or merge with or sell substantially all of our assets to, another period. Further, these covenants could, among other things, limit our ability to fund future working capital and capital expenditures, engage in future acquisitions or development activities, or otherwise realize the value of our assets and opportunities fully. In addition, the senior secured facilities and the Indentures require us to dedicate a portion of cash flow from operations to payments on debt and also contain borrowing restrictions based on, among other things, our fixed charge coverage ratio. Furthermore, the credit agreement governing our senior secured facilities contains a financial covenant relating to maximum leverage. Such requirements and covenants could limit the flexibility of our restricted entities in planning for, or reacting to, changes in the industries in which they operate. Our ability to comply with these covenants is subject to certain events outside of our control. If we are unable to comply with these covenants, the lenders under our senior secured facilities could terminate their commitments and the lenders under our senior secured facilities or the holders of the notes could accelerate repayment of our outstanding borrowings and, in either case, we may be unable to obtain adequate refinancing of outstanding borrowings on favorable terms or at all. If we are unable to repay outstanding borrowings when due, the lenders under the senior secured facilities will also have the right to proceed against the collateral granted to them to secure the indebtedness owed to them. If our obligations under the senior secured facilities are accelerated, we cannot assure you that our assets would be sufficient to repay in full such indebtedness.

Future financing activities may adversely affect our leverage and financial condition.

Subject to the limitations set forth in the senior secured facilities and Indentures, we may incur additional indebtedness and issue dividend-bearing redeemable equity interests. We may incur substantial additional financial obligations to enable us to execute our business objectives. These obligations could result in:

- default and foreclosure on our assets if our operating revenues after an investment or acquisition are insufficient to repay our financial obligations;
- acceleration of our obligations to repay the financial obligations even if we make all required payments when due if we breach certain covenants that require the maintenance of certain financial ratios or reserves without a waiver or renegotiation of that covenant;
- our immediate payments of all amounts owed, if any, if such financial obligations are payable on demand;
- our inability to obtain additional financing if such financial obligations contain covenants restricting our ability to obtain such financing while the financial obligations remain outstanding;
- our inability to pay dividends on our capital stock;
- using a substantial portion of our cash flow to pay principal and interest or dividends on our financial obligations, which will reduce the funds available for dividends on our Common Stock if declared, expenses, capital expenditures, acquisitions and other general corporate purposes;
- limitations on our flexibility in planning for and reacting to changes in our business and in the industries in which we operate;
- an event of default that triggers a cross default with respect to other financial obligations, including our indebtedness;
- increased vulnerability to adverse changes in general economic, industry, financial, competitive, legislative, regulatory and other conditions and adverse changes in government regulation; and
- limitations on our ability to borrow additional amounts for expenses, capital expenditures, acquisitions, debt service requirements, execution of our strategy and other purposes and other disadvantages compared to our competitors.

We are subject to significant international business risks that could hurt our business and cause our results of operations to fluctuate.

A significant portion of our net sales are to customers outside of the U.S. See *Note 19 – Segment Information*, for sales by geographic region. Our pursuit of international growth opportunities may require significant investments for an extended period before returns on these investments, if any, are realized. Our international operations are subject to risks including, among others:

- currency fluctuations, including, without limitation, fluctuations in the foreign exchange rate of the Euro, British Pound, Brazilian Real, Canadian Dollar, Australian Dollar, Japanese Yen and the Mexican Peso;
- changes in the economic conditions or consumer preferences or demand for our products in these markets;
- the risk that because our brand names may not be locally recognized, we must spend significant amounts of time and money to build brand recognition without certainty that we will be successful;
- labor unrest;
- political and economic instability, as a result of war, terrorist attacks, pandemics, natural disasters or otherwise;
- lack of developed infrastructure;
- longer payment cycles and greater difficulty in collecting accounts;
- restrictions on transfers of funds;
- import and export duties and quotas, as well as general transportation costs;
- changes in domestic and international customs and tariffs;
- changes in foreign labor laws and regulations affecting our ability to hire and retain employees;
- inadequate protection of intellectual property in foreign countries;
- unexpected changes in regulatory environments;
- difficulty in complying with foreign law; and
- adverse tax consequences.

The foregoing factors may have a material adverse effect on our ability to increase or maintain our supply of products, financial condition or results of operations.

As a result of our international operations, we face a number of risks related to exchange rates and foreign currencies.

Our international sales and certain of our expenses are transacted in foreign currencies. During the fiscal year ended September 30, 2018, approximately 27% of our net sales and operating expenses were denominated in foreign currencies. We expect that the amount of our revenues and expenses transacted in foreign currencies will increase as our Latin American, European and Asian operations grow and as a result of acquisitions in these markets and, as a result, our exposure to risks associated with foreign currencies could increase accordingly. Significant changes in the value of the U.S. dollar in relation to foreign currencies will affect our cost of goods sold and our operating margins and could result in exchange losses or otherwise have a material effect on our business, financial condition and results of operations. Changes in currency exchange rates may also affect our sales to, purchases from, and loans to, our subsidiaries, as well as sales to, purchases from, and bank lines of credit with, our customers, suppliers and creditors that are denominated in foreign currencies.

We source many products from China and other Asian countries. To the extent the Chinese Renminbi ("RMB") or other currencies depreciate or appreciate with respect to the U.S. dollar, we may experience fluctuations in our results of operations. Since 2005, the RMB has no longer been pegged to the U.S. dollar at a constant exchange rate and instead fluctuates versus a basket of currencies. Although the People's Bank of China has historically intervened in the foreign exchange market to prevent significant short-term fluctuations in the exchange rate, the RMB may appreciate or depreciate within a flexible peg range against the U.S. dollar in the medium to long term. Moreover, it is possible that in the future Chinese authorities may lift restrictions on fluctuations in the RMB exchange rate and lessen intervention in the foreign exchange market.

While we may enter into hedging transactions in the future, the availability and effectiveness of these transactions may be limited, and we may not be able to successfully hedge our exposure to currency fluctuations. Further, we may not be successful in implementing customer pricing or other actions in an effort to mitigate the impact of currency fluctuations and, thus, our results of operations may be adversely impacted.

We face risks related to the impact on foreign trade agreements and relations from the current administration.

Recent changes in the United States federal government have caused uncertainty about the future of trade partnerships and treaties, such as the North American Free Trade Agreement ("NAFTA") and the World Trade Organization. The current administration has formally withdrawn the United States from the Trans Pacific Partnership Agreement ("TPPA"), which may affect the Company's ability to leverage lower cost facilities in territories outside of the U.S. President Trump has also threatened to withdraw the United States from the World Trade Organization, which, if it occurred, could affect tariff rates and other trade terms between the U.S. and its trading partners as well as possibly have material consequences for the global trading system. The current administration has also initiated negotiations with Canada and Mexico aimed at re-negotiating the North American Free Trade Agreement ("NAFTA"). The U.S., Mexico, and Canada have reached a preliminary U.S.-Mexico-Canada Agreement ("USMCA") which would replace NAFTA. The USMCA maintains duty-free access for most products and leaves most key provisions of the NAFTA agreement largely intact. The USMCA still requires approval by the U.S. Congress, by Mexico's National Assembly, and by Canada's Parliament before it enters into force. In addition, the USMCA is still undergoing a legal review and, if past U.S. free trade agreements are any indication, this could result in follow-up negotiations which could lead to modifications of certain provisions. It is uncertain what the outcome of the Congressional approval process, legal review, and any follow-up negotiations will be, but it is possible that revisions to NATFA or failure to secure Congressional approval could adversely affect the Company's existing production operations in Mexico and the current and future levels of sales and earnings of the Company in all three countries. Furthermore, the current administration has threatened tougher trade terms with China and other countries, leading to the imposition of substantially higher U.S. tariffs on $250 billion of imports from China and to higher Chinese tariffs on a large amount of U.S. exports to China. All of this, could lead to increased costs and diminished sales opportunities in the U.S. and Chinese markets. Media and political reactions in the affected countries could potentially exacerbate the impact on the Company's operations in those countries. The U.S. Administration's assertive trade policies could result in further conflicts with U.S. trading partners, affecting the Company's supply chains, sourcing, and markets. Foreign countries may impose additional burdens on U.S. companies through the use of local regulations, tariffs or other requirements which could increase our operating costs in those foreign jurisdictions. It remains unclear what additional actions, if any, the current administration will take. If the United States were to materially modify NAFTA or other international trade agreements to which it is a party, or if tariffs were raised on the foreign-sourced goods that we sell, such goods may no longer be available at a commercially attractive price, which in turn could have a material adverse effect on our business, financial condition and results of operations.

We face risks relating to the United Kingdom's 2016 referendum, which called for its exit from the European Union.

The United Kingdom's ("UK") referendum on withdrawal from the European Union ("EU") on June 23, 2016 (referred to as "Brexit"), and subsequent notification of the UK's intention to withdraw from the EU given on March 29, 2017, have adversely impacted global markets and foreign currencies. In particular, the value of the Pound Sterling has sharply declined as compared to the U.S. Dollar and other currencies. This volatility in foreign currencies is expected to continue as the UK negotiates and executes its exit from the EU, but there is uncertainty over what time period this will occur. A significantly weaker Pound Sterling compared to the U.S. Dollar could have a significant negative effect on the Company's business, financial condition and results of operations. The decrease in value to the Pound Sterling and impacts across global markets and foreign currencies may influence trends in consumer confidence and discretionary spending habits, but given the lack of precedent and uncertainty, it is unclear how the implications will affect us.

The intention to withdraw began a two-year negotiating period to establish the withdrawal terms. Even if no agreement is reached, the UK's separation still becomes effective unless all EU members unanimously agree on an extension. Negotiations have commenced to determine the future terms of the UK relationship with the EU, including, among other things, the terms of trade between the UK and the EU. If no agreement is reached by March 19, 2019, the UK's membership in the EU could terminate under a so-called "hard Brexit". The effects of Brexit will depend on many factors, including any agreements that the UK makes to retain access to EU markets either during a transitional period or more permanently. Brexit could lead to legal uncertainty and potentially divergent national laws and regulations as the UK determines which EU laws to replace or replicate. In a "hard Brexit" scenario, there could be increased costs from re-imposition of tariffs on trade between the UK and EU, shipping delays because of the need for customs inspections and procedures, and temporary shortages of certain goods. In addition, trade and investment between the UK, the EU, the United States and other countries will be impacted by the fact that the UK currently operates under the EU's tax treaties. The UK will need to negotiate its own tax and trade treaties with countries all over the world, which could take years to complete. While we cannot anticipate the outcome of these future negotiations, effects could include uncertainty regarding tax exemptions and reliefs within the EU, as well as expected changes in tariffs and tax laws or regulations which could materially and adversely affect our business, business opportunities, results of operations, financial condition, liquidity and cash flows.

We participate in very competitive markets and we may not be able to compete successfully, causing us to lose market share and sales.

We compete for consumer acceptance and limited shelf space based upon brand name recognition, perceived product quality, price, performance, product features and enhancements, product packaging and design innovation, as well as creative marketing, promotion and distribution strategies, and new product introductions. Additional discussion over the segments, product categories and markets in which we compete are included under Part I, Item 1 of this report ("Business"). Our ability to compete in these consumer product markets may be adversely affected by a number of factors, including, but not limited to, the following:

- We compete against many well-established companies that may have substantially greater financial and other resources, including personnel and research and development, and greater overall market share than us.
- In some key product lines, our competitors may have lower production costs and higher profit margins than us, which may enable them to compete more aggressively in offering retail discounts, rebates and other promotional incentives.
- Technological advancements, product improvements or effective advertising campaigns by competitors may weaken consumer demand for our products.
- Consumer purchasing behavior may shift to distribution channels, including to online retailers, where we and our customers do not have a strong presence.
- Consumer preferences may change to lower margin products or products other than those we market.
- We may not be successful in the introduction, marketing and manufacture of any new products or product innovations or be able to develop and introduce, in a timely manner, innovations to our existing products that satisfy customer needs or achieve market acceptance.

In addition, in a number of our product lines, we compete with our retail customers, who use their own private label brands, and with distributors and foreign manufacturers of unbranded products. Significant new competitors or increased competition from existing competitors, including specifically private label brands, may adversely affect our business, financial condition and results of our operations.

Some competitors may be willing to reduce prices and accept lower profit margins to compete with us. As a result of this competition, we could lose market share and sales, or be forced to reduce our prices to meet competition. If our product offerings are unable to compete successfully, our sales, results of operations and financial condition could be materially and adversely affected. In addition, we may be unable to implement changes to our products or otherwise adapt to changing consumer trends. If we are unable to respond to changing consumer trends, our operating results and financial condition could be adversely affected.

Changes in consumer shopping trends and changes in distribution channels could significantly harm our business

We sell our products through a variety of trade channels with a significant portion dependent upon retail partnerships, through both traditional brick-and-mortar retail channels and e-commerce channels. We are seeing the emergence of strong e-commerce channels generating more online competition and declining in-store traffic in brick-and-mortar retailers. Consumer shopping preferences have shifted, and may continue to shift in the future to distribution channels other than traditional retail that may have more limited experience, presence and developed, such as e-commerce channels. If we are not successful in developing and utilizing e-commerce channels that future consumers may prefer, we may experience lower than expected revenues.

We are also seeing more traditional brick-and-mortar retailers closing physical stores, and filing for bankruptcy, which could negatively impact our distribution strategies and/or sales if such retailers decide to significantly reduce their inventory levels for our products or to designate more floor space to our competitors. Further consolidation, store closures and bankruptcies could have a material adverse effect on our business, prospects, financial condition, results of operations, cash flows, as well as the trading price of our securities.

Consolidation of retailers and our dependence on a small number of key customers for a significant percentage of our sales may negatively affect our business, financial condition and results of operations.

As a result of consolidation of retailers that has occurred during the past several years, particularly in the United States and the EU, and consumer trends toward national mass merchandisers, a significant percentage of our sales are attributable to a limited group of customers. Additional discussion over customers and customer concentration is included Part I, Item 1 of this report ("*Business*"). As these mass merchandisers and retailers grow larger and become more sophisticated, they may demand lower pricing, special packaging or impose other requirements on product suppliers. These business demands may relate to inventory practices, logistics or other aspects of the customer-supplier relationship. Because of the importance of these key customers, demands for price reductions or promotions, reductions in their purchases, changes in their financial condition or loss of their accounts could have a material adverse effect on our business, financial condition and results of operations. Our success is dependent on our ability to manage our retailer relationships, including offering trade terms on mutually acceptable terms.

Although we have long-established relationships with many of our customers, we generally do not have long-term agreements with them and purchases are normally made through the use of individual purchase orders. Any significant reduction in purchases, failure to obtain anticipated orders or delays or cancellations of orders by any of these major customers, or significant pressure to reduce prices from any of these major customers, could have a material adverse effect on our business, financial condition and results of operations. Additionally, a significant deterioration in the financial condition of the retail industry in general, the bankruptcy of any of our customers or any of our customers ceasing operations could have a material adverse effect on our sales and profitability.

As a result of retailers maintaining tighter inventory control, we face risks related to meeting demand and storing inventory.

As a result of the desire of retailers to more closely manage inventory levels, there is a growing trend among them to purchase products on a "just-in-time" basis. Due to a number of factors, including (i) manufacturing lead-times, (ii) seasonal purchasing patterns and (iii) the potential for material price increases, we may be required to shorten our lead-time for production and more closely anticipate our retailers' and customers' demands, which could in the future require us to carry additional inventories and increase our working capital and related financing requirements. This may increase the cost of warehousing inventory or result in excess inventory becoming difficult to manage, unusable or obsolete. In addition, if our retailers significantly change their inventory management strategies, we may encounter difficulties in filling customer orders or in liquidating excess inventories or may find that customers are cancelling orders or returning products, which may have a material adverse effect on our business.

Furthermore, we primarily sell branded products and a move by one or more of our large customers to sell significant quantities of private label products, which we do not produce on their behalf and which directly compete with our products, could have a material adverse effect on our business, financial condition and results of operations.

Sales of certain of our products are seasonal and may cause our operating results and working capital requirements to fluctuate.

On a consolidated basis our financial results are approximately equally weighted across our quarters, however, sales of certain product categories tend to be seasonal. Further discussion over the seasonality of sales is included in Part I, Item 1 of this report ("*Business"*). As a result of this seasonality, our inventory and working capital needs fluctuate significantly throughout the year. In addition, orders from retailers are often made late in the period preceding the applicable peak season, making forecasting of production schedules and inventory purchases difficult. If we are unable to accurately forecast and prepare for customer orders or our working capital needs, or there is a general downturn in business or economic conditions during these periods, our business, financial condition and results of operations could be materially and adversely affected.

Adverse weather conditions during our peak selling seasons for our home and garden control products could have a material adverse effect on our home and garden business.

Weather conditions have a significant impact on the timing and volume of sales of certain of our lawn and garden and household insecticide and repellent products. For example, periods of dry, hot weather can decrease insecticide sales, while periods of cold and wet weather can slow sales of herbicides. Adverse weather conditions during the first six months of the calendar year (the Company's second and third fiscal quarters), when demand for home and garden control products typically peaks, could have a material adverse effect on our home and garden business and our financial results during such period.

Our products utilize certain key raw materials; any significant increase in the price of, or change in supply and demand for, these raw materials could have a material and adverse effect on our business, financial condition and profits.

The principal raw materials used to produce our products—including brass, petroleum-based plastic materials, steel, aluminum, copper and corrugated materials (for packaging)—are sourced either on a global or regional basis by us or our suppliers, and the prices of those raw materials are susceptible to price fluctuations due to supply and demand trends, energy costs, transportation costs, government regulations, duties and tariffs, changes in currency exchange rates, price controls, general economic conditions and other unforeseen circumstances. Although we may seek to increase the prices of certain of our goods to our customers, we may not be able to pass all of these cost increases on to our customers. As a result, our margins may be adversely impacted by such cost increases. We cannot provide any assurance that our sources of supply will not be interrupted due to changes in worldwide supply of or demand for raw materials or other events that interrupt material flow, which may have an adverse effect on our profitability and results of operations.

We regularly engage in forward purchase and hedging derivative transactions in an attempt to effectively manage and stabilize some of the raw material costs we expect to incur over the next 12 to 24 months. However, our hedging positions may not be effective, or may not anticipate beneficial trends, in a particular raw material market or may, as a result of changes in our business, no longer be useful for us. See *Note 13 – Derivatives* in the Notes to the Consolidated Financial Statements included elsewhere in the Annual Report for further discussion over our effective hedging strategies over certain commodity costs. In addition, for certain of the principal raw materials we use to produce our products, such as electrolytic manganese dioxide powder, there are no available effective hedging markets. If these efforts are not effective or expose us to above average costs for an extended period of time, and we are unable to pass our raw materials costs on to our customers, our future profitability may be materially and adversely affected. Furthermore, with respect to transportation costs, certain modes of delivery are subject to fuel surcharges which are determined based upon the current cost of diesel fuel in relation to pre-established agreed upon costs. We may be unable to pass these fuel surcharges on to our customers, which may have an adverse effect on our profitability and results of operations.

In addition, we have exclusivity arrangements and minimum purchase requirements with certain of our suppliers for the home and garden business, which increase our dependence upon and exposure to those suppliers. Some of those agreements include caps on the price we pay for our supplies and in certain instances these caps have allowed us to purchase materials at below market prices. When we attempt to renew those contracts, the other parties to the contracts may not be willing to include or may limit the effect of those caps and could even attempt to impose above market prices in an effort to make up for any below market prices paid by us prior to the renewal of the agreement. Any failure to timely obtain suitable supplies at competitive prices could materially adversely affect our business, financial condition and results of operations.

Our dependence on a few suppliers for certain of our products makes us vulnerable to a disruption in the supply of our products.

Although we have long-standing relationships with many of our suppliers, we generally do not have long-term contracts with them. An adverse change in any of the following could have a material adverse effect on our business, financial condition and results of operations:

- our ability to identify and develop relationships with qualified suppliers;
- the terms and conditions upon which we purchase products from our suppliers, including applicable exchange rates, transport and other costs, our suppliers' willingness to extend credit to us to finance our inventory purchases and other factors beyond our control;
- the financial condition of our suppliers;
- political and economic instability in the countries in which our suppliers are located, as a result of war, terrorist attacks, pandemics, natural disasters or otherwise;
- our ability to import outsourced products;
- our suppliers' noncompliance with applicable laws, trade restrictions and tariffs; or
- our suppliers' ability to manufacture and deliver outsourced products according to our standards of quality on a timely and efficient basis.

If our relationship with one of our key suppliers is adversely affected, we may not be able to quickly or effectively replace such supplier and may not be able to retrieve tooling, molds or other specialized production equipment or processes used by such supplier in the manufacture of our products. The loss of one or more of our suppliers, a material reduction in their supply of products or provision of services to us or extended disruptions or interruptions in their operations could have a material adverse effect on our business, financial condition and results of operations.

Our facilities are subject to various hazards associated with the manufacturing, handling, storage, and transportation of chemical materials and products, including human error, leaks and ruptures, explosions, floods, fires, inclement weather and natural disasters, power loss or other infrastructure failures, mechanical failure, unscheduled downtime, regulatory requirements, the loss of certifications, technical difficulties, labor disputes, inability to obtain material, equipment or transportation, environmental hazards such as remediation, chemical spills, discharges or releases of toxic or hazardous substances or gases, and other risks. Many of these hazards could cause personal injury and loss of life, severe damage to, or destruction of, property and equipment and environmental contamination. In addition, the occurrence of material operation problems at our facilities due to any of these hazards could cause a disruption in the production of products. We may also encounter difficulties or interruption as a result of the application of enhanced manufacturing technologies or changes to production lines to improve throughput or to upgrade or repair its production lines. The Company's insurance policies have coverage in case of significant damage to its manufacturing facility but may not fully compensate for the cost of replacement for any such damage and any loss from business interruption. As a result, we may not be adequately insured to cover losses resulting from significant damage to its manufacturing facility. Any damage to its facility or interruption in manufacturing could result in production delays and delays in meeting contractual obligations which could have a material adverse effect on relationships with customers and on its results of operations, financial condition or cash flows in any given period.

We face risks related to our sales of products obtained from third-party suppliers.

We sell a significant number of products that are manufactured by third party suppliers over which we have no direct control. While we have implemented processes and procedures to try to ensure that the suppliers we use are complying with all applicable regulations, there can be no assurances that such suppliers in all instances will comply with such processes and procedures or otherwise with applicable regulations. Noncompliance could result in our marketing and distribution of contaminated, defective or dangerous products which could subject us to liabilities and could result in the imposition by governmental authorities of procedures or penalties that could restrict or eliminate our ability to purchase products. Any or all of these effects could adversely affect our business, financial condition and results of operations.

Additionally, the impact of economic conditions of our suppliers cannot be predicted and our suppliers may be unable to access financing or become insolvent and thus become unable to supply us with products. Development in tax policy, such as the disallowance of tax deductions for imported goods, or the imposition of tariffs on imported goods, could further have a material adverse effect on our results of operations and liquidity.

In addition, the Dodd-Frank Wall Street Reform and Consumer Protection Act includes provisions regarding certain minerals and metals, known as conflict minerals, mined from the Democratic Republic of Congo and adjoining countries. These provisions require companies to undertake due diligence procedures and report on the use of conflict minerals in its products, including products manufactured by third parties. Compliance with these provisions will cause us to incur costs to certify that our supply chain is conflict free and we may face difficulties if our suppliers are unwilling or unable to verify the source of their materials. Our ability to source these minerals and metals may also be adversely impacted. In addition, our customers may require that we provide them with a certification and our inability to do so may disqualify us as a supplier.

We are subject to risks associated with importing goods and materials from foreign countries.

A portion of goods and materials may be sourced by vendors and by us outside of the United States. Although we have implemented policies and procedures designed to facilitate compliance with laws and regulations relating to doing business in foreign markets and importing merchandise from abroad, there can be no assurance that suppliers and other third parties with whom we do business will not violate such laws and regulations or our policies, which could subject us to liability and could adversely affect our results of operations.

We are subject to the various risks of importing merchandise from abroad and purchasing product made in foreign countries, such as:

- potential disruptions in manufacturing, logistics and supply;
- changes in duties, tariffs, quotas and voluntary export restrictions on imported goods;
- strikes and other events affecting delivery;
- product compliance with laws and regulations of the destination country;
- product liability claims from customers or penalties from government agencies relating to products that are recalled, defective or otherwise noncompliance or alleged to be harmful;
- concerns about human rights, working conditions and other labor rights and conditions and environmental impact in foreign countries where goods are produced and materials or components are sourced, and changing labor, environmental and other laws in these countries;
- local business practice and political issues that may result in adverse publicity or threatened or actual adverse consumer actions, including boycotts;
- compliance with laws and regulations concerning ethical business practices, such as the U.S. Foreign Corrupt Practices Act; and
- economic, political or other problems in countries from or through which goods are imported.

Political or financial instability, trade restrictions, tariffs, currency exchange rates, labor conditions, congestion and labor issues at major ports, transport capacity and costs, systems issues, problems in third party distribution and warehousing and other interruptions of the supply chain, compliance with U.S. and foreign laws and regulations and other factors relating to international trade and imported merchandise beyond our control could affect the availability and the price of our inventory. These risks and other factors relating to foreign trade could subject us to liability or hinder our ability to access suitable merchandise on acceptable terms, which could adversely impact our results of operations. In addition, developments in tax policy, such as the disallowance of tax deductions for imported merchandise, or the imposition of tariffs on imported goods, could have a material adverse effect on our results of operations and liquidity

We may not be able to adequately establish and protect our intellectual property rights, and the infringement or loss of our intellectual property rights could harm our business.

To establish and protect our intellectual property rights, we rely upon a combination of national, foreign and multi-national patent, trademark and trade secret laws, together with licenses, confidentiality agreements and other contractual arrangements. The measures that we take to protect our intellectual property rights may prove inadequate to prevent third parties from infringing or misappropriating our intellectual property. We may need to resort to litigation to enforce or defend our intellectual property rights. If a competitor or collaborator files a patent application claiming technology also claimed by us, or a trademark application claiming a trademark, service mark or trade dress also used by us, in order to protect our rights, we may have to participate in expensive and time consuming opposition or interference proceedings before the U.S. Patent and Trademark Office or a similar foreign agency. Similarly, our intellectual property rights may be challenged by third parties or invalidated through administrative process or litigation. The costs associated with protecting intellectual property rights, including litigation costs, may be material. Furthermore, even if our intellectual property rights are not directly challenged, disputes among third parties could lead to the weakening or invalidation of our intellectual property rights, or our competitors may independently develop technologies that are substantially equivalent or superior to our technology. Obtaining, protecting and defending intellectual property rights can be time consuming and expensive, and may require us to incur substantial costs, including the diversion of the time and resources of management and technical personnel.

Moreover, the laws of certain foreign countries in which we operate or may operate in the future do not protect, and the governments of certain foreign countries do not enforce, intellectual property rights to the same extent as do the laws and government of the U.S., which may negate our competitive or technological advantages in such markets. Also, some of the technology underlying our products is the subject of nonexclusive licenses from third parties. As a result, this technology could be made available to our competitors at any time. If we are unable to establish and then adequately protect our intellectual property rights, our business, financial condition and results of operations could be materially and adversely affected.

We license various trademarks, trade names and patents from third parties for certain of our products. Further discussion and detail on licensed trademarks, trade names and patents are included under Item 1 above. These licenses generally place marketing obligations on us and require us to pay fees and royalties based on net sales or profits. Typically, these licenses may be terminated if we fail to satisfy certain minimum sales obligations or if we breach the terms of the license. The termination of these licensing arrangements, failure to renew or enter into a new agreement on acceptable terms could adversely affect our business, financial condition and results of operations. When our right to use these trademarks, brand names and logos expires, we may not be able to maintain or enjoy comparable name recognition or status under our new brand. If we are unable to successfully manage the transition of our business to new brands, our reputation among our customers could be adversely affected, and our revenue and profitability could decline.

If we are unable to protect the confidentiality of our proprietary information and know-how, the value of our technology, products and services could be harmed significantly.

We rely on trade secrets, know-how and other proprietary information in operating our business. If this information is not adequately protected, then it may be disclosed or used in an unauthorized manner. To the extent that consultants, key employees or other third parties apply technological information independently developed by them or by others to our proposed products, disputes may arise as to the proprietary rights to such information, which may not be resolved in our favor. The risk that other parties may breach confidentiality agreements or that our trade secrets become known or independently discovered by competitors, could harm us by enabling our competitors, who may have greater experience and financial resources, to copy or use our trade secrets and other proprietary information in the advancement of their products, methods or technologies. The disclosure of our trade secrets would impair our competitive position, thereby weakening demand for our products or services and harming our ability to maintain or increase our customer base.

Claims by third parties that we are infringing their intellectual property and other litigation could adversely affect our business.

From time to time in the past we have been subject to claims that we are infringing the intellectual property of others. We currently are the subject of such claims and it is possible that third parties will assert infringement claims against us in the future. An adverse finding against us in these or similar trademark or other intellectual property litigations may have a material adverse effect on our business, financial condition and results of operations. Any such claims, with or without merit, could be time consuming and expensive, and may require us to incur substantial costs, including the diversion of the resources of management and technical personnel, cause product delays or require us to enter into licensing or other agreements in order to secure continued access to necessary or desirable intellectual property. If we are deemed to be infringing a third party's intellectual property and are unable to continue using that intellectual property as we had been, our business and results of operations could be harmed if we are unable to successfully develop non-infringing alternative intellectual property on a timely basis or license non-infringing alternatives or substitutes, if any exist, on commercially reasonable terms. In addition, an unfavorable ruling in intellectual property litigation could subject us to significant liability, as well as require us to cease developing, manufacturing or selling the affected products or using the affected processes or trademarks. Any significant restriction on our proprietary or licensed intellectual property that impedes our ability to develop and commercialize our products could have a material adverse effect on our business, financial condition and results of operations.

Class action and derivative action lawsuits and other investigations, regardless of their merits, could have an adverse effect on our business, financial condition and results of operations.

We and certain of our officers and directors have been named in the past, and, may be named in the future, as defendants of class action and derivative action lawsuits. In the past, we have also received requests for information from government authorities. Regardless of their subject matter or merits, class action lawsuits and other government investigations may result in significant cost to us, which may not be covered by insurance, may divert the attention of management or may otherwise have an adverse effect on our business, financial condition and results of operations.

The Company may be subject to product liability claims and product recalls, which could negatively impact its profitability

In the ordinary course of our business, the Company may be named as a defendant in lawsuits involving product liability claims. In any such proceedings, plaintiffs may seek to recover large and sometimes unspecified amounts of damages, and the matters may remain unresolved for several years. Any such matters could have a material adverse effect on our business, results of operations and cash flows if we are unable to successfully defend against or settle these matters or if our insurance coverage is insufficient to satisfy any judgments against us or settlement related to these matters. The Company sells perishable treats for animal consumption, which involves risks such as product contamination or spoilage, product tampering, and other adulteration of food products. The Company may be subject to liability if the consumption of any of its products causes injury, illness, or death. In addition, the Company will voluntarily recall products in the event of contamination or damage. For example, on June 10, 2017, the Company initiated a voluntary safety recall of various rawhide chew products for dogs sold by the Company's PET segment due to possible chemical contamination. The costs of the recall negatively impacted Net Sales, Gross Margin, and Adjusted EBITDA in the PET in fiscal 2017 and this impact continued in fiscal 2018. A significant product liability judgment or a widespread product recall may negatively impact the Company's sales and profitability for a period of time depending on product availability, competitive reaction, and consumer attitudes. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that Company products caused illness or injury could adversely affect the Company's reputation with existing and potential customers and its corporate and brand image. Although we have product liability insurance coverage and an excess umbrella policy, our insurance policies may not provide coverage for certain, or any, claims against us or may not be sufficient to cover all possible liabilities. We may not be able to maintain such insurance on acceptable terms, if at all, in the future. See *Note 18 - Commitments and Contingencies* in the Notes to the Consolidated Financial Statements included elsewhere for further discussion on product liability and product recalls.

Agreements, transactions and litigation involving or resulting from the activities of our predecessor and its former subsidiaries may subject us to future claims or litigation that could materially adversely impact our capital resources.

The Company was formerly known as HRG Group, Inc. ("HRG"), which is the successor to Zapata Corporation, which was a holding company engaged, through its subsidiaries, in a number of business activities and over the course of HRG's existence, has acquired and disposed of a number of businesses. The activities of such entities may subject us to future claims or litigation regardless of the merit of such claims or litigation and the defenses available to us. The time and expense that we may be required to dedicate to such matters may be material to us and our subsidiaries and may adversely impact our capital resources. In certain instances, we may have continuing obligations pursuant to certain of these transactions, including obligations to indemnify other parties to agreements, and may be subject to risks resulting from these transactions.

We may incur material capital and other costs due to environmental liabilities.

We are subject to a broad range of federal, state, local, foreign and multi-national laws and regulations relating to the environment. These include laws and regulations that govern:

- discharges to the air, water and land;
- the handling and disposal of solid and hazardous substances and wastes; and
- remediation of contamination associated with release of hazardous substances at our facilities and at off-site disposal locations.

Risk of environmental liability is inherent in our business. As a result, material environmental costs may arise in the future. Our international operations may expose us to risks related to compliance with the laws and regulations of foreign countries. Moreover, there are adopted and proposed international accords and treaties, as well as federal, state and local laws and regulations, that would attempt to control or limit the causes of climate change, including the effect of greenhouse gas emissions on the environment. In the event that the U.S. government or foreign governments enact new climate change laws or regulations or make changes to existing laws or regulations, compliance with applicable laws or regulations may result in increased manufacturing costs for our products, such as by requiring investment in new pollution control equipment or changing the ways in which certain of our products are made. We may incur some of these costs directly and others may be passed on to us from our third-party suppliers. Although we believe that we are substantially in compliance with applicable environmental laws and regulations at our facilities, we may not always be in compliance with such laws and regulations or any new laws and regulations in the future, which could have a material adverse effect on our business, financial condition and results of operations.

From time to time, we have been required to address the effect of historic activities on the environmental condition of our properties or former properties. We have not conducted invasive testing at all of our facilities to identify all potential environmental liability risks. Given the age of our facilities and the nature of our operations, material liabilities may arise in the future in connection with our current or former facilities. If previously unknown contamination of property underlying or in the vicinity of our manufacturing facilities is discovered, we could be required to incur material unforeseen expenses. If this occurs, it may have a material adverse effect on our business, financial condition and results of operations. We are currently engaged in investigative or remedial projects at a few of our facilities and any liabilities arising from such investigative or remedial projects at such facilities may have a material effect on our business, financial condition and results of operations.

In addition, in connection with certain business acquisitions, we have assumed, and in connection with future acquisitions may assume, certain potential environmental liabilities. To the extent we have not identified such environmental liabilities or to the extent the indemnifications obtained from our counterparties are insufficient to cover such environmental liabilities, these environmental liabilities could have a material adverse effect on our business.

We are also subject to proceedings related to our disposal of industrial and hazardous material at off-site disposal locations or similar disposals made by other parties for which we are responsible as a result of our relationship with such other parties. These proceedings are under the Comprehensive Environmental Response, Compensation, and Liability Act ("CERCLA") or similar state or foreign jurisdiction laws that hold persons who "arranged for" the disposal or treatment of such substances strictly liable for costs incurred in responding to the release or threatened release of hazardous substances from such sites, regardless of fault or the lawfulness of the original disposal. Liability under CERCLA is typically joint and several, meaning that a liable party may be responsible for all of the costs incurred in investigating and remediating contamination at a site. We occasionally are identified by federal or state governmental agencies as being a potentially responsible party for response actions contemplated at an off-site facility. At the existing sites where we have been notified of our status as a potentially responsible party, it is either premature to determine if our potential liability, if any, will be material or we do not believe that our liability, if any, will be material. We may be named as a potentially responsible party under CERCLA or similar state or foreign jurisdiction laws in the future for other sites not currently known to us, and the costs and liabilities associated with these sites may have a material adverse effect on our business, financial condition and results of operations.

It is difficult to quantify with certainty the potential financial impact of actions regarding expenditures for environmental matters, particularly remediation, and future capital expenditures for environmental control equipment. See *Note 18 - Commitments and Contingencies* in the Notes to the Consolidated Financial Statements included elsewhere within the Annual Report for further discussion on estimated liabilities arising from such environmental matters. Nevertheless, based upon the information currently available, we believe that our ultimate liability arising from such environmental matters should not be material to our business or financial condition.

Compliance with various public health, consumer protection and other regulations applicable to our products and facilities could increase our cost of doing business and expose us to additional requirements with which we may be unable to comply.

Certain of our products sold through, and facilities operated under, each of our business segments are regulated by the Environmental Protection Agency ("EPA"), the Food and Drug Administration ("FDA"), the United States Department of Agriculture or other federal or state consumer protection and product safety agencies and are subject to the regulations such agencies enforce, as well as by similar state, foreign and multinational agencies and regulations. For example, in the U.S., all products containing pesticides must be registered with the EPA and, in many cases, similar state and foreign agencies before they can be manufactured or sold. Our inability to obtain, or the cancellation of, any registration could have an adverse effect on our business, financial condition and results of operations. The severity of the effect would depend on which products were involved, whether another product could be substituted and whether our competitors were similarly affected. We attempt to anticipate regulatory developments and maintain registrations of, and access to, substitute chemicals and other ingredients, but we may not always be able to avoid or minimize these risks.

As a distributor of consumer products in the U.S., certain of our products are also subject to the Consumer Product Safety Act, which empowers the U.S. Consumer Product Safety Commission (the "Consumer Commission") to exclude from the market products that are found to be unsafe or hazardous. Under certain circumstances, the Consumer Commission could require us to repair, replace or refund the purchase price of one or more of our products, or we may voluntarily do so. Any additional repurchases or recalls of our products could be costly to us and could damage the reputation or the value of our brands. If we are required to remove, or we voluntarily remove our products from the market, our reputation or brands could be tarnished and we may have large quantities of finished products that could not be sold. Furthermore, failure to timely notify the Consumer Commission of a potential safety hazard can result in significant fines being assessed against us. Additionally, laws regulating certain consumer products exist in some states, as well as in other countries in which we sell our products, and more restrictive laws and regulations may be adopted in the future.

The Food Quality Protection Act ("FQPA") established a standard for food-use pesticides, which is that a reasonable certainty of no harm will result from the cumulative effect of pesticide exposures. Under the FQPA, the EPA is evaluating the cumulative effects from dietary and non-dietary exposures to pesticides. The pesticides in certain of our products that are sold through the Home and Garden Business continue to be evaluated by the EPA as part of this program. It is possible that the EPA or a third party active ingredient registrant may decide that a pesticide we use in our products will be limited or made unavailable to us. We cannot predict the outcome or the severity of the effect of the EPA's continuing evaluations of active ingredients used in our products.

In addition, the use of certain pesticide products that are sold through our Home and Garden Business may, among other things, be regulated by various local, state, federal and foreign environmental and public health agencies. These regulations may require that only certified or professional users apply the product, that users post notices on properties where products have been or will be applied or that certain ingredients may not be used. Compliance with such public health regulations could increase our cost of doing business and expose us to additional requirements with which we may be unable to comply.

Any failure to comply with these laws or regulations, or the terms of applicable environmental permits, could result in us incurring substantial costs, including fines, penalties and other civil and criminal sanctions or the prohibition of sales of our pest control products. Environmental law requirements and the enforcement thereof, change frequently, have tended to become more stringent over time and could require us to incur significant expenses.

Most federal, state and local authorities require certification by Underwriters Laboratory, Inc. ("UL"), an independent, not-for-profit corporation engaged in the testing of products for compliance with certain public safety standards, or other safety regulation certification prior to marketing electrical appliances. Foreign jurisdictions also have regulatory authorities overseeing the safety of consumer products. Our products may not meet the specifications required by these authorities. A determination that any of our products are not in compliance with these rules and regulations could result in the imposition of fines or an award of damages to private litigants.

Public perceptions that some of the products we produce and market are not safe could adversely affect us.

On occasion, customers have alleged that some products failed to perform up to expectations or have caused damage or injury to individuals or property. Public perception that any of our products are not safe, whether justified or not, could impair our reputation, damage our brand names and have a material adverse effect on our business, financial condition and results of operations. In addition, we rely on certain third party trademarks, brand names and logos of which we do not have exclusive use of. Public perception that any such third party trademarks, brand names and logos used by us are not safe, whether justified or not, could have a material adverse effect on our business, financial condition and results of operations.

A cybersecurity breach or failure of one or more key information technology systems could have a material adverse impact on our business or reputation.

We rely extensively on information technology (IT) systems, networks and services, including internet sites, data hosting and processing facilities and tools and other hardware, software and technical applications and platforms, some of which are managed, hosted, provided and/or used by third-parties or their vendors, to assist in conducting our business.

Our IT systems have been, and will likely continue to be, subject to computer viruses or other malicious codes, unauthorized access attempts, phishing and other cyber-attacks. We continue to assess potential threats and make investments seeking to address these threats, including monitoring of networks and systems and upgrading skills, employee training and security policies for the Company and its third-party providers. However, because the techniques used in these attacks change frequently and may be difficult to detect for periods of time, we may face difficulties in anticipating and implementing adequate preventative measures. To date, we have seen no material impact on our business or operations from these attacks; however, we cannot guarantee that our security efforts will prevent breaches or breakdowns to our or our third-party providers' databases or systems. If the IT systems, networks or service providers we rely upon fail to function properly, or if we or one of our third-party providers suffer a loss, significant unavailability of or disclosure of our business or stakeholder information, and our business continuity plans do not effectively address these failures on a timely basis, we may be exposed to reputational, competitive and business harm as well as litigation and regulatory action. The costs and operational consequences of responding to breaches and implementing remediation measures could be significant.

Disruption or failures of our information technology systems could have a material adverse effect on our business.

Our information technology systems are susceptible to security breaches, operational data loss, general disruptions in functionality, and may not be compatible with new technology. We depend on our information technology systems for the effectiveness of our operations and to interface with our customers, as well as to maintain financial records and accuracy. Disruption or failures of our information technology systems could impair our ability to effectively and timely provide our services and products and maintain our financial records, which could damage our reputation and have a material adverse effect on our business.

Our actual or perceived failure to adequately protect personal data could adversely affect our business, financial condition and results of operations.

A variety of state, national, foreign, and international laws and regulations apply to the collection, use, retention, protection, disclosure, transfer, and other processing of personal data. These privacy and data protection-related laws and regulations are evolving, with new or modified laws and regulations proposed and implemented frequently and existing laws and regulations subject to new or different interpretations. Compliance with these laws and regulations can be costly and can delay or impede the development of new products.

We historically have relied upon adherence to the U.S. Department of Commerce's Safe Harbor Privacy Principles and compliance with the U.S.-EU Safe Harbor Framework under Directive 95/46/EC (commonly referred to as the "Data Protection Directive") agreed to by the U.S. Department of Commerce and the EU. However, the U.S.-EU Safe Harbor Framework, which established means for legitimizing the transfer of personal data by U.S. companies from the European Economic Area, or EEA, to the U.S., was invalidated by a decision of the European Court of Justice (or the "ECJ") in the fall of 2015.On July 12, 2016, the European Commission adopted the EU-U.S. Privacy Shield, which provides a framework for the transfer of personal data of EU data subjects, and on May 4, 2016, the EU General Data Protection Regulation ("GDPR"), which will replace Directive 95/46/EC, was formally published. The GDPR will go into effect on May 25, 2018 and as a regulation as opposed to a directive will be directly applicable in EU member states. Among other things, the GDPR applies to data controllers and processors outside of the EU whose processing activities relate to the offering of goods or services to, or monitoring the behavior within the EU of, EU data subjects.

In light of these developments, we have reviewed and are continuing to review our business practices and have implemented changes to our personal data handling with the goal of ensuring that our transfer and receipt of EEA residents' personal data will be compliant under applicable European law. The regulation of data privacy in the EU continues to evolve, and it is not possible to predict the ultimate content, and therefore the effect, of data protection regulation over time.

Our actual or alleged failure to comply with applicable laws and regulations, or to protect personal data, could result in enforcement actions and significant penalties against us, which could result in negative publicity, increase our operating costs, subject us to claims or other remedies and have a material adverse effect on our business, financial condition, and results of operations.

If we are unable to negotiate satisfactory terms to continue existing or enter into additional collective bargaining agreements, we may experience an increased risk of labor disruptions and our results of operations and financial condition may suffer.

See the discussion over the Company's labor force subject to collective bargaining agreements under the caption *Employees* in Item 1 above. While we currently expect to negotiate continuations to the terms of these agreements, there can be no assurances that we will be able to obtain terms that are satisfactory to us or otherwise to reach agreement at all with the applicable parties. In addition, in the course of our business, we may also become subject to additional collective bargaining agreements. These agreements may be on terms that are less favorable than those under our current collective bargaining agreements. Increased exposure to collective bargaining agreements, whether on terms more or less favorable than our existing collective bargaining agreements, could adversely affect the operation of our business, including through increased labor expenses. While we intend to comply with all collective bargaining agreements to which we are subject, there can be no assurances that we will be able to do so and any noncompliance could subject us to disruptions in our operations and materially and adversely affect our results of operations and financial condition.

Significant changes in actual investment return on pension assets, discount rates and other factors could affect our results of operations, equity and pension contributions in future periods.

Our results of operations may be positively or negatively affected by the amount of income or expense we record for our defined benefit pension plans. Accounting Principles Generally Accepted in the United States ("GAAP") requires that we calculate income or expense for the plans using actuarial valuations. These valuations reflect assumptions about financial markets and other economic conditions, which may change based on changes in key economic indicators. The most significant assumptions we use to estimate pension income or expense are the discount rate and the expected long-term rate of return on plan assets. In addition, we are required to make an annual measurement of plan assets and liabilities, which may result in a significant change to equity. Although pension expense and pension funding contributions are not directly related, key economic factors that affect pension expense would also likely affect the amount of cash we would contribute to pension plans as required under the Employee Retirement Income Security Act of 1974, as amended.

We depend on key personnel and may not be able to retain those employees or recruit additional qualified personnel.

We are highly dependent on the continuing efforts of our senior management team and other key personnel. Our business, financial condition and results of operations could be materially adversely affected if we lose any of these persons and are unable to attract and retain qualified replacements.

Our business may be materially affected by changes to fiscal and tax policies that could adversely affect our results of operations and cash flows

We operate globally and changes in tax laws could adversely affect our results. On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Reform Act") was signed into law. The legislation significantly changes U.S. tax law by, among other things, lowering corporate income tax rates, implementing a dividends received deduction for dividends from foreign subsidiaries, imposing a repatriation tax on deemed repatriated earnings of foreign subsidiaries, a minimum tax on foreign earnings, limitations on deduction of business interest expense and limits on deducting compensation to certain executive officers. Additional tax regulations and interpretations of the Tax Reform Act are expected to be issued. It is also unclear which of the Tax Reform Act provisions will be adopted by U.S. states. New or revised interpretations of the Tax Reform Act and state conformity with its provisions could have a material impact on the valuation allowance recorded on U.S. federal and state net operating losses. Certain of these changes could have a negative or adverse impact on the operating results and cash flows of the Company. See *Note 15 – Income Taxes* in the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report for further discussion on the impact from the Tax Reform Act.

We may not be able to fully utilize our U.S. tax attributes.

The Company has accumulated a substantial amount of U.S. federal and state net operating loss ("NOLs") carryforwards, capital loss carryforwards, and federal and state tax credits that will expire if unused. We have concluded that it is more likely than not that the majority of the federal and state deferred tax assets will create tax benefits in the future. As a consequence of earlier business combinations and issuances of common stock, the Company and its subsidiaries have had various changes of ownership that continue to subject a significant amount of the Company's U.S. NOLs and other tax attributes to certain limitations; and therefore a valuation allowance is still recognized on certain federal and state tax asset carryforwards that are expected to expire due to the ownership change limitations or because we do not believe we will earn enough taxable income to utilize. Further, as a result of the Tax Reform Act being signed into law, it is unclear which provisions of the Tax Reform Act will be adopted by U.S. states. State conformity to the provisions of the Tax Reform Act could have a material impact on the valuation allowance recorded on U.S. state net operating losses. If we are unable to fully utilize our NOLs to offset taxable income generated in the future, our future cash taxes could be materially and negatively impacted. For further detail over the Company's federal and state NOLs, credits, and applicable valuation allowance as of September 30, 2018, see *Note 15 – Income Taxes* in the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report.

Our acquisition and expansion strategy may not be successful.

Our growth strategy is based in part on growth through acquisitions, which poses a number of risks. We may not be successful in identifying appropriate acquisition candidates, consummating acquisitions on satisfactory terms or integrating any newly acquired or expanded business with our current operations. We may issue additional equity, incur long-term or short-term indebtedness, spend cash or use a combination of these for all or part of the consideration paid in future acquisitions or expansion of our operations. The execution of our acquisition and expansion strategy could entail repositioning or similar actions that in turn require us to record impairments, restructuring and other charges. Any such charges would reduce our earnings. We cannot guarantee that any future business acquisitions will be pursued or that any acquisitions that are pursued will be consummated.

Significant costs have been incurred and are expected to be incurred in connection with the consummation of recent and future business acquisitions and the integration of such acquired businesses with Spectrum into a combined company, including legal, accounting, financial advisory and other costs.

We expect to incur one-time costs in connection with integrating our operations, products and personnel and those of businesses we acquire into a combined company, in addition to costs related directly to completing such acquisitions. We would expect similar costs to be incurred with any future acquisition. These costs may include expenditures for:

- employee redeployment, relocation or severance;
- integration of operations and information systems;
- combination of research and development teams and processes; and
- reorganization or closures of facilities.

In addition, we expect to incur a number of non-recurring costs associated with combining our operations with those of acquired businesses. Additional unanticipated costs may yet be incurred as we integrate our business with acquired businesses. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of our operations with those of acquired businesses, may offset incremental transaction and transaction-related costs over time, this net benefit may not be achieved in the near term. Additionally, while we expect to benefit from leveraging distribution channels and brand names among the Company and the businesses we acquire, we cannot assure you that we will achieve such benefits.

We may not realize the anticipated benefits of, and synergies from, our business acquisitions and may become responsible for certain liabilities and integration costs as a result.

Business acquisitions involve the integration of new businesses that have previously operated independently from us. The integration of our operations with those of acquired businesses is frequently expected to result in financial and operational benefits, including increased top line growth, margins, revenues and cost savings and be accretive to earnings per share, earnings before interest, taxes, depreciation and amortization and free cash flow before synergies. There can be no assurance, however, regarding when or the extent to which we will be able to realize these increased top line growth, margins, revenues, cost savings or accretions to earnings per share, earnings before interest, taxes, depreciation and amortization or free cash flow or other benefits. Integration may also be difficult, unpredictable, and subject to delay because of possible company culture conflicts and different opinions on technical decisions and product roadmaps. We will often be required to integrate or, in some cases, replace, numerous systems, including those involving management information, purchasing, accounting and finance, sales, billing, employee benefits, payroll and regulatory compliance, many of which may be dissimilar. In some instances, we and certain acquired businesses have served the same customers, and some customers may decide that it is desirable to have additional or different suppliers. Difficulties associated with the integration of acquired businesses could have a material adverse effect on our business.

We may also acquire partial or full ownership in businesses or may acquire rights to market and distribute particular products or lines of products. The acquisition of a business or the rights to market specific products or use specific product names may involve a financial commitment by us, either in the form of cash or equity consideration. In the case of a new license, such commitments are usually in the form of prepaid royalties and future minimum royalty payments. There is no guarantee that we will acquire businesses or product distribution rights that will contribute positively to our earnings. Anticipated synergies may not materialize, cost savings may be less than expected, sales of products may not meet expectations and acquired businesses may carry unexpected liabilities.

In addition, in connection with business acquisitions, we have assumed, and may assume in connection with future acquisitions, certain potential liabilities. To the extent such liabilities are not identified by us or to the extent the indemnifications obtained from third parties are insufficient to cover such liabilities, these liabilities could have a material adverse effect on our business.

Integrating our business with acquired businesses may divert our management's attention away from operations.

Successful integration of acquired businesses' operations, products and personnel with us may place a significant burden on our management and other internal resources. The diversion of management's attention, and any difficulties encountered in the transition and integration process, could harm our business, financial condition and operating results.

As a result of business acquisitions, we may not be able to retain key personnel or recruit additional qualified personnel, which could materially affect our business and require us to incur substantial additional costs to recruit replacement personnel.

We are highly dependent on the continuing efforts of our senior management team and other key personnel. As a result of business acquisitions, our current and prospective employees could experience uncertainty about their future roles. This uncertainty may adversely affect our ability to attract and retain key management, sales, marketing and technical personnel. Any failure to attract and retain key personnel could have a material adverse effect on our business. In addition, we currently do not maintain "key person" insurance covering any member of our management team.

If any of our key personnel or those of our acquired businesses were to join a competitor or form a competing company, existing and potential customers or suppliers could choose to form business relationships with that competitor instead of us. There can be no assurance that confidentiality, non-solicitation, non-competition or similar agreements signed by former directors, officers, employees or stockholders of us, our acquired businesses or our transactional counterparties will be effective in preventing a loss of business.

General customer uncertainty related to our business acquisitions could harm us.

Our customers may, in response to the announcement or consummation of a business acquisition, delay or defer purchasing decisions. If our customers delay or defer purchasing decisions, our revenues could materially decline or any anticipated increases in revenue could be lower than expected.

If our goodwill, indefinite-lived intangible assets or other long-term assets become impaired, we will be required to record additional impairment charges, which may be significant.

A significant portion of our long-term assets consist of goodwill, other indefinite-lived intangible assets and finite-lived intangible assets recorded as a result of past acquisitions as well as through fresh start reporting. We do not amortize goodwill and indefinite-lived intangible assets, but rather review them for impairment on a periodic basis or whenever events or changes in circumstances indicate that their carrying value may not be recoverable. We consider whether circumstances or conditions exist which suggest that the carrying value of our goodwill and other long-lived intangible assets might be impaired. If such circumstances or conditions exist, further steps are required in order to determine whether the carrying value of each of the individual assets exceeds its fair value. If analysis indicates that an individual asset's carrying value does exceed its fair value, the next step is to record a loss equal to the excess of the individual asset's carrying value over its fair value.

The steps required by GAAP entail significant amounts of judgment and subjectivity. Events and changes in circumstances that may indicate that there may be an impairment and which may indicate that interim impairment testing is necessary include, but are not limited to: strategic decisions to exit a business or dispose of an asset made in response to changes in economic, political and competitive conditions; the impact of the economic environment on the customer base and on broad market conditions that drive valuation considerations by market participants; our internal expectations with regard to future revenue growth and the assumptions we make when performing impairment reviews; a significant decrease in the market price of our assets; a significant adverse change in the extent or manner in which our assets are used; a significant adverse change in legal factors or the business climate that could affect our assets; an accumulation of costs significantly in excess of the amount originally expected for the acquisition of an asset; and significant changes in the cash flows associated with an asset. As a result of such circumstances, we may be required to record a significant charge to earnings in our financial statements during the period in which any impairment of our goodwill, indefinite-lived intangible assets or other long-term assets is determined. Any such impairment charges could have a material adverse effect on our business, financial condition and operating results.

The successful execution of our operational efficiency and multi-year restructuring initiatives are important to the long-term growth of our business.

We continue to engage in targeted restructuring initiatives, such as the *HHI Distribution Center Consolidation* and *PET Rightsizing Initiative*, to align our business operations in response to current and anticipated future market conditions and investment strategy. We will evaluate opportunities for additional initiatives to restructure or reorganize the business across our operating segments and functions with a focus on areas of strategic growth and optimizing operational efficiency. Significant risks associated with these actions may impair our ability to achieve the anticipated cost reduction or may disrupt our business including delays in shipping, implementation of workforce, redundant costs, and failure to meet operational targets. In addition, our ability to achieve the anticipated cost savings and other benefits from these actions within the expected timeframe is subject to many estimates and assumptions. These estimates and assumptions are subject to significant economic, competitive and other uncertainties, some of which are beyond our control. If these estimates and assumptions are incorrect, experience delays, or if other unforeseen events occur, our business and results of operation could be adversely affected. Refer to *Note 5 - Restructuring and Related Charges* in the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report for additional detail over restructuring related activity.

Our Restated Bylaws provide that the Court of Chancery of the State of Delaware will be the exclusive forum for substantially all disputes between us and our stockholders, which could limit our stockholders' ability to obtain a favorable judicial forum for disputes with us or our directors, officers or employees.

Our restated bylaws provide that the Court of Chancery of the State of Delaware is the exclusive forum for any derivative action or proceeding brought on our behalf, any action asserting a breach of fiduciary duty, any action asserting a claim against us arising pursuant to the Delaware General Corporation Law, our amended and restated certificate of incorporation or our restated bylaws, any action to interpret, apply, enforce, or determine the validity of our amended and restated certificate of incorporation or bylaws, or any action asserting a claim against us that is governed by the internal affairs doctrine. The choice of forum provision may limit a stockholder's ability to bring a claim in a judicial forum that it finds favorable for disputes with us or our directors, officers or other employees, which may discourage such lawsuits against us and our directors, officers and other employees. Alternatively, if a court were to find the choice of forum provision contained in our restated bylaws to be inapplicable or unenforceable in an action, we may incur additional costs associated with resolving such action in other jurisdictions, which could adversely affect our business and financial condition.

Even though the Company's common stock is currently traded on the NYSE, it has less liquidity than many other stocks quoted on a national securities exchange.

The trading volume in the Company's common stock on the NYSE has been relatively low when compared with larger companies listed on the NYSE or other stock exchanges. Because of this, it may be more difficult for stockholders to sell a substantial number of shares for the same price at which stockholders could sell a smaller number of shares. We cannot predict the effect, if any, that future sales of the Company's common stock in the market, or the availability of shares of its common stock for sale in the market, will have on the market price of the Company's common stock. We can give no assurance that sales of substantial amounts of the Company's common stock in the market, or the potential for large amounts of sales in the market, would not cause the price of the Company's common stock to decline or impair the Company's future ability to raise capital through sales of its common stock. Furthermore, because of the limited market and generally low volume of trading in the Company's common stock that could occur, the share price of its common stock could be more likely to be affected by broad market fluctuations, general market conditions, fluctuations in our operating results, changes in the market's perception of our business, and announcements made by the Company, its competitors or parties with whom the Company has business relationships. The lack of liquidity in the Company's common stock may also make it difficult for us to issue additional securities for financing or other purposes, or to otherwise arrange for any financing we may need in the future. In addition, we may experience other adverse effects, including, without limitation, the loss of confidence in us by current and prospective suppliers, customers, employees and others with whom we have or may seek to initiate business relationships.

The market price of the Company's common stock is likely to be highly volatile and could fluctuate widely in price in response to various factors, many of which are beyond our control.

Factors that may influence the price of the common stock include, without limitation, the following:

- loss of any of our key customers or suppliers;
- additions or departures of key personnel;
- sales of common stock;
- our ability to execute our business plan;
- announcements and consummations of business acquisitions;
- operating results that fall below expectations;
- additional issuances of common stock;
- low volume of sales due to concentrated ownership of common stock;
- intellectual property disputes;
- industry developments;
- economic and other external factors; and
- period-to-period fluctuations in our financial results.

In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are unrelated to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of the Company's common stock. You should also be aware that price volatility might be worse if the trading volume of shares of the common stock is low.

Certain of our stockholders hold a significant portion of our outstanding common stock, have registration rights with respect to their shares of our common stock, and have certain nomination rights with respect to our board of directors; decisions by such stockholders could adversely affect our financial results and liquidity.

Jefferies Financial Group, Inc. ("Jefferies", formerly Leucadia National Corporation) and CF Turul LLC ("Fortress", an affiliate of Fortress Investment Group, LLC) beneficially own a significant portion of our outstanding common stock. In connection with the Spectrum Merger, Jefferies designated an independent director to the Company's board of directors who satisfied certain independence requirements set forth in the Merger Agreement and who joined the board of directors at the effective time of the Spectrum Merger. Also in connection with the Spectrum Merger, and pursuant to a stockholder agreement entered into between Jefferies and the Company, Jefferies has a continuing right, subject to certain conditions, to designate one nominee to the Company's board of directors. Because of the foregoing, Jefferies and Fortress may exercise significant influence over the Company's business and affairs, including over matters submitted to a vote of stockholders, such as the election of directors, the removal of directors, and approval of significant corporate transactions. This influence may have the effect of discouraging offers to acquire the Company. Pursuant to the Company's amended and restated certificate of incorporation, Jefferies and Fortress are, and pursuant to the stockholder agreement entered into in connection with the Spectrum merger, Jefferies is, subject to certain restrictions on the transfer of our common stock. However, if, in compliance with such restrictions or after their expiration, Jefferies and Fortress were to sell or otherwise transfer all or a large percentage of its holdings, the price of our common stock could decline.

Additionally, in connection with the Spectrum merger, we have granted registration rights to Jefferies and Fortress and certain of their transferees under a registration rights agreement, to facilitate the resale of their shares of our common stock. Under this registration rights agreement, Jefferies and Fortress and certain of their transferees have the right, subject to certain conditions, to require us to register the sale of their shares or their permitted transferees' shares under the federal securities laws. By exercising their registration rights, and selling all or a portion of their shares, Jefferies and Fortress and their permitted transferees could cause the prevailing market price of our common stock to decline. Furthermore, the shares of our common stock owned by Jefferies and Fortress may also be sold in the public market under Rule 144 of the Securities Act of 1933, as amended.

Matters not directly related to us can nevertheless affect Jefferies' or Fortress' respective decisions to maintain, decrease or increase their investments in us. Subject to compliance with the restrictions contained in our amended and restated certificate of incorporation and, in the case of Jefferies, the stockholder agreement entered into in connection with the Spectrum merger, the sale or other disposition of a certain portion of our common stock could negatively impact our tax attributes. See also "The issuance of the shares of the Company's common stock in connection with the Spectrum merger has materially increased the risk that the Company could experience an "ownership change" for U.S. federal income tax purposes, which could materially affect the Company's ability to utilize its net operating losses and capital loss carryforwards and adversely impact the Company's results of operations."

The issuance of the shares of the Company's common stock in connection with the Spectrum Merger has materially increased the risk that the Company could experience an "ownership change" for U.S. federal income tax purposes, which could materially affect the Company's ability to utilize its NOLs and capital loss carryforwards and adversely impact the Company's results of operations.

The Company has substantial deferred tax assets related to NOLs and capital loss carryforwards (together with the NOLs, the "Tax Attributes") for U.S. federal and state income tax purposes, which the Company currently expects to be available to offset future taxable income. The Company's ability to utilize or realize the current carrying value of such NOLs and capital loss carryforwards may be impacted by certain events, including annual limits imposed under Section 382 of the Code, or applicable provisions of state law, as a result of an "ownership change." The issuance of shares of the Company's common stock in connection with the Spectrum Merger materially increased the risk that the Company could experience an "ownership change" in the future as a result of future issuances of shares or certain direct or indirect changes in the ownership of such shares or other securities (e.g., as a result of a disposition of shares currently owned by existing "5% stockholders"). In addition, although Jefferies' and Fortress's ability to dispose of shares of the Company's common stock owned by them is subject to certain transfer restrictions in the Company's amended and restated certificate of incorporation, and with respect to Jefferies, the stockholder agreement entered into between Jefferies and the Company in connection with the Spectrum Merger, that are designed to prevent an "ownership change" from occurring, such restrictions will expire on the second anniversary of the closing of the Spectrum Merger or earlier in certain specified circumstances. As a result, the Company could experience an "ownership change" in the future as a result of transfers by Jefferies and Fortress following the expiration of such transfer restrictions.

An "ownership change" is generally defined as a cumulative increase of 50 percentage points or more (by value) in the ownership positions of certain "5% stockholders" of a corporation during a rolling three year period. Upon an "ownership change," a corporation generally is subject to an annual limit on the ability to utilize pre-change NOLs and capital loss carryforwards to offset future taxable income and gain in an amount equal to the value of the corporation's market capitalization immediately before the "ownership change" multiplied by the adjusted long-term tax-exempt rate set by the Internal Revenue Service (the "IRS"). Since NOLs generally may be carried forward for up to 20 years, any such annual limitation may result in the inability to utilize certain pre-change NOLs and other tax attributes.

In the event an "ownership change" were to occur, the Company could lose the ability to use a significant portion of its NOLs and capital loss carryforwards. Any permanent loss could have a material adverse effect on the Company's results of operations and financial condition.

Additional issuances of the Company's common stock may result in dilution to its existing stockholders.

Under our 2011 equity incentive plan adopted by the shareholders in 2011, called the HRG Group, Inc. 2011 Omnibus Equity Award Plan (the "2011 Equity Plan"), a total of 2.7 million shares of common stock of the Company, net of cancellations, were authorized to be issued. As of September 30, 2018, we have issued) 0.7 million restricted stock units (or the equivalent number of shares of common stock upon the lapsing of the applicable restrictions) under the 2011 Equity Plan and have a remaining authorization to issue up to a total of 1.4 million shares of our common stock, or options or restricted stock units exercisable for shares of common stock (following the conversion at the time of the Merger of the remaining authorized but unissued shares at the Merger conversion ratio).

Under the equity incentive plan approved by the Spectrum shareholders on March 1, 2011, called the Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Award Plan (the "Spectrum 2011 Equity Plan"), 4.6 million shares of common stock of the Company, net of cancellations, were authorized to be issued. At the 2014 annual shareholders meeting, the 2011 Equity Plan was amended to increase the shares issuable by 1.0 million, and further amended at the 2016 annual shareholders meeting to increase the shares by 1.5 million; therefore, a total of 7.1 million shares, net of cancellations, are authorized to be issued under such plan. Increases to the number of shares issuable under the 2011 Equity Plan are subject to approval by the Board of Directors and shareholders. As of September 30, 2018, we have issued 5.6 million restricted stock units (or the equivalent number of shares of common stock upon the lapsing of the applicable restrictions) under the 2011 Plan and have a remaining authorization to issue up to a total of 1.6 million shares of our common stock, or options or restricted stock units exercisable for shares of common stock. These remaining authorized Spectrum shares of common stock were converted on a one-for-one basis in connection with the Merger into shares of SBH common stock, and the Spectrum 2011 Equity Plan was assumed by the Company.

In addition, the Company's board of directors has the authority to issue additional shares of capital stock to provide additional financing or for other purposes in the future. The issuance of any such shares or exercise of any such options may result in a reduction of the book value or market price of the outstanding shares of common stock. If we do issue any such additional shares or any such options are exercised, such issuance or exercise also will cause a reduction in the proportionate ownership and voting power of all other stockholders. As a result of such dilution, the proportionate ownership interest and voting power of a holder of shares of common stock could be decreased.

Exhibit 99.3

ITEM 2. PROPERTIES

The following lists our principal owned or leased administrative, manufacturing and distribution facilities for continuing operations at September 30, 2018:

Corporate & Administrative

Location	Function / Use	Owned / Leased
U.S. Locations		
Middleton, Wisconsin	Corporate Headquarters & HPC Headquarters	Leased
Earth City, Missouri	PET and H&G Headquarters	Leased
Lake Forest, California	HHI Headquarters	Leased
Non-U.S. Locations		
Manchester, England	UK Headquarters	Owned
Mentone, Australia	APAC Headquarters	Leased
Sulzbach, Germany	Europe Headquarters	Leased
Mississauga, Canada	Canada Headquarters	Leased

Shared Operations

Location	Function / Use	Owned / Leased
U.S. Locations		
Alpharetta, Georgia	Platform sales	Leased
Bentonville, Arkansas	Platform sales	Leased
Minneapolis, Minnesota	Platform sales	Leased
Mooresville, North Carolina	Platform sales	Leased
Non-U.S. Locations		
Concord, Canada	Distribution	Leased
Mentone, Australia	Distribution	Leased
Wolverhampton, England	Distribution	Owned
Shenzhen, China	Distribution	Leased

Home & Hardware Improvement (HHI)

Location	Function / Use	Owned / Leased
U.S. Locations		
Charlotte, North Carolina	Distribution	Leased
Edgerton, Kansas	Distribution	Leased
Houston, Texas	Manufacturing & Distribution	Leased
Lititz, Pennsylvania	Manufacturing & Distribution	Leased
Denison, Texas	Manufacturing	Leased
Birmingham, Alabama	Distribution	Leased
Dallas, Texas	Distribution	Leased
Denison, Texas	Distribution	Owned
Elkhart, Indiana	Distribution	Leased
Mira Loma, California	Distribution	Leased
Non-U.S. Locations		
Mexicali, Mexico	Manufacturing & Distribution	Leased
Chia-Yi, Taiwan	Manufacturing	Leased
Nogales, Mexico	Manufacturing	Owned
Subic Bay, Philippines	Manufacturing	Owned
Xiamen, China	Manufacturing	Leased
Xiaolan, China	Manufacturing	Leased

Home & Personal Care (HPC)

Location	Function / Use	Owned / Leased
U.S. Locations		
DeForest, Wisconsin	Distribution	Leased
Dixon, Illinois	Distribution	Leased

Global Pet Supplies (PET)

Location	Function / Use	Owned / Leased
U.S. Locations		
Blacksburg, Virginia	Manufacturing	Owned
Bridgeton, Missouri	Manufacturing	Leased
Noblesville, Indiana	Manufacturing	Owned
Edwardsville, Illinois	Distribution	Leased
Riverview, Florida	Research & Development	Leased
Non-U.S. Locations		
Bogota, Colombia	Manufacturing & Distribution	Leased
Melle, Germany	Manufacturing & Distribution	Owned
Ambato, Ecuador	Manufacturing	Leased
Coevorden, Netherlands	Manufacturing	Owned
Leon, Mexico	Manufacturing	Leased
Phnom Penh, Cambodia	Manufacturing	Leased

Home & Garden (H&G)

Location	Function / Use	Owned / Leased
U.S. Locations		
St. Louis, Missouri	Manufacturing	Leased
Edwardsville, Illinois	Distribution	Leased

We also own, operate or contract with third parties to operate distribution centers, sales and other administrative offices throughout the world in support of our business. We believe that our existing facilities are suitable and adequate for our present purposes and that the productive capacity in such facilities is substantially being utilized or we have plans to utilize it.

Exhibit 99.4

ITEM 6. SELECTED FINANCIAL DATA

Spectrum Brands Holdings, Inc.

The following selected historical financial data is derived from SBH's audited consolidated financial statements as of and for the years ended September 30. The summary has been derived in part from, and should be read in conjunction with, the Consolidated Financial Statements of the Company included elsewhere in this Annual Report. As discussed in *Note 1-Description of Business* subsequent to the year ended September 30, 2018, the Company sold its Global Batteries and Lighting ("GBL") business and Global Auto Care ("GAC") business to Energizer Holdings, Inc. ("Energizer") on January 2, 2019 and January 28, 2019, respectively. As a result, the Company's assets and liabilities associated with GBL and GAC have been classified as held for sale in the accompanying Consolidated Statement of Financial Position for the fiscal years ended September 30, 2018 and 2017 and the respective operations have been have been classified as discontinued operations in the accompanying Consolidated Statements of Income and Statements of Cash Flows for the fiscal years ended September 30, 2018, 2017 and 2016. For the fiscal year ended September 30, 2015 and 2014 included within the selected financial data below, the Company has not adjusted to reflect changes due to the recognition of the GBL and GAC results as discontinued operations and therefore certain financial information within the summarized financial information below may not be comparable for such period. Fidelity & Guaranty Life and Front Street Re (Delaware) Ltd. (collectively "HRG Insurance Operations") are classified as discontinued operations for all periods presented. Following the completion of the sale of Compass Production Partners, LP ("Compass") during the year ended September 30, 2016, HRG no longer held, directly or indirectly, any oil and gas properties and as a result, the results of Compass were presented as discontinued operations for the years ended September 30, 2016, 2015 and 2014. In addition, cash and cash equivalents excludes the cash and cash equivalents from the Insurance Operations and Compass.

(in millions, except per share data)	**2018[1]**	**2017[2]**	**2016[3]**	**2015[4]**	**2014[5]**
Statement of Operations Data					
Revenues	$ 3,808.7	$ 3,706.5	$ 3,754.2	$ 4,753.8	$ 4,482.6
Gross profit	1,334.3	1,336.4	1,373.0	1,702.8	1,607.0
Operating income	224.2	287.5	321.8	179.1	354.8
Interest expense	264.0	310.4	336.9	407.8	307.4
Loss from the change in the fair value of the equity conversion feature of preferred stock	—	—	—	—	(12.7)
(Loss) income from operations before income taxes	(35.7)	(27.9)	(7.9)	(180.1)	23.0
Income tax (benefit) expense	(462.7)	(11.8)	(52.8)	39.6	59.3
Net income (loss) from continuing operations	427.0	(16.1)	44.9	(219.7)	(36.3)
Income (loss) from discontinued operations	445.0	289.3	(78.8)	(292.7)	138.0
Net income (loss)	872.0	273.2	(33.9)	(512.4)	101.7
Net income (loss) attributable to controlling interest	768.3	106.0	(198.8)	(556.8)	(10.3)
Preferred stock dividends, accretion and loss on conversion	—	—	—	—	73.6
Net income (loss) attributable to common and participating preferred stockholders	768.3	106.0	(198.8)	(556.8)	(83.9)
Amounts attributable to controlling interest[6]					
Net income (loss) from continuing operations attributable to controlling interest	$ 356.5	$ (90.6)	$ (59.1)	$ (242.1)	$ (194.7)
Net income (loss) from discontinued operations attributable to controlling interest	411.8	196.6	(139.7)	(314.7)	110.8
Net income (loss) attributable to controlling interest	$ 768.3	$ 106.0	$ (198.8)	$ (556.8)	$ (83.9)
Earnings (Loss) Per Share of Common Stock					
Basic earnings per share from continuing operations	$ 9.64	$ (2.81)	$ (1.85)	$ (9.21)	$ (8.62)
Basic earnings per share from discontinued operations	11.15	6.10	(4.36)	(11.97)	4.90
Basic earnings per share	$ 20.79	$ 3.29	$ (6.21)	$ (21.17)	$ (3.71)
Diluted earnings per share from continuing operations	$ 9.62	$ (2.81)	$ (1.85)	$ (9.21)	$ (8.62)
Diluted earnings per share from discontinued operations	11.12	6.10	(4.36)	(11.97)	4.90
Diluted earnings per share	$ 20.74	$ 3.29	$ (6.21)	$ (21.17)	$ (3.71)
Dividends per share	$ 0.42	$ —	$ —	$ —	$ —
Weighted Average Shares Outstanding					
Basic	36.9	32.2	32.0	26.3	22.6
Diluted	37.0	32.2	32.0	26.3	22.6
Statement of Financial Position Data					
Cash and cash equivalents	$ 552.5	$ 270.1	$ 465.2	$ 643.2	$ 671.4
Total assets	7,799.0	35,863.3	33,580.1	32,594.4	30,394.0
Total debt	4,651.2	5,692.5	5,487.6	6,112.0	4,908.4
Total equity	1,589.6	1,946.9	1,817.2	1,588.1	2,257.0

(1) For the year ended September 30, 2018, operating income includes an impairment of indefinite lived intangible assets of $20.3 million. Income tax expense includes a non-cash benefit of $166.7 million for restatement of deferred tax assets and liabilities, a non-cash benefit of $365.6 million for release of valuation allowance on net deferred tax assets and a provisional $73.1 million of income tax expenses for a one-time deemed mandatory repatriation attributable to the Tax Reform Act.

(2) For the year ended September 30, 2017, the operating results include the PetMatrix operations since the acquisition date of June 1, 2017 and GloFish operations since the acquisition date of May 12, 2017. Operating income includes an impairment of indefinite lived intangible assets of $16.3 million. Interest expense includes $6.5 million related to the refinancing, prepayment and/or amendment of debt; including $4.6 million of cash charges and fees, and $1.9 million of non-cash charges for the write off and acceleration of debt issuance costs, discounts, and/or premiums. Income tax expense includes a non-cash expense of $79.6 million primarily from an increase in the valuation allowance against net deferred tax asset

(3) For the year ended September 30, 2016, operating income includes an impairment of indefinite lived intangible assets of $4.7 million. Salus recorded a loan loss provision of $12.8 million for credit losses on Salus' asset-based loan portfolio and impairments of $10.7 million to goodwill of CorAmerica Capital, LLC. Interest expense includes $21.4 million related to the refinancing, prepayment and/or amendment of debt; including $15.6 million of cash charges and fees, and $5.8 million of non-cash charges for the write off and acceleration of debt issuance costs, discounts, and/or premiums. Income tax expense includes a non-cash benefit of $45.7 million primarily from a decrease in the valuation allowance against net deferred tax asset.

(4) For the year ended September 30, 2015, the operating results include the Armored AutoGroup ("AAG") operations since the acquisition date of May 21, 2015; Salix Animal Health LLC operations since the acquisition date of January 16, 2015; European IAMS and Eukanuba pet food business operations since the acquisition date of December 31, 2014; and Tell Manufacturing, Inc. operations since the acquisition date of October 1, 2014. Salus recorded $88.0 million loan loss provision related to deterioration in Salus's asset-based loan portfolio, including $60.7 million related to the bankruptcy of RadioShack Corporation, a significant Salus borrower. Operating income also includes $60.2 million impairment of goodwill and intangible assets from a former subsidiary of HRG, Frederick's of Hollywood Group, Inc. ("FOH"). In April 2015, FOH filed for bankruptcy, and any remaining assets and liabilities were deconsolidated. Upon deconsolidation, HRG recognized a gain of $38.5 million. Following completion of the bankruptcy, such entities ceased to be subsidiaries of HRG. Interest expense includes $58.8 million related to the refinancing, prepayment and/or amendment of debt; including $46.0 million of cash charges and fees, and $12.8 million of non-cash charges for the write off and acceleration of debt issuance costs, discounts, and/or premiums. Income tax expense includes a non-cash expense of approximately $190.8 primarily from increase in the valuation allowance against certain net deferred tax assets.

(5) For the year ended September 30, 2014, the operating results include the Liquid Fence Company operations since the acquisition date of January 2, 2014. Interest expense includes a non-cash charge of $9.2 million as a result of the write-off of unamortized debt issuance costs and unamortized discounts in connection with the amendment of the Company's then existing term loans. Income tax expense includes a non-cash benefit of approximately $31.0 million primarily from a decrease in the valuation allowance against net deferred tax assets.

(6) The weighted average shares and earnings per share data were retrospectively adjusted for all periods presented to reflect the effect of the reverse stock split on July 13, 2018 associated with the closing of the Spectrum Merger. See *Note 4 – Acquisitions* for further discussion on the Spectrum Merger. Using (i) the 20-trading-day volume-weighted average price per share of Spectrum common stock ending on July 12, 2018, (ii) the number of shares of Spectrum common stock outstanding, the number of shares of Spectrum common stock held by HRG and its subsidiaries and the number of shares of Spectrum common stock outstanding as of July 12, 2018, (iii) $328.2 million of HRG net indebtedness and transaction expenses at closing, and (iv) a $200.0 million upward adjustment contemplated by the Merger Agreement, each HRG stockholder received approximately 0.1613 shares for each share of HRG stock. For the year ended September 30, 2014, diluted weighted average common shares outstanding did not reflect the conversion effect of HRG's Series A Participating Convertible Preferred Stock ("Series A Preferred Shares") and HRG's Series A-2 Participating Convertible Preferred Stock ("Series A-2 Preferred Shares") (collectively with the Series A Preferred Shares, the "Preferred Stock") for the portion of the period that these securities were outstanding, or the exercise of dilutive common stock equivalents as both would be antidilutive. The conversion effect of the Preferred Stock had no impact on diluted weighted average common shares for periods subsequent to the year ended September 30, 2014 as the Preferred Stock was converted during the year ended September 30, 2014.

SB/RH Holdings, LLC

The following selected historical financial data is derived from SB/RH's audited consolidated financial statements as of and for the years ended September 30. The summary has been derived in part from, and should be read in conjunction with, the Consolidated Financial Statements of the Company included elsewhere in this Annual Report. As discussed in *Note 1-Description of Business* subsequent to the year ended September 30, 2018, the Company sold its Global Batteries and lighting ("GBL") business and Global Auto Care ("GAC") business to Energizer Holdings, Inc. ("Energizer") on January 2, 2019 and January 28, 2019, respectively. As a result, the Company's assets and liabilities associated with GBL and GAC have been classified as held for sale in the accompanying Consolidated Statement of Financial Position for the fiscal years ended September 30, 2018, 2017, 2016 and the respective operations have been have been classified as discontinued operations in the accompanying Consolidated Statements of Income and Statements of Cash Flows for the fiscal years ended September 30, 2018, 2017, 2016. For the fiscal year ended September 30, 2015 and 2014 included within the selected financial data below, the Company has not adjusted to reflect changes due to the recognition of the GBL and GAC results as discontinued operations and therefore certain financial information within the summarized financial information below may not be comparable for such period.

(in millions, except per share data)	**2018[1]**	**2017[2]**	**2016[3]**	**2015[4]**	**2014[5]**
Statement of Operations Data					
Revenues	$ 3,808.7	$ 3,705.4	$ 3,745.3	$ 4,690.4	$ 4,429.1
Gross profit	1,334.3	1,335.3	1,364.1	1,670.3	1,568.9
Operating income	302.3	341.2	410.2	474.1	484.5
Interest expense	167.0	161.8	184.4	271.9	202.1
Income from operations before income taxes	130.1	173.6	219.6	193.3	276.1
Income tax (benefit) expense	(76.8)	(8.6)	(33.4)	43.9	59.0
Net income from continuing operations	206.9	182.2	253.0		
(Loss) income from discontinued operations	(24.0)	119.0	99.3		
Net income	182.9	301.2	352.3	149.4	217.1
Net income attributable to controlling interest	181.5	299.9	351.9	148.9	216.8
Amounts attributable to controlling interest					
Net income from continuing operations attributable to controlling interest	$ 205.5	$ 180.9	$ 252.6		
Net income from discontinued operations attributable to controlling interest	(24.0)	119.0	99.3		
Net income attributable to controlling interest	$ 181.5	$ 299.9	$ 351.9	$ 148.9	$ 216.8
Statement of Financial Position Data					
Cash and cash equivalents	$ 505.4	$ 168.2	$ 270.8	$ 247.9	$ 192.9
Total assets	7,637.4	7,417.5	7,053.5	7,193.7	5,511.3
Total debt	4,233.3	3,759.1	3,620.2	3,940.6	3,006.7
Total equity	1,611.7	1,835.4	1,829.4	1,572.8	1,070.2

(1) For the year ended September 30, 2018, the operating results include an impairment of indefinite lived intangible assets of $20.3 million. Income tax expense includes a non-cash benefit of $181.7 million for restatement of deferred tax assets and liabilities and a provisional $73.1 million of income tax expenses for a one-time deemed mandatory repatriation attributable to the Tax Reform Act;

(2) For the year ended September 30, 2017, the operating results include the PetMatrix operations since the acquisition date of June 1, 2017 and GloFish operations since the acquisition date of May 12, 2017. Operating income includes an impairment of indefinite lived intangible assets of $16.3 million. Interest expense includes $4.6 million of tender premium and a non-cash expense of $1.9 million as a result of the write-off of unamortized debt issuance costs in connection with the redemption of the 6.375% Notes.

(3) For the year ended September 30, 2016, operating income includes an impairment of indefinite lived intangible assets of $4.7 million. Interest expense includes $15.6 million of tender premium and a non-cash expense of $5.8 million as a result of the write-off of unamortized debt issuance costs in connection with the redemption of the 6.375% Notes. Income tax expense includes a non-cash benefit of $111.1 million from a decrease in the valuation allowance against net deferred tax asset.

(4) For the year ended September 30, 2015, the operating results include the Armored AutoGroup operations since the acquisition date of May 21, 2015; Salix operations since the acquisition date of January 16, 2015; European IAMS and Eukanuba operations since the acquisition date of December 31, 2014; and Tell operations since the acquisition date of October 1, 2014. Interest expense of $58.8 million was incurred related to the financing of the acquisition of AAG and the refinancing of the then-existing senior credit facility and asset based revolving loan facility. Income tax expense includes a non-cash benefit of $20.2 million from a decrease in the valuation allowance against net deferred tax assets, and a $22.8 million benefit due to the reversal of valuation allowance in conjunction with the acquisition of the AAG business.

(5) For the year ended September 30, 2014, the operating results include the Liquid Fence operations since the acquisition date of January 2, 2014. Interest expense includes a non-cash charge of $9.2 million as a result of the write-off of unamortized debt issuance costs and unamortized discounts in connection with the amendment of the Company's then existing term loans. Income tax expense includes a non-cash benefit of approximately $115.6 million from a decrease in the valuation allowance against net deferred tax assets.

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

The following is management's discussion of the financial results, liquidity and other key items related to our performance and should be read in conjunction with our Consolidated Financial Statements and related notes included elsewhere in this Annual Report. The following is a combined report of SBH and SB/RH, and the following discussion includes SBH and certain matters related to SB/RH as signified below. Unless the context indicates otherwise, the terms the "Company," "we," "our" or "us" are used to refer to SBH and its subsidiaries and SB/RH and its subsidiaries, collectively.

Business Overview

Refer to Item 1 – *Business* and *Note 1 – Description of Business* t in Notes to the Consolidated Financial Statements, included elsewhere within this Annual Report for an overview of our business.

Divestitures

- *Global Batteries and Lighting ("GBL")* – The assets and liabilities associated with GBL have been classified as held for sale and the respective operations have been classified as discontinued operations and reported separately for all periods presented. Spectrum entered into a definitive acquisition agreement with Energizer where they will acquire from Spectrum its GBL business for an aggregate purchase price of $2.0 billion in cash, subject to customary purchase price adjustments, which was completed on January 2, 2019, subsequent to the balance sheet date of September 30, 2018.
- *Global Auto Group ("GAC")* – The assets and liabilities associated with GAC have been classified as held for sale and the respective operations have been classified as discontinued operations and reported separately for all periods presented. Spectrum entered into a definitive acquisition agreement with Energizer where they will acquire from Spectrum its GAC business for an aggregate purchase price of $1.25 billion in cash and stock consideration, subject to customary purchase price adjustments, which was completed on January 28, 2019, subsequent to the balance sheet date of September 30, 2018.
- *Home and Personal Care ("HPC")* – The operations of HPC had been previously recognized as discontinued operations with its assets previously recognized as held for sale during the year ended September 30, 2018. Subsequent to the balance sheet date of September 30, 2018, the Company changed its plan to sell its HPC business and classified its net assets of HPC as held for use and the HPC operations as a component of continuing operations. The Company retroactively recasted its consolidated financial statements to reflect the net assets as held for use and the results of operations as a component of continuing operations for all periods presented. During the period in which the HPC business was held for sale, the Company incurred divestiture related expenses to market and sell the business that were previously recognized as a component of discontinued operations and ceased the recognition of depreciation and amortization on long-lived assets of the HPC disposal group, which may have an impact on the comparability of financial results when classified as continuing operations.
- *Insurance Operations* – On November 30, 2017, FGL completed the FGL Merger with CF Corporation and the CF Entities pursuant to the FGL Merger Agreement, as further detailed in *Note 3 – Divestitures* to the Consolidated Financial Statements, included elsewhere in this Annual Report. Pursuant to the FGL Merger Agreement, except for certain shares specified in the FGL Merger Agreement, each issued and outstanding share of common stock of FGL was automatically cancelled and converted into the right to receive $31.10 in cash. The total consideration received by HRG as a result of the completion of the FGL Merger was $1,488.3 million. In addition, pursuant to a Share Purchase Agreement, on November 30, 2017, Front Street Re (Delaware) Ltd. sold to the CF Entities all of the issued and outstanding shares of Front Street for $65.0 million, which was subject to reduction for customary transaction expenses.
- *Compass* – On July 1, 2016, HGI Energy entered into an agreement to sell its equity interest in Compass to a third party pursuant to the Compass Sale Agreement, as further detailed in Note 3 – Divestitures to the Consolidated Financial Statements, included elsewhere in the Annual Report. During the year ended September 30, 2016, the transactions contemplated by the Compass Sale Agreement were consummated. The sale represented the disposal of all of HRG's oil and gas properties, which were accounted for using the full-cost method prior to their disposal.

See *Note 3 – Divestitures* and *Note 23 – Subsequent Events* to the Consolidated Financial Statements, included elsewhere in this Annual Report, for more information on the assets and liabilities classified as held for sale and discontinued operations.

Spectrum Merger

On July 13, 2018, SBH (formerly HRG) closed its agreement and plan of merger with its majority owned subsidiary, Spectrum. SBH has incurred significant transaction costs associated with the Spectrum Merger that may impact the comparability of the consolidated results of operations. Effective as of the closing date of the Spectrum Merger, management and control of the organization was assumed by its majority-owned subsidiary, Spectrum, and the Company continues to operate as the consumer products company that was principally conducted by its majority owned subsidiary. See *Note 4 – Acquisitions* to the Consolidated Financial Statements, included elsewhere in this Annual Report, for more information on the Spectrum Merger and associated transaction costs.

Additionally, as a result of the Spectrum Merger, HRG and Spectrum joined in the filing of U.S. consolidated tax returns starting July 13, 2018. The form of the Spectrum Merger allows for the HRG capital and net operating loss carryforwards to be able to be used to offset Spectrum's future income and the U.S. tax gain on the sale of the GBL business to Energizer. As a result, SBH released $365.3 million of valuation allowance on its net deferred tax assets since it is now more likely than not that the assets will be realized. As of September 30, 2018, SBH had $247.3 million of valuation allowance recorded on U.S. deferred tax assets, primarily net operating losses and tax credits subject to certain ownership change limitations on their use.

Acquisitions

The following acquisition activity has a significant impact on the comparability of the financial results on the consolidated financial statements.

- *PetMatrix* – On June 1, 2017, the Company completed the acquisition of PetMatrix LLC, a manufacturer and marketer of rawhide-free dog chews consisting primarily of the DreamBone® and SmartBones® brands. The results of PetMatrix's operations since June 1, 2017 are included in the Company's Consolidated Statements of Income and reported within the PET reporting segment for the years ended September 30, 2017 and 2018.
- *GloFish* – On May 12, 2017, the Company entered into an asset purchase agreement with Yorktown Technologies LP, for the acquisition of assets consisting of the GloFish operations, including transfer of the GloFish® brand, related intellectual property and operating agreements. The GloFish operations consist of the development and licensing of fluorescent fish for sale through retail and online channels. The results of GloFish's operations since May 12, 2017 are included in the Company's Consolidated Statement of Income and reported within the PET reporting segment for the years ended September 30, 2017 and 2018.

See *Note 4 - Acquisitions* in the Notes to the Consolidated Financial Statements, included elsewhere within this Annual Report, for additional detail regarding acquisition activity.

Restructuring Activity

We continually seek to improve our operational efficiency, match our manufacturing capacity and product costs to market demand and better utilize our manufacturing resources. We have undertaken various initiatives to reduce manufacturing and operating costs. The most significant of these initiatives are:

- *PET Rightsizing Initiative*, which began during the second quarter of the year ended September 30, 2017 and is closed as of September 30, 2018;
- *HHI Distribution Center Consolidation*, which began during the second quarter of the year ended September 30, 2017 and is anticipated to be closed by December 31, 2018.

See *Note 5 - Restructuring and Related Charges* in the Notes to the Consolidated Financial Statements, included elsewhere within this Annual Report, for additional detail regarding restructuring and related activity.

Refinancing Activity

The following recent financing activity has a significant impact on the comparability of financial results on the consolidated financial statements.

- During the year ended September 30, 2018, HRG paid off $92.0 million aggregate principal amount of the HGI Energy Notes, as further detailed in *Note 11 – Debt* to the Consolidated Financial Statements, included elsewhere within this Annual Report; redeemed all $864.4 million outstanding principal amount of its 7.875% Senior Secured Notes due 2019 at a redemption price equal to 100% of the principal amount, plus accrued and unpaid interest to the redemption rate; and paid off $50.0 million aggregate principal amount of a HGI Funding loan due July 13, 2018.
- During the year ended September 30, 2017, Spectrum refinanced a portion of its debt to extend maturities and reduce borrowing costs including entering into various amendments to the Credit Agreement under its Term Loans resulting in an increase to the USD Term Loan, repayment of the Euro Term Loan, increase in the capacity of the Revolver Facility and changes to the applicable variable interest rates.
- During the year ended September 30, 2016, Spectrum refinanced a portion of its debt to extend maturities and reduce borrowing costs including the issuance of Euro denominated notes and repurchase of the 6.375% Notes.

See *Note 11 - Debt* in the Notes to the Consolidated Financial Statements, included elsewhere within this Annual Report, for additional detail regarding debt.

Safety Recall

On June 10, 2017, the Company initiated a voluntary safety recall of various rawhide chew products for dogs sold by the Company’s PET segment due to possible chemical contamination. The Company recognized a loss of $35.8 million for the year ended September 30, 2017 associated with the recall, which comprised of inventory write-offs of $15.0 million, customer losses of $7.1 million and $13.7 million of incremental costs to dispose of product and operational expenses due to a temporary shutdown of production facilities. The Company suspended production at facilities impacted by the product safety recall, completed a comprehensive manufacturing review and recommenced production during the fourth quarter ended September 30, 2017. Incremental costs were incurred during the year ended September 30, 2018 to address regulatory compliance needs for production and perform incremental remediation activities prior to review from regulatory authorities over production improvements. See *Note 18 - Commitments and Contingencies* in the Notes to the Consolidated Financial Statements, included elsewhere within this Annual Report for additional detail.

Tax Reform

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Reform Act") was signed into law. The legislation significantly changes U.S. tax law by, among other things, lowering corporate income tax rates, implementing a dividends received deduction for dividends from foreign subsidiaries and imposing a tax on deemed repatriated accumulated earnings of foreign subsidiaries. The Tax Reform Act reduced the U.S. corporate income tax rate from a maximum of 35% to a flat 21% rate, effective January 1, 2018. Under the Tax Reform Act, the U.S. statutory tax rate for Fiscal 2018 is approximately 24.5%. The Company has recognized the tax impacts related to deemed repatriated earnings and the revaluation of deferred tax assets and liabilities and included these amounts in its consolidated financial statements for the year ended September 30, 2018. See *Note 15 – Income Taxes* to the Consolidated Financial Statements, included elsewhere within this Annual Report for additional detail.

Non-GAAP Measurements

Our consolidated and segment results contain non-GAAP metrics such as organic net sales, and Adjusted EBITDA (earnings before interest, taxes, depreciation, amortization). While we believe organic net sales and Adjusted EBITDA are useful supplemental information, such adjusted results are not intended to replace our financial results in accordance with Accounting Principles Generally Accepted in the United States ("GAAP") and should be read in conjunction with those GAAP results.

Organic Net Sales. We define organic net sales as net sales excluding the effect of changes in foreign currency exchange rates and/or impact from acquisitions (where applicable). We believe this non-GAAP measure provides useful information to investors because it reflects regional and operating segment performance from our activities without the effect of changes in currency exchange rate and/or acquisitions. We use organic net sales as one measure to monitor and evaluate our regional and segment performance. Organic growth is calculated by comparing organic net sales to net sales in the prior year. The effect of changes in currency exchange rates is determined by translating the period's net sales using the currency exchange rates that were in effect during the prior comparative period. Net sales are attributed to the geographic regions based on the country of destination. We exclude net sales from acquired businesses in the current year for which there are no comparable sales in the prior period. The following is a reconciliation of net sales to organic net sales of SBH and SB/RH for the year ended September 30, 2018 compared to net sales for the year ended September 30, 2017, and the net sales to organic net sales for the year ended September 30, 2017 compared to the year ended September 30, 2016 respectively:

	September 30, 2018							
(in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales September 30, 2017	Variance	
HHI	$ 1,377.7	$ (4.3)	$ 1,373.4	$ —	$ 1,373.4	$ 1,276.1	$ 97.3	7.6%
HPC	1,110.4	(22.8)	1,087.6	—	1,087.6	1,132.3	(44.7)	(3.9%)
PET	820.5	(15.4)	805.1	(64.5)	740.6	793.2	(52.6)	(6.6%)
H&G	500.1	—	500.1	—	500.1	503.8	(3.7)	(0.7%)
Total	$ 3,808.7	$ (42.5)	$ 3,766.2	$ (64.5)	$ 3,701.7	$ 3,705.4	(3.7)	(0.1%)

	September 30, 2017							
(in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales September 30, 2016	Variance	
HHI	$ 1,276.1	$ (2.7)	$ 1,273.4	$ —	$ 1,273.4	$ 1,241.0	$ 32.4	2.6%
HPC	1,132.3	19.5	1,151.8	—	1,151.8	1,169.6	(17.8)	(1.5%)
PET	793.2	6.7	799.9	(28.1)	771.8	825.7	(53.9)	(6.5%)
H&G	503.8	—	503.8	—	503.8	509.0	(5.2)	(1.0%)
Total	$ 3,705.4	$ 23.5	$ 3,728.9	$ (28.1)	$ 3,700.8	$ 3,745.3	(44.5)	(1.2%)

Adjusted EBITDA. Adjusted EBITDA is a non-GAAP metric used by management that we believe provides useful information to investors because it reflects the ongoing operating performance and trends of our segments, excluding certain non-cash based expenses and/or non-recurring items during each of the comparable periods. It also facilitates comparisons between peer companies since interest, taxes, depreciation and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies. Adjusted EBITDA is also used for determining compliance with the Company's debt covenants. See *Note 11 - Debt* in the Notes to the Consolidated Financial Statements, included elsewhere within this Annual Report, for additional detail.

EBITDA is calculated by excluding the Company's income tax expense, interest expense, depreciation expense and amortization expense (from intangible assets) from net income. Adjusted EBITDA further excludes:

- Share based compensation expense as it is a non-cash based compensation cost, see *Note 17 - Share Based Compensation* to the Consolidated Financial Statements, included elsewhere within this Annual Report for further details;
- Acquisition and integration charges that consist of transaction costs from acquisition transactions during the period or subsequent integration related project costs directly associated with the acquired business, see *Note 4 – Acquisitions* to the Consolidated Financial Statements, included elsewhere within this Annual Report for further details;
- Restructuring and related charges, which consist of project costs associated with restructuring initiatives across the segments, see *Note 5 - Restructuring and Related Charges* to the Consolidated Financial Statements, included elsewhere within this Annual Report for further details;
- Divestiture related transaction costs that are recognized in continuing operations due to the change in plan to cease marketing and selling of the HPC business. See *Note - Divestitures* in Notes to the Consolidated Financial Statements, included elsewhere within this Annual Report for further discussion;
- Non-cash purchase accounting inventory adjustments recognized in earnings subsequent to an acquisition (when applicable);
- Non-cash asset impairments or write-offs realized on goodwill, intangible assets, and property plant and equipment (when applicable);
- Incremental costs associated with a safety recall in PET. See *Note 18 – Commitments and Contingencies* to the Consolidated Financial Statements, included elsewhere within this Annual Report for further details;
- Transaction costs directly associated with the Spectrum Merger. See *Note 4 – Acquisitions* to the Consolidated Financial Statements, included elsewhere within this Annual Report for further details;
- Non-recurring HRG net operating costs considered to be redundant or duplicative as a result of the Spectrum Merger and not considered a component of the continuing commercial products company after completion of the Spectrum Merger, including compensation and benefits, directors fees, professional fees, insurance, public company costs, amongst others, and including interest and other non-recurring income that will ultimately be eliminated following the transaction; including a one-time cost for the termination of a legacy HRG pension plan of $1.2 million and one-time lease termination cost for the HRG New York based corporate office of $3.1 million during the year ended September 30, 2018; and
- Other adjustments, which during the year ended September 30, 2018, other adjustments consist of incremental costs for separation of key senior executives, costs attributable to flood damage at the Company's facilities in Middleton, Wisconsin and the operating margin on H&G sales to GAC discontinued operations. During the fiscal year ended September 30, 2017, other adjustments consist of the devaluation of cash and cash equivalents denominated in Venezuelan currency and the operating margin on H&G sales to GAC discontinued operations. During the fiscal year ended September 30, 2016, other adjustments consist of onboarding costs of a key executive.

The following is a reconciliation of net income to Adjusted EBITDA for the years ended September 30, 2018, 2017 and 2016 for SBH:

SPECTRUM BRANDS HOLDINGS, INC. (in millions)	HHI	HPC	PET	H&G	Corporate	Consolidated
Year Ended September 30, 2018						
Net income from continuing operations	$ 155.9	$ 94.3	$ 35.0	$ 88.0	$ 53.8	$ 427.0
Income tax benefit	—	—	—	—	(462.7)	(462.7)
Interest expense	—	—	—	—	264.0	264.0
Depreciation and amortization	40.0	8.8	42.3	18.8	15.4	125.3
EBITDA	195.9	103.1	77.3	106.8	(129.5)	353.6
Share based compensation	—	—	—	—	11.9	11.9
Acquisition and integration related charges	6.0	0.3	6.2	—	2.8	15.3
Restructuring and related charges	52.8	0.7	13.2	0.8	8.1	75.6
HPC divestiture costs	—	14.9	—	—	—	14.9
Write-off from impairment of intangible assets	—	—	20.3	—	—	20.3
Inventory acquisition step-up	—	—	0.8	—	—	0.8
Pet safety recall	—	—	18.9	—	—	18.9
Spectrum merger related transaction charges	—	—	—	—	45.9	45.9
Non-recurring HRG operating costs and interest income	—	—	—	—	20.0	20.0
Other	—	0.4	—	(0.1)	4.5	4.8
Adjusted EBITDA	$ 254.7	$ 119.4	$ 136.7	$ 107.5	$ (36.3)	$ 582.0
Year Ended September 30, 2017						
Net income (loss) from continuing operations	$ 184.0	$ 111.8	$ 28.8	$ 114.4	$ (455.1)	$ (16.1)
Income tax benefit	—	—	—	—	(11.8)	(11.8)
Interest expense	—	—	—	—	310.4	310.4
Depreciation and amortization	38.3	34.8	43.1	17.6	13.5	147.3
EBITDA	222.3	146.6	71.9	132.0	(143.0)	429.8
Share based compensation	—	—	—	—	54.2	54.2
Acquisition and integration related charges	5.5	0.9	7.3	—	4.0	17.7
Restructuring and related charges	26.6	—	9.1	—	1.8	37.5
Write-off from impairment of intangible assets	—	—	15.3	1.0	—	16.3
Inventory acquisition step-up	—	—	3.3	—	—	3.3
Pet safety recall	—	—	35.8	—	—	35.8
Venezuela devaluation	—	0.3	—	—	—	0.3
Spectrum merger related transaction charges	—	—	—	—	7.6	7.6
Non-recurring HRG operating costs and interest income	—	—	—	—	36.1	36.1
Adjusted EBITDA	$ 254.4	$ 147.8	$ 142.7	$ 133.0	$ (39.3)	$ 638.6
Year Ended September 30, 2016						
Net income from continuing operations	$ 190.6	$ 106.1	$ 84.2	$ 121.2	$ (457.2)	$ 44.9
Income tax benefit	—	—	—	—	(52.8)	(52.8)
Interest expense	—	—	—	—	336.9	336.9
Depreciation and amortization	35.4	32.8	42.7	15.2	10.6	136.7
EBITDA	226.0	138.9	126.9	136.4	(162.5)	465.7
Share based compensation	—	—	—	—	71.1	71.1
Acquisition and integration related charges	13.3	0.1	5.5	0.5	2.7	22.1
Restructuring and related charges	2.3	0.3	6.0	0.4	1.2	10.2
Write-off from impairment of intangible assets	—	2.0	1.7	1.0	—	4.7
Non-recurring HRG operating costs and interest income	—	—	—	—	55.1	55.1
Other	—	—	—	—	0.5	0.5
Adjusted EBITDA	$ 241.6	$ 141.3	$ 140.1	$ 138.3	$ (31.9)	$ 629.4

The following is a reconciliation of net income to Adjusted EBITDA for the years ended September 30, 2017, 2016 and 2015 for SBRH:

SB/RH HOLDINGS, LLC (in millions)	HHI	HPC	PET	H&G	Corporate	Consolidated
Year Ended September 30, 2018						
Net income from continuing operations	$ 155.9	$ 94.3	$ 35.0	$ 88.0	$ (166.3)	$ 206.9
Income tax benefit	—	—	—	—	(76.8)	(76.8)
Interest expense	—	—	—	—	167.0	167.0
Depreciation and amortization	40.0	8.8	42.3	18.8	14.7	124.6
EBITDA	195.9	103.1	77.3	106.8	(61.4)	421.7
Share based compensation	—	—	—	—	8.8	8.8
Acquisition and integration related charges	6.0	0.3	6.2	—	2.8	15.3
Restructuring and related charges	52.8	0.7	13.2	0.8	8.1	75.6
HPC divestiture costs	—	14.9	—	—	—	14.9
Write-off from impairment of intangible assets	—	—	20.3	—	—	20.3
Inventory acquisition step-up	—	—	0.8	—	—	0.8
Pet safety recall	—	—	18.9	—	—	18.9
Other	—	0.4	—	(0.1)	5.8	6.1
Adjusted EBITDA	$ 254.7	$ 119.4	$ 136.7	$ 107.5	$ (35.9)	$ 582.4
Year Ended September 30, 2017						
Net income from continuing operations	$ 184.0	$ 111.8	$ 28.8	$ 114.4	$ (256.8)	$ 182.2
Income tax benefit	—	—	—	—	(8.6)	(8.6)
Interest expense	—	—	—	—	161.8	161.8
Depreciation and amortization	38.3	34.8	43.1	17.6	13.0	146.8
EBITDA	222.3	146.6	71.9	132.0	(90.6)	482.2
Share based compensation	—	—	—	—	46.2	46.2
Acquisition and integration related charges	5.5	0.9	7.3	—	4.0	17.7
Restructuring and related charges	26.6	—	9.1	—	1.8	37.5
Write-off from impairment of intangible assets	—	—	15.3	1.0	—	16.3
Inventory acquisition step-up	—	—	3.3	—	—	3.3
Pet safety recall	—	—	35.8	—	—	35.8
Venezuela devaluation	—	0.3	—	—	—	0.3
Adjusted EBITDA	$ 254.4	$ 147.8	$ 142.7	$ 133.0	$ (38.6)	$ 639.3
Year Ended September 30, 2016						
Net income from continuing operations	$ 190.6	$ 106.1	$ 84.2	$ 121.2	$ (249.1)	$ 253.0
Income tax benefit	—	—	—	—	(33.4)	(33.4)
Interest expense	—	—	—	—	184.4	184.4
Depreciation and amortization	35.4	32.8	42.7	15.2	9.9	136.0
EBITDA	226.0	138.9	126.9	136.4	(88.2)	540.0
Share based compensation	—	—	—	—	52.5	52.5
Acquisition and integration related charges	13.3	0.1	5.5	0.5	2.8	22.2
Restructuring and related charges	2.3	0.3	6.0	0.4	1.2	10.2
Write-off from impairment of intangible assets	—	2.0	1.7	1.0	—	4.7
Other	—	—	—	—	0.3	0.3
Adjusted EBITDA	$ 241.6	$ 141.3	$ 140.1	$ 138.3	$ (31.4)	$ 629.9

Consolidated Results of Operations

SBH

The following is summarized consolidated results of operations for SBH for the years ended September 30, 2018, 2017 and 2016 respectively:

	Year Ended September 30,				Year Ended September 30,			
(in millions, except %)	**2018**	**2017**	**Variance**		**2017**	**2016**	**Variance**	
Net sales	$ 3,808.7	$ 3,705.4	$ 103.3	2.8%	$ 3,705.4	$ 3,745.3	$ (39.9)	(1.1%)
Gross profit	1,334.3	1,336.4	(2.1)	(0.2%)	1,336.4	1,373.0	(36.6)	(2.7%)
Operating expenses	1,110.1	1,048.9	61.2	5.8%	1,048.9	1,051.2	(2.3)	(0.2%)
Interest expense	264.0	310.4	(46.4)	(14.9%)	310.4	336.9	(26.5)	(7.9%)
Income tax benefit	(462.7)	(11.8)	(450.9)	3,821.2%	(11.8)	(52.8)	41.0	(77.7%)
Net income (loss) from continuing operations	427.0	(16.1)	443.1	(2,752.2%)	(16.1)	44.9	(61.0)	(135.8%)
Income (loss) from discontinued operations, net of tax	445.0	289.3	155.7	53.8%	289.3	(78.8)	368.1	(467.1%)
Net income (loss)	872.0	273.2	598.8	219.2%	273.2	(33.9)	307.1	(906.9%)

Net Sales. Net sales for the year ended September 30, 2018 increased $103.3 million, or 2.8%, with a decrease in organic sales of $3.7 million, or 0.1%. Net sales for the year ended September 30, 2017 decreased $39.9 million, or 1.1%, with a decrease in organic net sales of $44.5 million, or 1.2%. The following sets forth net sales by segment for the years ended September 30, 2018, 2017 and 2016:

	Year Ended September 30,				Year Ended September 30,			
(in millions, except %)	**2018**	**2017**	**Variance**		**2017**	**2016**	**Variance**	
HHI	$ 1,377.7	$ 1,276.1	$ 101.6	8.0%	$ 1,276.1	$ 1,241.0	35.1	2.8%
HPC	1,110.4	1,132.3	(21.9)	(1.9%)	1,132.3	1,169.6	(37.3)	(3.2%)
PET	820.5	793.2	27.3	3.4%	793.2	825.7	(32.5)	(3.9%)
H&G	500.1	503.8	(3.7)	(0.7%)	503.8	509.0	(5.2)	(1.0%)
Net Sales	$ 3,808.7	$ 3,705.4	103.3	2.8%	$ 3,705.4	$ 3,745.3	(39.9)	(1.1%)

The following sets forth the principal components of the change in net sales from the year ended September 30, 2018 to the year ended September 30, 2017, and from the year ended September 30, 2017 to the year ended September 30, 2016:

(in millions)	**2018**	**2017**
Net Sales for the year ended September 30	$ 3,705.4	$ 3,745.3
Increase due to acquisitions	64.5	28.1
Increase in HHI	97.3	32.4
Decrease in H&G	(3.7)	(17.8)
Decrease in HPC	(44.7)	(5.2)
Decrease in PET	(52.6)	(53.9)
Foreign currency impact, net	42.5	(23.5)
Net Sales for the year ended September 30	$ 3,808.7	$ 3,705.4

Gross Profit. Gross profit for the year ended September 30, 2018 decreased $2.1 million primarily attributable to the decline in gross profit margin from 36.0% to 35.0% primarily driven by operating inefficiencies from restructuring initiatives and inflation in raw material costs primarily in HHI, increased production costs associated with start-up on operating facilities impacted by the product safety recall in PET, operating inefficiencies from the European PET distribution center consolidation, and unfavorable private label product mix; offset by reduced depreciation of $9.5 million associated with HPC while recognized as held for sale. Gross profit for the year ended September 30, 2017 decreased $36.6 million primarily attributable to the decrease in net sales and decline in gross profit margin from 36.7% to 36.0% primarily driven by production costs and operating inefficiencies in response to the product safety recall in PET, and operating inefficiencies from restructuring initiatives in HHI.

Operating Expenses. Operating expenses for the year ended September 30, 2018 increased $61.2 million, or 5.8%, due to an increase in selling and general and administrative expenses of $24.6 million primarily from an increase in distribution expenses, transaction costs associated with the Spectrum Merger, severance costs from changes in key senior executives, incremental costs associated with the pet safety recall, HPC divestiture costs of $14.9 million, partially offset by a reduction in stock based compensation expense of $42.3 million, reduction of depreciation and amortization expense of $13.6 million associated with HPC while recognized as held for sale; increases in restructuring and related charges of $35.0 million from HHI and PET restructuring initiatives. Operating expenses for the year ended September 30, 2017 decreased $2.3 million, or 0.2%, due to a decrease in selling and general and administrative expenses of $26.5 million primarily due to a reduction of corporate HRG operating costs of $44.9 million, partially offset by increases attributable to operating costs of acquired PET businesses and costs associated with the pet safety recall; an increase in restructuring and related charges of $27.2 million primarily attributable to the HHI restructuring initiative; offset by decreased acquisition and integration related charges of $4.4 million. See *Note 4 – Acquisitions* and *Note 5 – Restructuring and Related Charges* to the Consolidated Financial Statements included elsewhere within this Annual Report for additional detail on restructuring and acquisition and integration costs. See *Note 10 – Goodwill and Intangible Assets* to the Consolidated Financial Statements included elsewhere within this Annual Report for additional detail on goodwill and intangible asset impairments.

Interest Expense. Interest expense for the year ended September 30, 2018 decreased $46.4 million, or 14.9%, due to reduced HRG borrowings from the refinancing activity previously discussed. Interest expense for the year ended September 30, 2017 decreased $26.5 million, or 7.9%, attributable to lower borrowing costs and incremental premium paid for debt redemption in the prior year due to the refinancing activities previously discussed. See *Note 11 - Debt* in Notes to the Consolidated Financial Statements included elsewhere within this Annual Report for additional information regarding outstanding debt.

Income Taxes. The effective tax rate was 1,296.1% for the year ended September 30, 2018 compared to 42.3% for the year ended September 30, 2017 and 668.4% for the year ended September 30, 2016. Our effective tax rate for the year ended September 30, 2018 was significantly impacted by the Tax Cuts and Jobs Act ("Tax Reform Act") and the release of valuation allowances over capital and net operating loss carryforwards due to completion of the Spectrum Merger. The Tax Reform Act permanently reduces the U.S. corporate income tax rate from a maximum of 35% to a flat 21% rate, effective January 1, 2018. The Company's applicable U.S. statutory tax rate for Fiscal 2018 was 24.5%. The Company released $371.7 million of valuation allowance on its U.S. federal net deferred tax assets since it is now more likely than not that the assets will be realized and recorded valuation allowance of $6.1 million on non-U.S. net deferred tax assets. As a result of the Tax Reform Act, the Company recorded $166.7 million of tax benefit for restatement of U.S. deferred tax assets and liabilities and a provisional $73.1 million of income tax expense for the one-time deemed mandatory repatriation. Our effective tax rate for the year ended September 30, 2017 differs from the U.S federal statutory rate of 35% due to income earned outside the U.S. that is subject to statutory rates lower than 35%. Additionally, the Company recognized a $36.1 million tax benefit for changes in our assessment over our ability to effectively repatriate tax-free non-U.S. earnings upon which liabilities were previously recorded, and a $9.3 million tax benefit for the recognition of additional federal and state tax credits. The Company also recorded a $14.7 million valuation allowance on additional state net operating losses that more likely than not will expire unused. Our effective tax rate applied to the years ended September 30, 2016 and 2015 differs from the U.S. federal statutory rate of 35% primarily due to the release of valuation allowances on U.S. net operating losses deferred tax assets and income earned outside the U.S. that is subject to statutory rates lower than 35% offsetting tax expense on U.S. pretax income. Additionally, the Company released $111.1 million of domestic valuation allowance. In December 2015, the Company received a ruling from the Internal Revenue Service ("IRS") which resulted in $87.8 million of U.S. net operating losses being restored and a release of $16.2 million of domestic valuation allowance from additional deferred tax assets created by the IRS ruling. The Company also recorded tax expense of $3.1 million related to additional foreign valuation allowance during the year ended September 30, 2016.

In response to the enactment of the Tax Reform Act, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Reform Act. SAB 118 allows registrants to record provisional amounts during a one year measurement period in a manner similar to accounting for business combinations. The provisional tax impacts in our consolidated financial statements for the year ended September 30, 2018 may differ from these amounts due to, among other things, additional analysis, changes in interpretations and assumptions we have made, additional regulatory guidance that may be issued, and actions we may take as a result of the Tax Reform Act. See *Note 15 - Income Taxes* in Notes to Consolidated Financial Statements included elsewhere in this Annual Report for additional information regarding income taxes.

Income From Discontinued Operations. Discontinued operations includes the results of operations, financial position and cash flows for the following businesses that are reported separately as discontinued operations: (1) GBL that is classified as held for sale effective December 29, 2017 and reported as a component of discontinued operations for all periods presented; (2) GAC that was classified as held for sale effective October 29, 2018, subsequent to the balance sheet date of September 30, 2018, and retroactively recasted as a component of discontinued operations for all periods presented; (3) HRG insurance operations, for all periods presented through the close of sale on November 30, 2017, and (4) Compass, for the year ended September 30, 2016 through completion of the divestitures during the year. See *Note 3 – Divestitures* to the Consolidated Financial Statements, included elsewhere in this Annual Report, for more information on the divestitures and the assets and liabilities classified as held for sale.

Income from discontinued operations, net of tax, for the year ended September 30, 2018 increased $155.7 million, or 53.8%, due to the decrease in income from GBL discontinued operations of $62.7 million, decrease in income from GAC discontinued operations of $126.4 million and increase in income from FGL discontinued operations of $189.3 million. The decrease in income from GBL discontinued operations is primarily attributable to incremental transaction related costs that was recognized for the planned divestitures, increased operating expenses for selling and marketing activities and increased interest expense allocated to discontinued operations from increased variable rates. The decrease in income from GAC discontinued operations is primarily attributable the recognition of a goodwill impairment of $92.5 million, operating inefficiencies driven by restructuring initiatives to consolidated domestic operations, new product development and marketing costs, higher material costs and unfavorable product mix. The increase in income from FGL is primarily attributable to the recognition of $445.9 million to reclassify accumulated other comprehensive income related to FGL, that was previously included in equity; offset by the recognition of a write-down on net assets of $14.2 million on FGL and Front Street upon completion of sale and lower income from operations with the completion of the sale of the HRG Insurance Operations on November 30, 2017. Decrease in income tax attributable to discontinued operations is due to the recognition of the tax reform and lower income from HRG Insurance Operations previously discussed and a $22.6 million tax effect resulting from nondeductible book goodwill impairment.

Income from discontinued operations, net of tax, for the year ended September 30, 2017 increased $368.1 million, or 467.1%, due to the increase in income from GBL discontinued operations of $13.3 million, an increase of $451.8 million from HRG Insurance Operations, decrease in income from GAC discontinued operations of $18.0 million. The increase from GBL discontinued operations is due to cost improvements, decrease in interest expense allocated to discontinued operations from refinancing activity previously discussed. The decrease in income from GAC discontinued operations is primarily attributable to increased restructuring costs for consolidation of domestic operations, increased depreciation from capital investments and higher marketing costs from new product introductions. The increase in discontinued operations from HRG Insurance Operations was due to a lower adjustment to write-down assets held for sale to the fair value less cost to sell of $304.4 million.

Noncontrolling Interest. The net income attributable to noncontrolling interest reflects the share of the net income of our subsidiaries, which are not wholly-owned, attributable to the accounting interest. Such amount varies in relation to such subsidiary's net income or loss for the period and the percentage interest not owned by SBH. Effective the close of the Spectrum Merger, the net income from Spectrum is fully recognized by SBH for all periods subsequent to July 13, 2018 as Spectrum became wholly-owned as a result of the transaction.

SB/RH

The following is summarized consolidated results of operations for SB/RH for the years ended September 30, 2018, 2017 and 2016:

	Year Ended September 30,		Variance		Year Ended September 30,		Variance	
(in millions, except %)	**2018**	**2017**			**2017**	**2016**		
Net sales	$ 3,808.7	$ 3,705.4	$ 103.3	2.8%	$ 3,705.4	$ 3,745.3	$ (39.9)	(1.1%)
Gross profit	1,334.3	1,335.3	(1.0)	(0.1%)	1,335.3	1,364.1	(28.8)	(2.1%)
Operating expenses	1,032.0	994.1	37.9	3.8%	994.1	953.9	40.2	4.2%
Interest expense	167.0	161.8	5.2	3.2%	161.8	184.4	(22.6)	(12.3%)
Income tax benefit	(76.8)	(8.6)	(68.2)	793.0%	(8.6)	(33.4)	24.8	(74.3%)
Net income from continuing operations	206.9	182.2	24.7	13.6%	182.2	253.0	(70.8)	(28.0%)
(Loss) income from discontinued operations, net of tax	(24.0)	119.0	(143.0)	(120.2%)	119.0	99.3	19.7	19.8%
Net income	182.9	301.2	(118.3)	(39.3%)	301.2	352.3	(51.1)	(14.5%)

For the year ended September 30, 2018, the increase in net sales of $103.3 million, or 2.8%, and decrease in gross profit of $1.0 million are attributable to the changes in SBH previously discussed. The increase in operating expenses of $37.9 million is primarily attributable to the changes in SBH previously discussed excluding the impact in HRG operating costs and transaction costs from the Spectrum Merger. An increase in interest expense of $5.2 million is primarily attributable to interest costs on variable interest debt and incremental borrowings on $520 million of debt with the parent company.

For the year ended September 30, 2017, the decrease in net sales of $39.9 million, or 1.1%, and decrease in gross profit of $28.8 million are attributable to the changes in SBH previously discussed. The increase in operating expenses of $40.2 million is primarily attributable to the change in SBH previously discussed, excluding the impact in HRG corporate operating costs. The decrease in interest expense of $22.6 million is primarily attributable to lower borrowing costs and incremental premium paid for debt redemption in the prior year due to the refinancing activities previously discussed.

Income Taxes. The effective tax rate was (59.0%) for the year ended September 30, 2018 compared to (5.0%) for the year ended September 30, 2017 and (15.2%) for the year ended September 30, 2016. Our effective tax rate for the year ended September 30, 2018 was significantly impacted by the Tax Reform Act and goodwill impairment as further detailed in SBH above. Our effective tax rate for the year ended September 30, 2017 differs from the U.S federal statutory rate of 35% due to income earned outside the U.S. that is subject to statutory rates lower than 35%. Additionally, the Company recognized a $36.1 million tax benefit for changes in our assessment over our ability to effectively repatriate tax-free non-U.S. earnings upon which liabilities were previously recorded, and a $9.3 million tax benefit for the recognition of additional federal and state tax credits. The Company also recorded a $14.7 million valuation allowance on additional state net operating losses that more likely than not will expire unused. Our effective tax rate applied to the years ended September 30, 2016 differs from the U.S. federal statutory rate of 35% primarily due to the release of valuation allowances on U.S. net operating losses deferred tax assets and income earned outside the U.S. that is subject to statutory rates lower than 35% offsetting tax expense on U.S. pretax income. For the year ended September 30, 2016 the effective tax rate includes a $25.5 million expense to record a tax contingency reserve for a tax exposure in Germany where a local court ruled against our characterization of certain assets as amortizable under Germany tax law. Additionally, the Company released $111.1 million of domestic valuation allowance. In December 2015, the Company received a ruling from the Internal Revenue Service (“IRS”) which resulted in $87.8 million of U.S. net operating losses being restored and a release of $16.2 million of domestic valuation allowance from additional deferred tax assets created by the IRS ruling. The Company also recorded tax expense of $3.1 million related to additional foreign valuation allowance during the year ended September 30, 2016.

In response to the enactment of the Tax Reform Act, the SEC staff issued Staff Accounting Bulletin No. 118 (“SAB 118”) to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Reform Act. SAB 118 allows registrants to record provisional amounts during a one year measurement period in a manner similar to accounting for business combinations. The provisional tax impacts in our consolidated financial statements for the year ended September 30, 2018 may differ from these amounts due to, among other things, additional analysis, changes in interpretations and assumptions we have made, additional regulatory guidance that may be issued, and actions we may take as a result of the Tax Reform Act. See *Note 15 - Income Taxes* in Notes to Consolidated Financial Statements included elsewhere in this Annual Report for additional information regarding income taxes.

Segment Financial Data

Hardware & Home Improvement (HHI)

(in millions, except %)	Year Ended September 30, 2018	2017	Variance		Year Ended September 30, 2017	2016	Variance	
Net sales	$ 1,377.7	$ 1,276.1	$ 101.6	8.0%	$ 1,276.1	$ 1,241.0	$ 35.1	2.8%
Operating income	155.6	185.7	(30.1)	(16.2%)	185.7	191.9	(6.2)	(3.2%)
Operating income margin	11.3%	14.6%	(330)bps		14.6%	15.5%	(90)bps	
Adjusted EBITDA	$ 254.7	$ 254.4	$ 0.3	0.1%	$ 254.4	$ 241.6	$ 12.8	5.3%
Adjusted EBITDA margin	18.5%	19.9%	(140)bps		19.9%	19.5%	40 bps	

Net sales for the year ended September 30, 2018 increased $101.6 million, or 8.0%, with an increase in organic net sales of $97.3 million, or 7.6%.

- Security and locksets increased $93.0 million due to increased market share; new product introduction and promotion volumes with retail partners; increased volumes through e-commerce channels, wholesale distributors, and home builder channel.
- Plumbing accessories increased $13.6 million due to promotional volumes and new product introductions with retail partners and increased volumes through e-commerce channels and wholesale distributors.
- Hardware decreased $9.3 million due to substantive non-recurring sell-in volumes with a significant retail partner in the prior year.

Operating income for the year ended September 30, 2018 decreased $30.1 million with a margin decrease of 330 bps due to increased restructuring related activity and operating inefficiencies, coupled with increase in material input costs and distribution costs. Adjusted EBITDA for the year ended September 30, 2018 marginally increased $0.3 million with a decrease in margin of 140 bps primarily driven by increased material input costs, distribution costs, and operating inefficiencies from restructuring initiatives during the period despite increased sales previously discussed.

Net sales for the year ended September 30, 2017 increased $35.1 million, or 2.8%, with an increase in organic net sales of $32.4 million, or 2.6%.

- Security and locksets increased $28.7 million due to increases in NA of $39.5 million from the introduction of new products with key retailers, expansion in electronic based products, promotional sales in e-commerce channel, increased volumes with non-retail wholesale and builder channels, and the introduction of Tell product into retail channels; partially offset by a reduction in LATAM sales of $11.1 million driven by the exit of lower margin business of $9.4 million.
- Plumbing increased $6.7 million due to increases in NA of $8.1 million from promotional sales volumes with retailers and e-commerce channels, plus the introduction of new products with key retailers.
- Hardware decreased $3.0 million due to decreases in LATAM of $6.7 million due to the exit of lower margin business of $7.2 million; offset by increase in NA of $1.5 million from incremental retail volumes and new product introductions.

Operating income for the year ended September 30, 2017 decreased $6.2 million with a margin decrease of 90 bps due to increases in restructuring related activity partially offset by an increase in net sales. Adjusted EBITDA for the year ended September 30, 2017 increased $12.8 million with a margin increase of 40 bps due to the increase in sales volumes and cost improvements.

Home & Personal Care (HPC)

	Year Ended September 30,				Year Ended September 30,			
(in millions, except %)	**2018**	**2017**	**Variance**		**2017**	**2016**	**Variance**	
Net sales	$ 1,110.4	$ 1,132.3	$ (21.9)	(1.9%)	$ 1,132.3	$ 1,169.6	$ (37.3)	(3.2%)
Operating income	96.0	113.0	(17.0)	(15.0%)	113.0	109.4	3.6	3.3%
Operating income margin	8.6%	10.0%	(140)bps		10.0%	9.4%	60 bps	
Adjusted EBITDA	$ 119.4	$ 147.8	$ (28.4)	(19.2%)	$ 147.8	$ 141.3	$ 6.5	4.6%
Adjusted EBITDA margin	10.8%	13.1%	(230)bps		13.1%	12.1%	100 bps	

Net sales from the year ended September 30, 2018 decreased $21.9 million, or 1.9%, with an organic net sales decrease of $44.7 million, or 3.9%

· Home appliances sales decreased $28.4 million, primarily decrease in NA of $34.6 million driven by lost distribution and product placement with retail partners, reduced or non-recurring promotional activity from prior year, soft POS and slower product category sales; partially offset by increased sales in EMEA of $2.8 million driven by promotional sales with retail partners, increased distribution through online retailers and eastern European markets and increases in LATAM of $2.7 million from new product and expanded customer distribution.
· Personal care sales decreased $16.3 million, primarily decreases in NA of $28.8 million driven by reduced marketing initiatives and promotional activity, lost distribution and product placement with retail partners; offset by increased sales in EMEA of $8.7 million driven by promotional activities with retail partners and increased distribution through online retailers and increases in LATAM of $4.8 million from new product distribution and increased seasonal promotional activity.

Operating income for the year ended September 30, 2018 decreased $17.0 million with a decrease in margin of 140 bps primarily driven by decrease in sales volumes, unfavorable product mix, increased operating costs of $14.9 million associated with the plan to sell the business; offset by reduced depreciation and amortization expense from long-lived assets of $29.0 million due to the recognition of the business as held for sale since December 2017. Adjusted EBITDA for the year ended September 30, 2018 decreased $28.4 million with a decrease in margin by 230 bps primarily driven by lower sales volume, unfavorable product mix and increased operating costs associated with the plan to sell the business.

Net sales from the year ended September 30, 2017 decreased $37.3 million, or 3.2%, with an organic net sales decrease of $17.8 million, or 1.5%

· Home appliances sales decreased $15.6 million due to decreases in EMEA of $4.2 million primarily from Brexit-related market softness in the UK, decrease in NA of $2.0 million from slow product category POS and timing of holiday shipments, partially offset by growth in online distribution channels and promotional sales volumes; with decreases in LATAM of $4.4 million and APAC of $5.0 million from slower POS and promotional activity within the regions.
· Personal care sales decreased $2.2 million due to a decrease in NA of $8.3 million from softer category POS, reduced retailer shelf space partially offset by continued growth through online distribution channels, increases in EMEA of $1.3 million primarily from market growth in Eastern European markets; with increase in LATAM of $1.4 million and APAC of $3.4 million.

Operating income for the year ended September 30, 2017 increased $3.6 million with an increase in margin of 60 bps primarily driven by by cost improvements and favorable product mix. Adjusted EBITDA for the year ended September 30, 2017 increased $6.5 million with an increase in margin of 100 bps primarily driven by cost improvements and favorable product mix despite lower sales volumes.

Global Pet Supplies (PET)

(in millions, except %)	Year Ended September 30, 2018	Year Ended September 30, 2017	Variance		Year Ended September 30, 2017	Year Ended September 30, 2016	Variance	
Net sales	$ 820.5	$ 793.2	$ 27.3	3.4%	$ 793.2	$ 825.7	$ (32.5)	(3.9%)
Operating income	34.9	29.1	5.8	19.9%	29.1	85.0	(55.9)	(65.8%)
Operating income margin	4.3%	3.7%	60 bps		3.7%	10.3%	(660)bps	
Adjusted EBITDA	$ 136.7	$ 142.7	$ (6.0)	(4.2%)	$ 142.7	$ 140.1	$ 2.6	1.9%
Adjusted EBITDA margin	16.7%	18.0%	(130)bps		18.0%	17.0%	100 bps	

Net sales for the year ended September 30, 2018 increased $27.3 million, or 3.4%, with an organic net sales decrease of $52.6 million, or 6.6%.

- Companion animal sales decreased $28.9 million, excluding PetMatrix acquisition sales of $60.0 million, primarily due to a decrease in EMEA of $31.4 million due to the exit of a pet food tolling agreement and delayed shipments during transition of distribution centers within the region, and a decrease in NA of $1.7 million driven by lost distribution from the pet safety recall, reduced product listings and retail inventory reductions with specialty pet retailers.
- Aquatics decreased $23.7 million, excluding GloFish acquisition sales of $4.5 million, due to a decrease in NA of $15.4 million due to product category softness and slower POS, and a decrease in EMEA of $7.2 million for delayed shipments during transition of distribution centers within the region.

Operating income for the year ended September 30, 2018 increased $5.8 million with an increase in margin of 60 bps primarily driven by the acquired businesses in the prior year and costs associated with the pet safety recall recognized in the prior year, partially offset by overall lower sales volume, unfavorable product mix, incremental production costs and inefficiencies from start-up of facilities following the product safety recall and restructuring of the European PET distribution center and write-offs of indefinite lived intangible assets of $20.3 million. Adjusted EBITDA for the year ended September 30, 2018 decreased $6.0 million with a decrease in margin by 130 bps primarily driven by lower sales volume, unfavorable product mix and the start-up costs and operating inefficiencies previously mentioned.

Net sales for the year ended September 30, 2017 decreased $32.5 million, or 3.9%, with an organic net sales decrease of $53.9 million, or 6.5%.

- Companion animal sales decreased $44.1 million, excluding PetMatrix acquisition sales of $25.6 million, primarily due to a decrease in EMEA of $23.8 million from lower distribution and softer POS from increased competition and a reduction of $16.2 million for the acceleration of the exit of a pet food tolling agreement; decreases in NA of $21.8 million due to $7.1 million in customer returns from the product safety recall, low margin product exits of $5.2 million, retail inventory reduction management programs, and reduced listings and soft POS with pet specialty retailers.
- Aquatic sales decreased $9.8 million, excluding GloFish acquisition sales of $2.5 million, due to a decrease in NA of $11.1 million from retail inventory reduction management programs and soft category POS with pet specialty retailers, increases in EMEA of $2.1 million due to promotional sales offset by slower seasonal weather sales.

Operating income for the year ended September 30, 2017 decreased $55.9 million with a margin decrease of 660 bps due to reduction in sales volumes, product recall, incremental acquisition and integration activity plus a $15.3 million impairment of indefinite lived intangible assets; partially offset by cost improvements. Adjusted EBITDA in the year ended September 30, 2017 increased $2.6 million with a margin increase of 100 bps primarily driven by cost improvements despite the decrease in sale volumes.

Home & Garden (H&G)

	Year Ended September 30,							Year Ended September 30,						
(in millions, except %)	**2018**		**2017**		**Variance**			**2017**		**2016**		**Variance**		
Net sales	$	500.1	$	503.8	$	(3.7)	(0.7%)	$	503.8	$	509.0	$	(5.2)	(1.0%)
Operating income		88.0		114.4		(26.4)	(23.1%)		114.4		121.1		(6.7)	(5.5%)
Operating income margin		17.6%		22.7%		(510)bps			22.7%		23.8%		(110)bps	
Adjusted EBITDA	$	107.5	$	133.0	$	(25.5)	(19.2%)	$	133.0	$	138.3	$	(5.3)	(3.8%)
Adjusted EBITDA margin		21.5%		26.4%		(490)bps			26.4%		27.2%		(80)bps	

Net and organic net sales for the year ended September 30, 2018 decreased $3.7 million, or 0.7%.

- Lawn & garden controls products decreased $14.3 million primarily due to slower seasonal volumes and POS from unfavorable weather compared to the prior year.
- Repellent products decreased $6.2 million primarily due to slower seasonal volumes and POS from unfavorable weather compared to the prior year, and lost distribution; partially offset by inventory replenishment after hurricane activity in the U.S. earlier in the fiscal year.
- Household insect controls products increased $9.4 million primarily due to increased volumes from hurricane activity in the U.S. earlier in the year, partially offset by slower seasonal volumes and POS from unfavorable weather compared to the prior year.
- Other net sales to GAC were $17.8 million and $10.3 million for the years ended September 30, 2018 and 2017 respectively.

Operating income for the year ended September 30, 2018 decreased $26.4 million, or 23.1%, with a margin decrease of 510 bps primarily driven by lower sales volume, unfavorable product mix, incremental material input costs and distribution costs. Adjusted EBITDA for the year ended September 30, 2018 decreased $25.5 million, or 19.2%, with a margin decrease of 490 bps primarily driven by lower sales volume, unfavorable product mix, incremental material input costs and distribution costs.

Net sales and organic net sales for the year ended September 30, 2017 decreased $5.2 million, or 1.0%.

- Lawn & garden control products decreased $3.6 million due to weather conditions decreasing seasonal inventory sales, a reduction in distribution due to retail inventory reduction management programs, partially offset by the introduction of new products and increased market share with key retail partners.
- Repellent products decreased $16.8 million due to weather conditions decreasing seasonal inventory sales, a reduction in distribution due to retail inventory management programs, coupled with higher demand driven by Zika concerns in the prior year.
- Household insect control products increased $4.7 million driven by stronger POS and volume growth with key retailers.
- Other net sales to GAC were $10.3 million for the year ended September 30, 2017. There were no sales to GAC during the year ended September 30, 2016.

Operating income for the year ended September 30, 2017 decreased $6.7 million with a decline in margin of 110 bps primarily driven by lower sales volumes, incremental investment in marketing costs for new product launches and channel expansion with an increase in depreciation expense from capital investments, partially offset by product mix improvement. Adjusted EBITDA in the year ended September 30, 2017 decreased $5.3 million with a decrease in margin of 80 bps compared to the year ended September 30, 2016 due to the lower sales volumes and incremental marketing costs; partially offset by product mix improvement.

Liquidity and Capital Resources

The following is a summary of the Company's net cash flows from continuing operations for the years ended September 30, 2018, 2017 and 2016:

	SBH			SB/RH		
(in millions)	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**
Operating activities	$ 117.1	$ 276.1	$ 219.7	$ 223.7	$ 444.0	$ 394.0
Investing activities	$ 1,474.6	$ (353.8)	$ 150.8	$ (72.2)	$ (384.7)	$ (73.9)
Financing activities	$ (1,399.3)	$ (288.4)	$ (733.0)	$ 95.7	$ (332.9)	$ (481.7)

Cash flows from operating activities

Cash flows from SBH continuing operations decreased $159.0 million for the year ended September 30, 2018 due to:

- Decrease in cash used in continuing operations of $86.0 million, including reduction in cash contributed from working capital of $49.6 million;
- Increase in cash paid for restructuring and integration related activities, of $69.1 million, including divestiture related costs while HPC was considered held for sale, also associated with HHI restructuring activities;
- Increase in cash paid for income taxes of $16.3 million;
- Increase in cash paid for interest of $9.4 million, including a non-recurring tender premium of $4.6 million for the redemption of the 6.375% Notes in the prior year, due to a reduction in annualized interest costs from refinancing activities previously discussed;
- Decrease in corporate expenditures of $3.0 million.

Cash flows from SBH continuing operations increased $66.4 million for the year ended September 30, 2017 due to:

- Increase in cash used in continuing operations of $2.7 million, including increase in cash contributed from working capital of $9.3 million and one-time settlement payment to Stanley Black & Decker of $23.2 million;
- Increase in cash paid for income taxes of $1.6 million;
- Increase in cash paid for acquisition, integration and restructuring related activities of $1.4 million, primarily from lower acquisition and integration activity partially offset by increased spending on restructuring related activities at HHI.
- Decrease in cash paid for interest of $78.8 million, including a non-recurring tender premium of $4.6 million for the redemption of the 6.375% Notes, due to a reduction in annualized interest costs from refinancing activities previously discussed;
- Increase in corporate expenditures of $7.4 million;

Cash flows from operating activities from continuing operations of SB/RH decreased $220.3 million and increased $59.9 million during the years ended September 30, 2018 and 2017 respectively, primarily due to the items discussed above, excluding incremental cash flows attributable to HRG corporate operations and divestitures, and cash paid for interest on HRG designated debt.

Depreciation and amortization

Depreciation and amortization for the Company totaled $125.3 million, $147.3 million and $136.7 million for the years ended September 30, 2018, 2017, and 2016, respectively. The decrease in depreciation and amortization for the years ended September 30, 2018 is attributable to the recognition of HPC as held for sale effective December 29, 2017 and the subsequent change in plan to sell in October 2018. The increase in depreciation and amortization for the years ended September 30, 2017 and 2016 is attributable to the increase in capital expenditures and the recognition of property, plant and equipment and definite lived intangible assets from the acquisitions of PetMatrix and GloFish during the year ended September 30, 2017.

Cash flows from investing activities

Cash flows from investing activities from SBH continuing operations increased $1,828.4 million for the year ended September 30, 2018 primarily due to the net proceeds received from the sale of the HRG Insurance Operations of $1,546.8 million in December 2017, cash used of $304.7 million in business acquisitions during the year ended September 30, 2017 for the purchase of PetMatrix and GloFish by Spectrum, and decrease in capital expenditures; partially offset by $30.9 million in asset based loan repayments by Salus in the prior year. Proceeds from the sale of the HRG Insurance Operations were partially used to pay down the HGI Energy Notes and HRG's 7.875% Senior Secured Notes discussed below.

Cash flows used for investing activities from SBH continuing operations increased $504.6 million during the year ended September 30, 2017 primarily due to cash used for the acquisitions of PetMatrix and GloFIsh by Spectrum, increase in capital expenditures of $8.1 million, reduction in net asset-based loan repayments at Salus of $140 million, plus incremental proceeds from the sale of investments at HRG of $140.0 million during the year ended September 30, 2016.

Cash flows used for investing activities from SB/RH continuing operations decreased $312.5 million for the year ended September 30, 2018 and increased $310.8 million for the year ended September 30, 2017, primarily due to the Spectrum business acquisitions previously discussed and capital expenditures.

Capital Expenditures

Capital expenditures for SBH totaled $75.9 million, $81.8 million and $73.7 million for the years ended September 30, 2018, 2017, and 2016, respectively. Increases in capital expenditures during the year ended September 30, 2017 are attributable to incremental investment in capacity expansion and cost reduction projects. We expect to make investments in capital projects similar to historical levels, as well as incremental investments slightly above historical levels related to acquisitions and in high return cost reduction projects. Capital expenditures from SB/RH are consistent to those of SBH.

Cash flows from financing activities

Cash flows used by financing activities for SBH continuing operations increased $1,110.9 million for the year ended September 30, 2018 due to reduced proceeds from debt, incremental debt repayment, and dividend payments to SBH shareholders after completion of the Spectrum Merger. Cash flows used by financing activities for SBH continuing operations decreased $444.6 million for the year ended September 30, 2017 due to the reduction of debt net proceeds from debt financing activity, reduction of debt payments; partially offset by an increase in repurchases of Spectrum stock, share based tax withholdings, and payment of dividends to Spectrum non-controlling interest

Cash flows provided by financing activities for SB/RH continuing operations increased $428.6 million for the year ended September 30, 2018 due to incremental proceeds from the issuance of debt with its parent company of $520 million, lower payment on Spectrum debt; offset by increased dividend payments to parent company. Cash flows used by financing activities for SB/RH continuing operations decreased $145.7 million for the year ended September 30, 2017 due to the reduction of debt net proceeds from Spectrum debt financing activity, reduction of payments on Spectrum debt; partially offset by an increase in dividends paid to parent company and the purchase of the non-controlling interest in Shaser for $12.6 million.

Debt

During the year ended September 30, 2018, the Company recognized reduced proceeds from the issuance of debt financing of $296.0 million primarily due to the issuance of USD Term Loan debt and HGI Funding 2017 Loan in the prior year. The Company made $1,075.9 million payments on debt during the year ended September 30, 2018, including the redemption of $92.0 million aggregate principal amount of the HGI Energy Notes in December 2017, redemption of $864.4 million of the HRG 7.875% Senior Secured Notes in January 2018, repayment of $50.0 million of the HGI Funding 2017 Loan in July 2018 and $69.5 million of other amortizing payments.

During the year ended September 30, 2017, the Company recognized incremental proceeds from the issuance of debt of $315.6 million, including $250.0 million from the issuance of the USD Term Loan primarily to support funding acquisition activity, $50.0 million of the HGI Funding 2017 Loan that was subsequently repaid during the year ended September 30, 2018 and $15.6 million of other debt financing. The Company made $257.7 million payments on debt, including $129.7 million for the redemption of the 6.375% Notes, $61.3 million for the redemption of the Euro Term Loan, $32.4 million of regular amortizing payments, and $34.3 million of debt repayments by Salus and other amortizing payments.

During the year ended September 30, 2016, the Company recognized incremental proceeds from the issuance of debt of $485.0 million, including $477.6 million from the issuance of the 4.00% Notes for refinancing the 6.375% Notes to extend maturities and reduce borrowing costs, and $7.4 million of other debt financing. The Company made $1,093.6 million of payments on debt, including partial redemption of $390.3 million of the 6.375% Notes, payments on Term Loans of $415.5 million, $271.3 million of debt repayments by Salus and $16.5 million of other amortizing payments on debt.

In addition to the outstanding principal on our debt obligations, we have annual interest payment obligations of approximately $270.4 million in the aggregate (excluding the impact of changes to variable interest rates or foreign currency). This includes interest under our: (i) 4.00% Notes of approximately $19.8 million; (ii) 7.75% Notes of approximately $69.0 million; (ii) 6.625% Notes of approximately $37.8 million; (iii) 6.125% Notes of approximately $15.3 million; (iv) 5.75% Notes of $57.5 million; and (v) Term Loans of $56.1 million. Interest on the 4.00% Notes, the 7.75% Notes, the 6.625% Notes and the 6.75% Notes is payable semi-annually in arrears and interest under the Term Loan and the Revolver Facility is payable on various interest payment dates as provided in the Senior Credit Agreement. Effective January 15, 2017 and November 15, 2017, the 7.75% Notes and the 6.625% Notes became callable by the Company, respectively.

The Company maintains a revolving credit facility that matures in March 2022 (“Revolver Facility”) pursuant to which the Company may borrow funds at a variable interest rate. During the year ended September 30, 2018, the Company increased the capacity of its Revolver facility by $100.0 million to $800.0 million. As a result of borrowings and payments under the Revolver Facility, at September 30, 2018, the Company had borrowing availability of $777.3 million, net of outstanding letters of credit of $20.7 million and a $2.0 million amount allocated to a foreign subsidiary. Certain fees are required to be paid in connection with our outstanding debt obligations including a quarterly commitment fee of up to 0.50% on the unused portion of the Revolver Facility and certain additional fees with respect to the letter of credit sub-facility under the Revolver Facility.

At September 30, 2018, we were in compliance with all covenants under the Credit Agreement and the indentures governing the 7.75% Notes, 6.625% Notes, the 6.125% Notes, the 5.75% Notes, and the 4.00% Notes.

The Company’s access to capital markets and financing costs may depend on the credit ratings of the Company when it is accessing the capital markets. Effective July 24, 2018, the Company’s S&P corporate credit rating was upgraded to ‘B+’ from ‘B’. S&P’s issue-level rating of the 7.75% Notes was lowered to ‘B-’ from ‘B’ to reflect the completion of the Spectrum Merger. Previously, S&P downgraded the ratings on Spectrum’s corporate credit and senior unsecured debt from ‘BB-’ to ‘B+’ and senior secured debt ratings from ‘BB+’ to ‘BB’; with a continued stable outlook. None of the Company’s current borrowings are subject to default or acceleration as a result of a downgrading of credit ratings, although a downgrade of the Company’s credit ratings could increase fees and interest charges on future borrowings. The Company anticipates that it may use funds received for its divestitures to support the paydown and restructuring of debt.

Refer to *Note 11 - Debt* of Notes to Consolidated Financial Statements included elsewhere in this Annual Report for additional information.

Equity

During the year ended September 30, 2018, due to the completion of the Spectrum Merger on July 13, 2018, SBH executed a reverse stock split of .1613 to 1 for each holder of HRG stock as of July 13, 2018, consisting of 203.2 million shares, and issued an incremental 20.6 million of post-conversion shares to the minority interest holders of Spectrum in a 1-for-1 exchange of Spectrum common stock for the remaining non-controlling ownership of Spectrum. As a result, SBH has a combined shareholder group consisting of 53.4 million shares as of September 30, 2018. During the years ended September 30, 2017 and 2016, SBH did not issue shares of common stock outside the Company’s share-based compensation plans.

Prior to the close of the Spectrum Merger, Spectrum made cash dividend payments of $71.7 million, $96.2 million, and $87.2 million during the years ended September 30, 2018, 2017 and 2016 respectively; of which $43.3 million, $56.3 million and $49.9 million was paid to HRG, respectively; and $28.4 million, $39.9 million and $37.3 million was paid to noncontrolling interest holders of Spectrum, respectively. Subsequent to the completion of the Spectrum Merger, Spectrum is wholly owned by the Company and made a cash dividend payment of $22.4 million. The Company anticipates that it will continue to make dividend payments consistent to Spectrum prior to the Spectrum Merger, subject to approval by our Board and any restrictions contained in the documents governing our indebtedness.

Prior to the Spectrum Merger, Spectrum repurchased outstanding shares of its common stock in the open market or otherwise. During the years ended September 30, 2018, 2017 and 2016, Spectrum repurchased $288.0 million or 3.0 million shares, $265.0 million or 2.1 million shares, and $52.0 million or 0.5 million shares of its common stock, respectively. Subsequent to the completion of the Spectrum Merger, SBH authorized a new three-year $1 billion common stock repurchase program. The Company has not made any common stock repurchases since the authorization, but anticipates making common stock repurchases in the future. The repurchase of additional shares in the future will depend upon many factors, including SBH's financial condition, liquidity and legal requirements, and may use funds received from its divestitures to support the common stock repurchase program, along with the paydown and restructuring of its debt.

The Company issues share based awards to our employees and our directors as a component of their compensation. All vesting is subject to the recipient's continued employment, except as otherwise permitted by our Compensation Committee or Board of Directors or in certain cases if the employee is terminated without cause or as otherwise provided in an applicable employment agreement. See *Note 17 - Share Based Compensation* of Notes to Consolidated Financial Statements included elsewhere in this Annual Report for additional information. During the years ended September 30, 2018, 2017, and 2016, the Company paid $24.3 million, $40.8 million, and $28.7 million in tax withholding payments on share based compensation plans, net of proceeds received upon vesting.

During the year ended September 30, 2017, Spectrum purchased the remaining 44% non-controlling interest of Shaser, Inc. with a cash payment of $12.6 million. During the year ended September 30, 2016, Spectrum paid $3.2 million of contingent consideration associated with its acquisition of Salix. Refer to the *Note 4 - Acquisitions* to the Consolidated Financial Statements included elsewhere in this Annual Report for additional information.

Liquidity Outlook

The Company's ability to make principal and interest payments on its senior notes and borrowings under its U.S. and foreign credit facilities and its ability to fund planned capital expenditures will depend on its ability to generate cash in the future, which, to a certain extent, is subject to general economic, financial, competitive, regulatory and other conditions. Based on its current level of operations, the Company believes that its existing cash balances and expected cash flows from operations will be sufficient to meet its operating requirements for at least the next 12 months. However, the Company may request borrowings under its credit facilities and seek alternative forms of financing or additional investments to achieve its longer-term strategic plans. At September 30, 2018, there are no significant foreign cash balances available for repatriation.

Subsequent to December 30, 2018, the Company completed its divestitures of GBL and GAC, resulting in net cash proceeds of $2,871.8 million.

On January 4, 2019, the Company completed the prepayment in full of its Term Loans of $1,228.5 million, plus accrued interest, using cash proceeds received from the GBL divestiture, and on January 30, 2019, the Company completed the prepayment of $890 million of 7.75% senior notes and premium payment of $17.2 million upon redemption, plus accrued interest, using cash proceeds received from the GBL and GAC divestitures.

On March 21, 2019, the Company completed the prepayment of $285.0 million out of $570.0 million aggregate principal amount of its 6.625% Senior Notes due 2022 at a price of 102.2083% of the principal amount thereof, plus accrued and unpaid interest thereon to the redemption date, in part using cash proceeds received from the divestitures. The Company may use incremental portions of its proceeds to further pay down debt, fund treasury stock purchases, or fund future operations and/or acquisitions.

Off-Balance Sheet Arrangements

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

Contractual Obligations & Other Commercial Commitments

The following table summarizes our contractual obligations as of September 30, 2018 and the effect such obligations are expected to have on our liquidity and cash flow in future periods:

	Contractual Payments Due by Period				
(in millions)	**Total**	**Less than 1 year**	**1 to 3 years**	**3 to 5 years**	**Thereafter**
Debt, excluding capital lease obligations[1]	$ 4,553.5	$ 17.6	$ 105.2	$ 2,116.0	$ 2,314.7
Interest payments excluding capital lease obligations[2]	1,258.9	256.0	509.5	288.9	204.5
Capital lease obligations[3]	283.5	17.4	37.3	31.8	197.0
Operating lease obligations[4]	82.2	22.8	31.3	17.5	10.6
Employee benefit obligations[5]	94.6	8.0	16.9	17.6	52.1
Letters of credit[6]	20.7	20.7	—	—	—
Total Contractual Obligations	$ 6,293.4	$ 342.5	$ 700.2	$ 2,471.8	$ 2,778.9

(1) See *Note 11 - Debt* of the Notes to the Consolidated Financial Statements included elsewhere in the Annual Report.
(2) Interest payments on debt subject to variable interest rates are based upon annualized interest rates as of September 30, 2018. See *Note 11- Debt* of the Notes to the Consolidated Financial Statements included elsewhere in the Annual Report.
(3) Capital lease payments due by fiscal year include executory costs and imputed interest not reflected in the Consolidated Statements of Financial Position. See *Note 11 - Debt* of the Notes to the Consolidated Financial Statements included elsewhere in the Annual Report.
(4) Operating lease payments due by fiscal year are not reflected in the Consolidated Statements of Financial Position. See *Note 12 – Leases* of the Notes to the Consolidated Financial Statements included elsewhere in the Annual Report.
(5) Employee benefit obligations represent the sum of our estimated future minimum required funding for our qualified defined benefit plans based on actuarially determined estimates and projected future benefit payments from our unfunded postretirement plans. See *Note 14 - Employee Benefit Plans* of the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report.
(6) Standby letters of credit that back the performance of our entities under various credit facilities, insurance policies and lease arrangements.

At September 30, 2018, our Consolidated Statements of Financial Position includes reserves for both uncertain tax positions and deemed mandatory repatriation of post-1986 undistributed foreign subsidiary earnings and profits due to the Tax Reform Act enacted on December 22, 2017. However, it is not possible to predict or estimate the amount and timing of payments and have been excluded from the obligations above. The Company cannot reasonably predict the ultimate outcome of income tax audits currently in progress for certain of our companies; however, it is reasonably possible that during the next 12 months, some portion of our unrecognized tax benefits could be recognized. The mandatory repatriation tax is payable over 8 years, with the first payment due January 2019 and the company has recognized $5.9 million of the repatriation liability as Other Current Liabilities and $67.2 million as Other Long-Term Liabilities on the Consolidated Statement of Financial Position as of September 30, 2018. See *Note 15 - Income Taxes* of the Notes to the Consolidated Financial Statements included elsewhere in this Annual Report.

Critical Accounting Policies and Estimates

Our Consolidated Financial Statements have been prepared in accordance with GAAP and fairly present our financial position and results of operations. The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The Company bases its accounting estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances, and evaluates its estimates on an ongoing basis. The following policies are considered by management to be the most critical to understanding the judgments that are involved in the preparation of our consolidated financial statements and the uncertainties that could impact our results of operations, financial position and cash flows. The application of these accounting policies requires judgment and use of assumptions as to future events and outcomes that are uncertain and, as a result, actual results could differ from these estimates. Refer to *Note 2 - Significant Accounting Policies and Practices* of Notes to the Consolidated Financial Statements for all relevant accounting policies.

Goodwill, Intangible Assets and Other Long-Lived Assets

The Company's goodwill, intangible assets and tangible fixed assets are stated at historical cost, net of depreciation and amortization, less any provision for impairment. Intangible and tangible assets with determinable lives are amortized or depreciated on a straight line basis over estimated useful lives. Refer to *Note 2 - Significant Accounting Policies and Practices* of Notes to the Consolidated Financial Statements for more information about useful lives.

On an annual basis, or more frequently if triggering events occur, the Company compares the estimated fair value of its reporting units to the carrying value to determine if potential goodwill impairment exists. Our reporting units are consistent with our operating segments. See *Note 19 - Segment Information* of Notes to the Consolidated Financial Statements for further discussion of operating and reporting segments. If the fair value of a reporting unit is less than its carrying value, an impairment loss is recorded for the difference between the fair value of the reporting unit goodwill and its carrying value. The estimated fair value represents the amount at which a reporting unit could be bought or sold in a current transaction between willing parties on an arms-length basis. In estimating the fair value of the reporting unit, we used a discounted cash flows methodology, which requires us to estimate future revenues, expenses, and capital expenditures and make assumptions about our weighted average cost of capital and perpetuity growth rate, among other variables. We test the aggregate estimated fair value of our reporting units by comparison to our total market capitalization, including both equity and debt capital. The fair value of HHI, PET, and H&G reporting units exceeded their carrying value by 89%, 22%, and 222%, respectively, and did not recognize an impairment or deem the respective reporting units as 'at risk' of impairment.

In addition to goodwill, the Company has indefinite-lived intangible assets that consist of acquired tradenames. On an annual basis, or more frequently if triggering events occur, the Company compares the estimated fair value of the identified trade names to the carrying value to determine if potential impairment exists. If the fair value is less than its carrying value, an impairment loss is recorded for the excess. The fair value of indefinite-lived intangible assets is determined using an income approach, the relief-from-royalty methodology, which requires us to make estimates and assumptions about future revenues, royalty rates, and the discount rate, among others. During the year ended September 30, 2018, the Company recognized $20.3 million impairment on indefinite life intangible assets due to the reduction in value of certain tradenames associated with the PET segment driven by lost sales volumes attributable to the safety recall and increased market competition. With the recognition of the impairment, the respective intangible assets were adjusted to their determined fair value, leaving no excess fair value as of the measurement date and risk of further impairment.

The Company also reviews other definite-lived intangible assets and tangible fixed assets for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Circumstances such as the discontinuation of a product or product line, a sudden or consistent decline in the sales forecast for a product, changes in technology or in the way an asset is being used, a history of operating or cash flow losses or an adverse change in legal factors or in the business climate, among others, may trigger an impairment review. If such indicators are present, the Company performs undiscounted cash flow analyses to determine if impairment exists. The asset value would be deemed impaired if the undiscounted cash flows expected to be generated by the asset did not exceed the carrying value of the asset. If impairment is determined to exist, any related impairment loss is calculated based on fair value. There were no triggering events identified during the year that necessitated an impairment test of definite-lived assets. No impairment loss was recognized on definite-lived assets.

During the year ended September 30, 2018, the HPC reporting unit was identified as a component of discontinued operations while it was marketed for sale and the net assets were recognized as held for sale, including its goodwill. While HPC was held for sale, there were no impairments of the net assets of the HPC business identified or recognized. Subsequent to September 30, 2018, the Company ceased its plan to sell the business and retroactively recasted its historical financial statements to reflect the HPC business as a component of continuing operations. There was no impairment on goodwill, indefinite lived assets, or long-lived assets with the Company's change in plan and the deferral of depreciation and amortization associated with long-lived assets while the business was held for sale was recognized subsequent to the year ended September 30, 2018 in the period in which the change in plan was realized by the Company.

A considerable amount of judgment and assumptions are required in performing the impairment tests, principally in determining the fair value of each reporting unit and assets subject to impairment testing. While the Company believes its judgments and assumptions are reasonable, different assumptions could change the estimated fair value and therefore, additional impairment charges could be required. The Company is subject to financial statement risk in the event that business or economic conditions unexpectedly decline and impairment is realized.

Income Taxes

The Company is subject to income taxes in the U.S. and numerous foreign jurisdictions. Significant judgment is required in determining our worldwide provision for income taxes and recording the related deferred tax assets and liabilities.

The Company assesses its income tax positions and records tax liabilities for all years subject to examination based upon management's evaluation of the facts and circumstances and information available for reporting. For those income tax positions where it is more-likely-than-not that a tax benefit will be sustained upon conclusion of an examination, the Company has recorded a reserve based upon the largest amount of tax benefit having a cumulatively greater than 50% likelihood of being realized upon ultimate settlement with the applicable taxing authority assuming that it has full knowledge of all relevant information. For those income tax positions where it is more-likely-than-not that a tax benefit will not be sustained, the Company did not recognize a tax benefit. As of September 30, 2018, the total amount of unrecognized tax benefits, including interest and penalties, that if not recognized, would affect the effective tax rate in future periods was $17.8 million. Our effective tax rate includes the impact of income tax reserves and changes to those reserves when considered appropriate. A number of years may elapse before a particular matter for which we have established a reserve is finally resolved. Unfavorable settlement of any particular issue may require the use of cash or a reduction in our net operating loss carryforwards. Favorable resolution would be recognized as a reduction to the effective rate in the year of resolution.

The Company recognizes deferred tax assets and liabilities for future tax consequences attributable to differences between financial statement carrying amounts of existing assets and liabilities and their respective tax bases, net operating losses, tax credit, and other carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The Company does not adjust its measurement for proposed future tax rate changes that have not yet been enacted into law. The Company regularly reviews its deferred tax assets for recoverability and establishes a valuation allowance based on historical losses, projected future taxable income, expected timing of the reversals of existing temporary differences, and ongoing prudent and feasible tax planning strategies. We base these estimates on projections of future income, including tax planning strategies, in certain jurisdictions. Changes in industry conditions and other economic conditions may impact our ability to project future income. Should we determine that we would not be able to realize all or part of our net deferred tax asset in the future, an adjustment to the deferred tax asset would be charged to income in the period we make that determination.

As of September 30, 2018, we have U.S. federal net operating loss carryforwards ("NOLs") of $2,427.2 million, with a federal tax benefit of $509.7 million, future tax benefits related to state NOLs of $108.3 million and capital loss carryforwards of $442.2 million with a federal and state tax benefit of $104.1 million. Our total valuation allowance for the tax benefit of deferred tax assets that may not be realized is $282.6 million at September 30, 2018. Of this amount, $247.3 million relates to U.S. net deferred tax assets and $35.3 million relates to foreign net deferred tax assets. We estimate that $156.5 million of valuation allowance related to domestic deferred tax assets cannot be released regardless of the amount of domestic operating income generated due to both prior period ownership changes that limit the amount of NOLs we can use and legal limitations on the use of capital losses and foreign tax credits.

As of September 30, 2018, we have provided no significant residual US taxes on earnings not yet taxed in the U.S. As of September 30, 2018, we project $6.1 million of additional tax from non-U.S. withholding and other taxes expected to be incurred on repatriation of foreign earnings.

See *Note 15 - Income Taxes* of Notes to the Consolidated Financial Statements elsewhere included in this Annual Report.

New Accounting Pronouncements

See *Note 2 – Significant Accounting Policies and Practices* of Notes to the Consolidated Financial Statements elsewhere included in this Annual Report for information about recent accounting pronouncements not yet adopted.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The information required for this Item is included in this Annual Report on Form 10-K within Item 15, Exhibits, Financial Statements and Schedules, and is incorporated herein by reference. This report is a combined report of SBH and SB/RH. The notes to the consolidated financial statements include consolidated SBH Notes and certain information related to SB/RH.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENTS AND SCHEDULES

(a) The following documents are filed as part of or are included in this Annual Report on Form 10-K:

1. The financial statements of Spectrum Brands Holdings, Inc. and SB/RH Holdings, LLC listed in the Index to Consolidated Financial Statements and Financial Statement Schedule, filed as part of this Annual Report on Form 10-K.

2. The financial statement schedule of Spectrum Brands Holdings, Inc. and SB/RH Holdings, LLC listed in the Index to Consolidated Financial Statements and Financial Statement Schedule, filed as part of this Annual Report on Form 10-K.

3. The exhibits listed in the Exhibit Index filed as part of this Annual Report on Form 10-K.

Exhibit 99.6

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULE

This report is a combined report of Spectrum Brands Holdings, Inc. ("SBH") and SB/RH Holdings, LLC ("SB/RH"). The notes to the consolidated financial statements include consolidated SBH footnotes and certain footnotes related to SB/RH.

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Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Spectrum Brands Holdings, Inc.:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of Spectrum Brands Holdings, Inc. (formerly HRG Group, Inc.) and subsidiaries (the Company) as of September 30, 2018 and 2017, the related consolidated statements of income, comprehensive income (loss), shareholders' equity, and cash flows for each of the years in the three year period ended September 30, 2018, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three year period ended September 30, 2018, in conformity with U.S. generally accepted accounting principles.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Company's internal control over financial reporting as of September 30, 2018, based on criteria established *in Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission, and our report dated November 23, 2018 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 2011.

Milwaukee, Wisconsin
November 23, 2018
except for the effects of changes in discontinued operations, as discussed in Notes 1, 3, 9, 10, 11, 13, and subsequent events as discussed in Note 23, as to which the date is April 5, 2019

Exhibit 99.6

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholder
SB/RH Holdings, LLC:

Opinion on the Consolidated Financial Statements

We have audited the accompanying consolidated statements of financial position of SB/RH Holdings, LLC and subsidiaries (the Company) as of September 30, 2018 and 2017, the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the years in the three-year period ended September 30, 2018, and the related notes (collectively, the consolidated financial statements). In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Company as of September 30, 2018 and 2017, and the results of its operations and its cash flows for each of the years in the three-year period ended September 30, 2018, in conformity with U.S. generally accepted accounting principles.

Basis for Opinion

These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We are a public accounting firm registered with the Public Company Accounting Oversight Board (United States) (PCAOB) and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement, whether due to error or fraud. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. As part of our audits, we are required to obtain an understanding of internal control over financial reporting but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion.

Our audits included performing procedures to assess the risks of material misstatement of the consolidated financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ KPMG LLP

We have served as the Company's auditor since 1997.

Milwaukee, Wisconsin
November 23, 2018
except for the effects of changes in discontinued operations, as discussed in Notes 1, 3, 9, 10, 11, 13, and subsequent events as discussed in Note 23, as to which the date is April 5, 2019

SPECTRUM BRANDS HOLDINGS, INC.
Consolidated Statements of Financial Position
September 30, 2018 and 2017
(in millions, except per share figures)

(in millions)	2018	2017
Assets		
Cash and cash equivalents	$ 552.5	$ 270.1
Trade receivables, net	317.1	365.4
Other receivables	51.7	28.9
Inventories	583.6	587.8
Prepaid expenses and other current assets	63.2	62.5
Current assets of business held for sale	2,402.6	30,823.3
Total current assets	3,970.7	32,138.0
Property, plant and equipment, net	500.0	499.0
Deferred charges and other	231.8	45.0
Goodwill	1,454.7	1,461.8
Intangible assets, net	1,641.8	1,719.5
Total assets	$ 7,799.0	$ 35,863.3
Liabilities and Shareholders' Equity		
Current portion of long-term debt	$ 26.9	$ 169.8
Accounts payable	584.7	558.3
Accrued wages and salaries	55.1	66.0
Accrued interest	65.0	78.1
Other current liabilities	159.4	173.1
Current liabilities of business held for sale	537.6	26,861.4
Total current liabilities	1,428.7	27,906.7
Long-term debt, net of current portion	4,624.3	5,522.7
Deferred income taxes	35.0	415.8
Other long-term liabilities	121.4	71.2
Total liabilities	6,209.4	33,916.4
Commitments and contingencies (Note 18)		
Shareholders' equity		
Common Stock, $0.01 par value: Authorized - 200.0 and 500.0 shares; 53.4 and 200.6 shares issued and outstanding, respectively.	0.5	2.0
Additional paid-in capital	1,996.7	1,372.9
Accumulated deficit	(180.1)	(925.9)
Accumulated other comprehensive (loss) income, net of tax	(235.8)	309.0
Total shareholders' equity	1,581.3	758.0
Noncontrolling interest	8.3	1,188.9
Total equity	1,589.6	1,946.9
Total liabilities and equity	$ 7,799.0	$ 35,863.3

See accompanying notes to the consolidated financial statements

SPECTRUM BRANDS HOLDINGS, INC.
Consolidated Statements of Income
Years ended September 30, 2018, 2017 and 2016
(in millions, except per share figures)

(in millions, except per share)	2018	2017	2016
Net sales	$ 3,808.7	$ 3,705.4	$ 3,745.3
Investment income	—	1.1	8.9
Revenue	3,808.7	3,706.5	3,754.2
Cost of goods sold	2,470.8	2,369.6	2,380.8
Restructuring and related charges	3.6	0.5	0.4
Gross profit	1,334.3	1,336.4	1,373.0
Selling	607.2	578.1	673.4
General and administrative	350.7	355.2	286.4
Research and development	44.6	44.6	44.1
Acquisition and integration related charges	15.3	17.7	22.1
Restructuring and related charges	72.0	37.0	9.8
Write-off from impairment of goodwill	—	—	10.7
Write-off from impairment of intangible assets	20.3	16.3	4.7
Total operating expenses	1,110.1	1,048.9	1,051.2
Operating income	224.2	287.5	321.8
Interest expense	264.0	310.4	336.9
Other non-operating (income) expense, net	(4.1)	5.0	(7.2)
Loss from continuing operations before income taxes	(35.7)	(27.9)	(7.9)
Income tax benefit	(462.7)	(11.8)	(52.8)
Net income (loss) from continuing operations	427.0	(16.1)	44.9
Income (loss) from discontinued operations, net of tax	445.0	289.3	(78.8)
Net income (loss)	872.0	273.2	(33.9)
Net income attributable to non-controlling interest	103.7	167.2	164.9
Net income (loss) attributable to controlling interest	$ 768.3	$ 106.0	$ (198.8)
Amounts attributable to controlling interest			
Net income (loss) from continuing operations attributable to controlling interest	$ 356.5	$ (90.6)	$ (59.1)
Net income (loss) from discontinued operations attributable to controlling interest	411.8	196.6	(139.7)
Net income (loss) attributable to controlling interest	$ 768.3	$ 106.0	$ (198.8)
Earnings Per Share			
Basic earnings per share from continuing operations	$ 9.64	$ (2.81)	$ (1.85)
Basic earnings per share from discontinued operations	11.15	6.10	(4.36)
Basic earnings per share	$ 20.79	$ 3.29	$ (6.21)
Diluted earnings per share from continuing operations	$ 9.62	$ (2.81)	$ (1.85)
Diluted earnings per share from discontinued operations	11.12	6.10	(4.36)
Diluted earnings per share	$ 20.74	$ 3.29	$ (6.21)
Weighted Average Shares Outstanding			
Basic	36.9	32.2	32.0
Diluted	37.0	32.2	32.0

See accompanying notes to the consolidated financial statements.

SPECTRUM BRANDS HOLDINGS, INC.
Consolidated Statements of Comprehensive Income
Years ended September 30, 2018, 2017 and 2016
(in millions)

(in millions)	**2018**	**2017**	**2016**
Net income (loss)	$ 872.0	$ 273.2	$ (33.9)
Other comprehensive income (loss)			
Foreign currency translation (loss) gain	(52.0)	32.0	(6.2)
Deferred tax effect	7.9	(3.1)	(2.3)
Deferred tax valuation allowance	(0.2)	0.2	—
Net unrealized loss on foreign currency translation	(44.3)	29.1	(8.5)
Unrealized gain on derivative instruments			
Unrealized gain (loss) on hedging activity before reclassification	16.4	(31.6)	11.1
Net reclassification for loss (gain) to income from continuing operations	8.5	(5.7)	(3.1)
Net reclassification for (gain) loss to income from discontinued operations	(1.6)	(5.1)	2.0
Unrealized gain on hedging instruments after reclassification	23.3	(42.4)	10.0
Deferred tax effect	(7.1)	13.3	(2.8)
Deferred tax valuation allowance	—	—	(0.1)
Net unrealized gain on hedging derivative instruments	16.2	(29.1)	7.1
Defined benefit pension gain			
Defined benefit pension (loss) gain before reclassification	(3.0)	23.5	(41.7)
Net reclassification for loss to income from continuing operations	4.6	4.3	1.9
Net reclassification for loss to income from discontinued operations	0.7	1.2	0.5
Defined benefit pension gain (loss) after reclassification	2.3	29.0	(39.3)
Deferred tax effect	1.5	(8.5)	10.9
Deferred tax valuation allowance	—	—	(0.1)
Net defined benefit pension gain (loss)	3.8	20.5	(28.5)
Unrealized investment gain			
Unrealized investment gain before reclassification	26.0	176.5	784.5
Net reclassification for (gain) loss to income from discontinued operations	(6.3)	17.9	8.8
Unrealized gain on investments after reclassification	19.7	194.4	793.3
Adjustments to intangible assets	(0.9)	(40.3)	(258.3)
Deferred tax effect	(6.7)	(54.5)	(185.7)
Net unrealized gain on investments	12.1	99.6	349.3
Change in non-credit related other-than-temporary impairment	—	—	(1.4)
Deconsolidation of HRG insurance operations	(445.9)	—	—
Net change to derive comprehensive income for the period	(458.1)	120.1	318.0
Comprehensive income	413.9	393.3	284.1
Comprehensive (loss) income attributable to non-controlling interest	(2.8)	195.2	220.9
Comprehensive income attributable to controlling interest	$ 416.7	$ 198.1	$ 63.2

See accompanying notes to the consolidated financial statements

SPECTRUM BRANDS HOLDINGS, INC.
Consolidated Statements of Shareholders' Equity
Years ended September 30, 2018, 2017 and 2016
(in millions)

(in millions)	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholders' Equity	Non-controlling Interest	Total Equity
Balances at September 30, 2015	201.4	$ 2.0	$ 1,458.5	$ (833.1)	$ (40.7)	$ 586.7	$ 1,001.4	$ 1,588.1
Net loss from continuing operations	—	—	—	(59.1)	—	(59.1)	104.0	44.9
Income from discontinued operations, net of tax	—	—	—	(139.7)	—	(139.7)	60.9	(78.8)
Other comprehensive loss, net of tax	—	—	—	—	262.0	262.0	56.0	318.0
Purchase of subsidiary stock	—	—	(34.6)	—	(0.4)	(35.0)	(19.5)	(54.5)
Exercise of stock options	0.6	—	4.4	—	—	4.4	—	4.4
Share based compensation	—	—	42.9	—	—	42.9	21.4	64.3
Restricted stock surrendered for tax withholding	(1.2)	—	(24.1)	—	—	(24.1)	(4.6)	(28.7)
Dividend paid by subsidiary to NCI	—	—	—	—	—	—	(40.5)	(40.5)
Balances at September 30, 2016	200.8	2.0	1,447.1	(1,031.9)	220.9	638.1	1,179.1	1,817.2
Net income from continuing operations	—	—	—	(90.6)	—	(90.6)	74.5	(16.1)
Income from discontinued operations, net of tax	—	—	—	196.6	—	196.6	92.7	289.3
Other comprehensive loss, net of tax	—	—	—	—	92.1	92.1	28.0	120.1
Purchase of subsidiary stock	—	—	(113.2)	—	(4.0)	(117.2)	(136.0)	(253.2)
Exercise of stock options	0.7	—	6.5	—	—	6.5	—	6.5
Share based compensation	—	—	49.0	—	—	49.0	30.6	79.6
Restricted stock surrendered for tax withholding	(0.9)	—	(30.4)	—	—	(30.4)	(10.4)	(40.8)
Purchase of NCI by subsidiary	—	—	13.9	—	—	13.9	(26.4)	(12.5)
Dividend paid by subsidiary to NCI	—	—	—	—	—	—	(43.2)	(43.2)
Balances as of September 30, 2017	200.6	2.0	1,372.9	(925.9)	309.0	758.0	1,188.9	1,946.9
Net income from continuing operations	—	—	—	356.5	—	356.5	70.5	427.0
Income from discontinued operations, net of tax	—	—	—	411.8	—	411.8	33.2	445.0
Other comprehensive loss, net of tax	—	—	—	—	(9.4)	(9.4)	(2.8)	(12.2)
Sale and deconsolidation of HRG - Insurance Operations	—	—	—	—	(445.9)	(445.9)	(446.4)	(892.3)
Purchase of subsidiary stock	—	—	(117.3)	—	(5.7)	(123.0)	(165.0)	(288.0)
Exercise of stock options and warrants	2.6	—	20.7	—	—	20.7	—	20.7
Restricted stock issued and related tax withholdings	—	—	(6.7)	—	—	(6.7)	(2.7)	(9.4)
Share based compensation	—	—	3.7	—	—	3.7	(0.4)	3.3
Dividend paid to common shareholders	—	—	—	(22.5)	—	(22.5)	—	(22.5)
Dividend paid by subsidiary to NCI	—	—	—	—	—	—	(28.6)	(28.6)
Reverse stock split adjustment	(170.4)	(1.7)	1.7	—	—	—	—	—
Spectrum Merger share exchange	20.6	0.2	721.7	—	(83.8)	638.1	(638.4)	(0.3)
Balances as of September 30, 2018	53.4	$ 0.5	$ 1,996.7	$ (180.1)	$ (235.8)	$ 1,581.3	$ 8.3	$ 1,589.6

See accompanying notes to the consolidated financial statements

SPECTRUM BRANDS HOLDINGS, INC.
Consolidated Statements of Cash Flows
Years ended September 30, 2018, 2017 and 2016
(in millions)

(in millions)	2018	2017	2016
Cash flows from operating activities			
Net (loss) income	$ 872.0	$ 273.2	$ (33.9)
Income (loss) from discontinued operations, net of tax	445.0	289.3	(78.8)
Net income (loss) from continuing operations	427.0	(16.1)	44.9
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	125.3	147.3	136.7
Share based compensation	11.9	54.2	71.1
Write-off from impairment of goodwill	—	—	10.7
Write-off from impairment of intangible assets	20.3	16.3	4.7
Purchase accounting inventory adjustment	0.8	3.3	—
Pet safety recall inventory write-off	4.1	15.0	—
Amortization of debt issuance costs and debt discount	19.6	17.4	21.1
Write-off of unamortized discount and debt issuance costs	—	2.6	5.8
Gain on extinguishment of debt	—	—	(8.0)
Net recognized losses on investments and derivatives	—	—	1.2
Dividend from subsidiaries classified as discontinued operations	3.1	12.2	12.2
Deferred tax benefit	(556.5)	(32.5)	(89.2)
Net changes in operating assets and liabilities			
Receivables	21.4	(28.8)	23.7
Inventories	(9.2)	(24.5)	40.4
Prepaid expenses and other current assets	22.3	(7.9)	(1.4)
Accounts payable and accrued liabilities	65.7	148.9	(62.8)
Other	(38.7)	(31.3)	8.6
Net cash provided by operating activities from continuing operations	117.1	276.1	219.7
Net cash provided by operating activities from discontinued operations	226.2	564.1	693.5
Net cash provided by operating activities	343.3	840.2	913.2
Cash flows from investing activities			
Purchases of property, plant and equipment	(75.9)	(81.8)	(73.7)
Proceeds from sales of property, plant and equipment	4.2	4.6	19.6
Business acquisitions, net of cash acquired	—	(304.7)	—
Proceeds from sale of HRG Insurance Operations	1,546.8	—	—
Proceeds from investments sold, matured or repaid	—	—	35.1
Net asset based on repayments	—	30.9	170.9
Other investing activities, net	(0.5)	(2.8)	(1.1)
Net cash provided (used) by investing activities from continuing operations	1,474.6	(353.8)	150.8
Net cash used by investing activities from discontinued operations	(201.9)	(1,248.7)	(1,042.2)
Net cash provided (used) by investing activities	1,272.7	(1,602.5)	(891.4)
Cash flows from financing activities			
Proceeds from issuance of debt	19.6	315.6	485.0
Payment of debt	(1,075.9)	(257.7)	(1,093.6)
Payment of debt issuance costs	(0.4)	(7.0)	(9.3)
Treasury stock purchases	—	—	(52.0)
Purchases of subsidiary stock, net	(288.0)	(252.5)	—
Dividends paid to shareholders	(22.4)	—	—
Dividends paid by subsidiary to non-controlling interest	(28.6)	(39.9)	(37.3)
Share based award tax withholding payments, net of proceeds upon vesting	(24.3)	(40.8)	(28.8)
Other financing activities, net	20.7	(6.1)	3.0
Net cash used by financing activities from continuing operations	(1,399.3)	(288.4)	(733.0)
Net cash provided by financing activities from discontinued operations	110.4	871.4	881.7
Net cash (used) provided by financing activities	(1,288.9)	583.0	148.7
Effect of exchange rate changes on cash and cash equivalents on Venezuela devaluation	(0.4)	(0.4)	—
Effect of exchange rate changes on cash and cash equivalents	(6.6)	3.1	(1.3)
Net change in cash and cash equivalents	320.1	(176.6)	169.2
Net change in cash and cash equivalents in discontinued operations	37.7	18.5	347.2
Net change in cash and cash equivalents in continuing operations	282.4	(195.1)	(178.0)
Cash and cash equivalents, beginning of period	270.1	465.2	643.2
Cash and cash equivalents, end of period	$ 552.5	$ 270.1	$ 465.2
Supplemental disclosure of cash flow information			
Cash paid for interest	$ 314.1	$ 323.5	$ 397.7
Cash paid for taxes	$ 53.8	$ 37.5	$ 35.9
Non cash investing activities			
Acquisition of property, plant and equipment through capital leases	$ 4.5	$ 106.0	$ 29.3

See accompany notes to the consolidated financial statements

SB/RH Holdings, LLC
Consolidated Statements of Financial Position
September 30, 2018 and 2017
(in millions)

(in millions)	2018	2017
Assets		
Cash and cash equivalents	$ 505.4	$ 168.2
Trade receivables, net	317.1	365.4
Other receivables	95.1	27.9
Inventories	583.6	587.8
Prepaid expenses and other current assets	62.9	61.9
Current assets of business held for sale	2,402.6	2,497.1
Total current assets	3,966.7	3,708.3
Property, plant and equipment, net	500.0	498.2
Deferred charges and other	74.2	29.8
Goodwill	1,454.7	1,461.8
Intangible assets, net	1,641.8	1,719.4
Total assets	$ 7,637.4	$ 7,417.5
Liabilities and Shareholder's Equity		
Current portion of long-term debt	$ 546.9	$ 27.8
Accounts payable	584.7	556.8
Accrued wages and salaries	55.4	60.5
Accrued interest	55.0	48.6
Other current liabilities	152.3	166.3
Current liabilities of business held for sale	537.6	510.6
Total current liabilities	1,931.9	1,370.6
Long-term debt, net of current portion	3,686.4	3,731.3
Deferred income taxes	287.0	415.8
Other long-term liabilities	120.4	64.4
Total liabilities	6,025.7	5,582.1
Commitments and contingencies (Note 18)		
Shareholder's equity		
Other capital	2,073.0	2,079.0
Accumulated deficit	(235.5)	(42.8)
Accumulated other comprehensive loss, net of tax	(235.7)	(209.6)
Total shareholder's equity	1,601.8	1,826.6
Noncontrolling interest	9.9	8.8
Total equity	1,611.7	1,835.4
Total liabilities and equity	$ 7,637.4	$ 7,417.5

See accompanying notes to the consolidated financial statements

Exhibit 99.6

SB/RH Holdings, LLC
Consolidated Statements of Income
Years ended September 30, 2018, 2017 and 2016
(in millions)

(in millions)	2018	2017	2016
Revenue	$ 3,808.7	$ 3,705.4	$ 3,745.3
Cost of goods sold	2,470.8	2,369.6	2,380.8
Restructuring and related charges	3.6	0.5	0.4
Gross profit	1,334.3	1,335.3	1,364.1
Selling	607.2	578.0	581.7
General and administrative	272.6	300.5	291.4
Research and development	44.6	44.6	44.1
Acquisition and integration related charges	15.3	17.7	22.2
Restructuring and related charges	72.0	37.0	9.8
Write-off from impairment of intangible assets	20.3	16.3	4.7
Total operating expenses	1,032.0	994.1	953.9
Operating income	302.3	341.2	410.2
Interest expense	167.0	161.8	184.4
Other non-operating expense, net	5.2	5.8	6.2
Income from continuing operations before income taxes	130.1	173.6	219.6
Income tax benefit	(76.8)	(8.6)	(33.4)
Net income from continuing operations	206.9	182.2	253.0
(Loss) income from discontinued operations, net of tax	(24.0)	119.0	99.3
Net income	182.9	301.2	352.3
Net income attributable to non-controlling interest	1.4	1.3	0.4
Net income attributable to controlling interest	$ 181.5	$ 299.9	$ 351.9
Amounts attributable to controlling interest			
Net income from continuing operations attributable to controlling interest	$ 205.5	$ 180.9	$ 252.6
Net (loss) income from discontinued operations attributable to controlling interest	(24.0)	119.0	99.3
Net income attributable to controlling interest	$ 181.5	$ 299.9	$ 351.9

See accompanying notes to the consolidated financial statements

SB/RH Holdings, LLC
Consolidated Statements of Comprehensive Income
Years ended September 30, 2018, 2017 and 2016
(in millions)

(in millions)	2018	2017	2016
Net income	$ 182.9	$ 301.2	$ 352.3
Other comprehensive (loss) income			
Foreign currency translation (loss) gain	(52.0)	32.0	(6.2)
Deferred tax effect	7.9	(3.1)	(2.3)
Deferred tax valuation allowance	(0.2)	0.2	—
Net unrealized (loss) gain on foreign currency translation	(44.3)	29.1	(8.5)
Unrealized gain (loss) on derivative instruments			
Unrealized gain (loss) on hedging activity before reclassification	16.4	(31.6)	11.1
Net reclassification for loss (gain) to income from continuing operations	8.5	(5.7)	(3.1)
Net reclassification for (gain) loss to income from discontinued operations	(1.6)	(5.1)	2.0
Unrealized gain (loss) on hedging instruments after reclassification	23.3	(42.4)	10.0
Deferred tax effect	(7.1)	13.3	(2.8)
Deferred tax valuation allowance	—	—	(0.1)
Net unrealized gain (loss) on hedging derivative instruments	16.2	(29.1)	7.1
Defined benefit pension gain			
Defined benefit pension (loss) gain before reclassification	(3.0)	22.6	(41.4)
Net reclassification for loss to income from continuing operations	2.5	4.3	1.9
Net reclassification for loss to income from discontinued operations	0.7	1.2	0.5
Defined benefit pension gain (loss) after reclassification	0.2	28.1	(39.0)
Deferred tax effect	1.5	(8.5)	10.9
Deferred tax valuation allowance	—	—	(0.1)
Net defined benefit pension gain (loss)	1.7	19.6	(28.2)
Net change to derive comprehensive (loss) income for the period	(26.4)	19.6	(29.6)
Comprehensive income	156.5	320.8	322.7
Comprehensive (loss) income attributable to non-controlling interest	(0.3)	(0.2)	(0.3)
Comprehensive income attributable to controlling interest	$ 156.8	$ 321.0	$ 323.0

See accompanying notes to the consolidated financial statements

SB/RH Holdings, LLC
Consolidated Statements of Shareholder's Equity
Years ended September 30, 2018, 2017 and 2016
(in millions)

(in millions)	Other Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Shareholder's Equity	Non-controlling Interest	Total Equity
Balances at September 30, 2015	$ 1,969.9	$ (246.7)	$ (200.1)	$ 1,523.1	$ 49.7	$ 1,572.8
Net income from continuing operations	—	252.6	—	252.6	0.4	253.0
Income from discontinued operations, net of tax	—	99.3	—	99.3	—	99.3
Other comprehensive loss, net of tax	—	—	(29.3)	(29.3)	(0.3)	(29.6)
Contribution from parent	5.6	—	—	5.6	—	5.6
Restricted stock issued and related tax withholdings	(9.1)	—	—	(9.1)	—	(9.1)
Share based compensation	34.5	—	—	34.5	—	34.5
Dividends paid to parent	—	(97.1)	—	(97.1)	—	(97.1)
Balances at September 30, 2016	2,000.9	8.1	(229.4)	1,779.6	49.8	1,829.4
Net income from continuing operations	—	180.9	—	180.9	1.3	182.2
Income from discontinued operations, net of tax	—	119.0	—	119.0	—	119.0
Other comprehensive income (loss), net of tax	—	—	19.8	19.8	(0.2)	19.6
Purchase of non-controlling interest	29.6	—	—	29.6	(42.1)	(12.5)
Restricted stock issued and related tax withholdings	12.2	—	—	12.2	—	12.2
Share based compensation	36.3	—	—	36.3	—	36.3
Dividends paid to parent	—	(350.8)	—	(350.8)	—	(350.8)
Balances as of September 30, 2017	2,079.0	(42.8)	(209.6)	1,826.6	8.8	1,835.4
Net income from continuing operations	—	205.5	—	205.5	1.4	206.9
Income from discontinued operations, net of tax	—	(24.0)	—	(24.0)	—	(24.0)
Other comprehensive loss, net of tax	—	—	(26.1)	(26.1)	(0.3)	(26.4)
Restricted stock issued and related tax withholdings	(5.0)	—	—	(5.0)	—	(5.0)
Share based compensation	(1.0)	—	—	(1.0)	—	(1.0)
Dividends paid to parent	—	(374.2)	—	(374.2)	—	(374.2)
Balances as of September 30, 2018	$ 2,073.0	$ (235.5)	$ (235.7)	$ 1,601.8	$ 9.9	$ 1,611.7

See accompanying notes to the consolidated financial statements

SB/RH Holdings, LLC
Consolidated Statements of Cash Flows
Years ended September 30, 2018, 2017 and 2016
(in millions)

(in millions)	2018	2017	2016
Cash flows from operating activities			
Net income	$ 182.9	$ 301.2	$ 352.3
(Loss) income from discontinued operations, net of tax	(24.0)	119.0	99.3
Net income from continuing operations	206.9	182.2	253.0
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	124.6	146.8	136.0
Share based compensation	8.8	46.2	52.5
Write-off from impairment of intangible assets	20.3	16.3	4.7
Purchase accounting inventory adjustment	0.8	3.3	—
Pet safety recall inventory write-off	4.1	15.0	—
Amortization of debt issuance costs and debt discount	8.9	8.0	13.9
Write-off of unamortized discount and debt issuance costs	—	2.5	5.8
Deferred tax benefit	(170.9)	(26.6)	(71.2)
Net changes in operating assets and liabilities			
Receivables	(29.7)	(28.8)	23.7
Inventories	(9.2)	(24.5)	40.4
Prepaid expenses and other	22.3	(7.2)	(1.4)
Accounts payable and accrued liabilities	69.5	140.4	(63.0)
Other	(32.7)	(29.6)	(0.4)
Net cash provided by operating activities from continuing operations	223.7	444.0	394.0
Net cash provided by operating activities from discontinued operations	128.8	203.6	207.6
Net cash provided by operating activities	352.5	647.6	601.6
Cash flows from investing activities			
Purchases of property, plant and equipment	(75.9)	(81.8)	(73.5)
Proceeds from sales of property, plant and equipment	4.2	4.6	0.9
Business acquisitions, net of cash acquired	—	(304.7)	—
Other investing activities, net	(0.5)	(2.8)	(1.3)
Net cash used by investing activities from continuing operations	(72.2)	(384.7)	(73.9)
Net cash used by investing activities from discontinued operations	(27.0)	(31.9)	(24.5)
Net cash used by investing activities	(99.2)	(416.6)	(98.4)
Cash flows from financing activities			
Proceeds from issuance of debt	539.6	265.6	498.9
Payment of debt	(69.3)	(229.2)	(871.0)
Payment of debt issuance costs	(0.4)	(5.9)	(9.3)
Payment of cash dividends to parent	(374.2)	(350.8)	(97.2)
Purchase of non-controlling interest	—	(12.6)	—
Payment of contingent consideration	—	—	(3.1)
Net cash provided (used) by financing activities from continuing operations	95.7	(332.9)	(481.7)
Net cash (used) provided by financing activities from discontinued operations	(4.8)	(3.4)	2.8
Net cash provided (used) by financing activities	90.9	(336.3)	(478.9)
Effect of exchange rate changes on cash and cash equivalents on Venezuela devaluation	—	(0.4)	—
Effect of exchange rate changes on cash and cash equivalents	(7.0)	3.1	(1.4)
Net change in cash and cash equivalents	337.2	(102.6)	22.9
Cash and cash equivalents, beginning of period	168.2	270.8	247.9
Cash and cash equivalents, end of period	$ 505.4	$ 168.2	$ 270.8
Supplemental disclosure of cash flow information			
Cash paid for interest	$ 208.4	$ 184.9	$ 283.3
Cash paid for taxes	$ 53.8	$ 37.5	$ 35.4
Non cash investing activities			
Acquisition of property, plant and equipment through capital leases	$ 4.5	$ 106.0	$ 29.3

See accompanying notes to the consolidated financial statements

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 consolidated financial statements that follow include both consolidated SBH and SB/RH Notes, unless otherwise indicated below.

NOTE 1 - DESCRIPTION OF BUSINESS

On July 13, 2018, the Company completed the planned Spectrum Merger. Prior to the Spectrum Merger, SBH was a holding company, doing business as HRG Group, Inc. (“HRG”) and conducting its operations principally through its majority owned subsidiary. Effective as of the date of the Spectrum Merger, management of the organization was assumed by its majority owned subsidiaries, Spectrum Brands Holdings, Inc. (subsequently renamed Spectrum Brands Legacy, Inc.) (“Spectrum”); resulting in HRG changing its name to SBH and changing the ticker symbol for its common stock traded on the New York Stock Exchange (“NYSE”) from the symbol “HRG” to “SPB”. See *Note 4 – Acquisitions* for more information pertaining to the Spectrum Merger.

Prior to the Spectrum Merger, the reportable segments consisted of (i) Consumer Products, which represented HRG’s 62.0% controlling interest in Spectrum, and (ii) Corporate and Other, which presented the holding company at HRG and other subsidiaries of HRG. Effective the date of the merger, the manner in which management views its business activities changed to reflect the reporting segments of Spectrum. See *Note 19 – Segment Information* for further discussion.

The Company is a diversified global branded consumer products company. We manage the businesses in vertically integrated, product-focused segments: (i) Hardware & Home Improvement (“HHI”), (ii) Home and Personal Care (“HPC”), (iii) Pet Supplies (“PET”), and (iv) Home and Garden (“H&G”). The Company manufactures, markets and/or distributes its products globally in the North America (“NA”), Europe, Middle East & Africa (“EMEA”), Latin America (“LATAM”) and Asia-Pacific (“APAC”) regions through a variety of trade channels, including retailers, wholesalers and distributors, and construction companies. We enjoy strong name recognition in our regions under our various brands and patented technologies across multiple product categories. Global and geographic strategic initiatives and financial objectives are determined at the corporate level. Each segment is responsible for implementing defined strategic initiatives and achieving certain financial objectives and has a president or general manager responsible for sales and marketing initiatives and the financial results for all product lines within that segment. See *Note 19 – Segment Information* for more information pertaining to segments of continuing operations. The following is an overview of the consolidated business, by segment, summarizing product types, brands and regions:

Segment	Products	Brands
HHI	*Residential Locksets:* Residential locksets and door hardware including knobs, levers, deadbolts, handlesets, and electronic and connected keyless entry locks for residential and commercial applications. *Plumbing & Accessories:* Kitchen, bath and shower faucets and plumbing products. *Builders' Hardware:* Hinges, metal shapes, security hardware, wire goods, track and sliding door hardware, screen and storm door products, garage door hardware, gate hardware, window hardware and floor protection.	*Residential Locksets:* Kwikset®, Weiser®, Baldwin®, EZSET®, and Tell Manufacturing® *Plumbing & Accessories:* Pfister® *Builders' Hardware:* National Hardware®, FANAL®, Stanley® and Black and Decker®
HPC	*Home Appliances:* Small kitchen appliances including toaster ovens, coffeemakers, slow cookers, blenders, hand mixers, grills, food processors, juicers, toasters, breadmakers, and irons. *Personal Care:* Hair dryers, flat irons and straighteners, rotary and foil electric shavers, personal groomers, mustache and beard trimmers, body groomers, nose and ear trimmers, women's shavers, haircut kits and intense pulsed light hair removal systems.	*Home Appliances:* Black & Decker®, Russell Hobbs®, George Foreman®, Toastmaster®, Juiceman®, Farberware®, and Breadman® *Personal Care:* Remington®
PET	*Companion Animal:* Rawhide chews, dog and cat clean-up, training, health and grooming products, small animal food and care products, rawhide-free dog treats, and wet and dry pet food for dogs and cats. *Aquatics:* Consumer and commercial aquarium kits, stand-alone tanks; aquatics equipment such as filtration systems, heaters and pumps; and aquatics consumables such as fish food, water management and care	*Companion Animal:* 8IN1® (8-in-1), Dingo®, Nature's Miracle®, Wild Harvest™, Littermaid®, Jungle®, Excel®, FURminator®, IAMS® (Europe only), Eukanuba® (Europe only), Healthy-Hide®, DreamBone®, SmartBones®, GloFish®, ProSense®, Perfect Coat®, eCOTRITION®, Birdola® and Digest-eeze®. *Aquatics:* Tetra®, Marineland®, Whisper® and Instant Ocean®.
H&G	*Household:* Household pest control solutions such as spider and scorpion killers; ant and roach killers; flying insect killers; insect foggers; wasp and hornet killers; and bedbug, flea and tick control products. *Controls:* Outdoor insect and weed control solutions, and animal repellents such as aerosols, granules, and ready-to-use sprays or hose-end ready-to-sprays. *Repellents:* Personal use pesticides and insect repellent products, including aerosols, lotions, pump sprays and wipes, yard sprays and citronella candles.	*Household:* Hot Shot®, Black Flag®, Real-Kill®, Ultra Kill®, The Ant Trap® (TAT), and Rid-A-Bug®. *Controls:* Spectracide®, Garden Safe®, Liquid Fence®, and EcoLogic®. *Repellents:* Cutter® and Repel®.

Subsequent to the year ended September 30, 2018, the Company sold its Global Batteries and Lighting (“GBL”) business and Global Auto Care (“GAC”) business to Energizer Holdings, Inc. (“Energizer”) on January 2, 2019 and January 28, 2019, respectively. As a result, the Company’s assets and liabilities associated with GBL and GAC have been classified as held for sale in the accompanying Consolidated Statements of Financial Position and the respective operations have been classified as discontinued operations in the accompanying Consolidated Statement of Income and Statements of Cash Flows. Additionally, the Company had previously recognized its HPC business as held for sale as of September 30, 2018 and subsequently ceased its plan to market and sell the HPC business and retain as part of the Company’s continuing operations. See *Note 3 – Divestitures* for more information on the GBL and GAC assets and liabilities classified as held for sale and discontinued operations and change in presentation for the HPC business. Accordingly, the notes to the consolidated financial statements have been updated to exclude information pertaining to discontinued operations and reflect the only continuing operations of the Company, which includes updates to *Note 1 – Description of Business*, *Note 2 – Significant Accounting Policies and Practices, Note 4 – Acquisitions, Note 5 – Restructuring, Note 6 – Fair Value of Financial Instruments, Note 7 – Receivables, Note 8 –Inventory, Note 9 – Property, Plant and Equipment, Note 10 – Goodwill and Intangible Assets; Note 11 – Debt, Note 12 – Leases, Note 13 – Derivatives, Note 14 – Employee Benefit Plans, Note 15 – Income Taxes, Note 17 – Share Based Compensation, Note 18 – Commitments and Contingencies, Note 19 – Segment Information, Note 20 – Earnings Per Share – SBH , Note 21 – Guarantor Statements – SB/RH, and Note 22 – Quarterly Results (Unaudited).*

NOTE 1 - DESCRIPTION OF BUSINESS (continued)

SB/RH Holdings, LLC

SB/RH is a wholly owned subsidiary of Spectrum and ultimately, SBH. Spectrum Brands, Inc., a wholly-owned subsidiary of SB/RH ("SBI") incurred certain debt guaranteed by SB/RH and domestic subsidiaries of SBI. See *Note 11 - Debt* for more information pertaining to debt. The reportable segments of SB/RH are consistent with the segments of SBH.

HRG – Insurance Operations

On November 30, 2017, Fidelity & Guaranty Life ("FGL"), a former majority owned subsidiary of HRG, completed its merger (the "FGL Merger") with CF Corporation and its related entities (collectively, the "CF Entities") in accordance with its previously disclosed Agreement and Plan of Merger (the "FGL Merger Agreement"). In addition, pursuant to a share purchase agreement, on November 30, 2017, Front Street Re (Delaware) Ltd., a wholly-owned subsidiary of HRG, sold to the CF Entities (such sale, the "Front Street Sale") all of the issued and outstanding shares of its former wholly-owned subsidiaries, Front Street Re Cayman Ltd. and Front Street Re Ltd (collectively, "Front Street", and together with FGL, the "Insurance Operations"). Pursuant to the share purchase agreement, on December 5, 2017, the Company repaid the $92.0 million of notes (such notes, the "HGI Energy Notes") issued by HGI Energy, which were held directly and indirectly by Front Street and FGL. As a result of the completion of the FGL Merger and the Front Street Sale, HRG no longer has any equity interest in FGL or Front Street and HRG's former Insurance Operations business is presented as discontinued operations for prior periods. HRG deconsolidated FGL and Front Street as of November 30, 2017. See *Note 3 – Divestitures* for more information pertaining to the disposition of HRG's former Insurance Operations business.

HRG - Salus

HRG, through its subsidiary, Salus, used a VIE for securitization activities, in which Salus transferred whole loans into a trust or other vehicle such that the assets were legally isolated from the creditors of Salus. Assets held in a trust could only be used to settle obligations of the trust. The creditors of these trusts typically had no recourse to Salus except in accordance with the obligations under standard representations and warranties. When Salus is the servicer of whole loans held in a securitization trust, Salus had the power to direct the most significant activities of the trust. Salus consolidated a whole-loan securitization trust if it had the power to direct the most significant activities and also held securities issued by the trust or had other contractual arrangements, other than standard representations and warranties that could have been significant to the trust.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES

Principles of Consolidation and Fiscal Year End

The consolidated financial statements include the financial statements of the Company and its majority owned subsidiaries and have been prepared in accordance with Accounting Principles Generally Accepted in the United States ("GAAP"). All intercompany transactions have been eliminated.

HRG's fiscal year ends on September 30 and the quarters end on the last calendar day of the months of December, March and June. Spectrum's fiscal year ends September 30 and reports its results using fiscal quarters whereby each three month quarterly reporting period is approximately thirteen weeks in length and ends on a Sunday. The exceptions are the first quarter, which begins on October 1, and the fourth quarter, which ends on September 30. For the year ended September 30, 2018, the fiscal quarters were comprised of the three months ended December 31, 2017, April 1, 2018, July 1, 2018 and September 30, 2018. The Company did not adjust for the difference in the fiscal periods between Spectrum and HRG as such difference would be less than 93 days, pursuant to Regulation S-X Rule 3A-02.

Use of Estimates

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

Assets Held for Sale and Discontinued Operations

The Company reports the results of operations of a business as discontinued operations if a disposal represents a strategic shift that has (or will have) a major effect on an entity's operations and financial results when the business is sold and classified as held for sale, in accordance with the criteria of Accounting Standard Codification ("ASC") Topic 205 *Presentation of Financial Statements* and ASC Topic 360 *Property, Plant and Equipment* ("ASC 360"). The results of discontinued operations are reported in Income From Discontinued Operations, Net of Tax in the accompanying Consolidated Statements of Income for the current and prior periods commencing in the period in which the business meets the criteria of a discontinued operations, and include any gain or loss recognized on closing, or adjustment of the carrying amount to fair value less cost to sell. Assets and liabilities of a business classified as held for sale are recorded at the lower of its carrying amount or estimated fair value less cost to sell. If the carrying amount of the business exceeds its estimated fair value less cost to sell, a loss is recognized. Assets and liabilities related to a business classified as held for sale are segregated in the current and prior balance sheets in the period in which the business is classified as held for sale. Transactions between the businesses held for sale and businesses held for use that are expected to continue to exist after the disposal are not eliminated to appropriately reflect the continuing operations and balances held for sale. If a business is classified as held for sale after the balance sheet date but before the financial statements are issued or are available to be issued, the business continues to be classified as held and used in those financial statements when issued or when available to be issued.

Cash and Cash Equivalents

The Company considers all highly liquid temporary instruments purchased with original maturities of three months or less from date of purchase to be cash equivalents.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

Receivables

Trade accounts receivable are carried at net realizable value. The Company extends credit to its customers based upon an evaluation of the customer's financial condition and credit history, but generally does not require collateral. The Company monitors its customers' credit and financial condition based on changing economic conditions and will make adjustments to credit policies as required. Provisions for losses on uncollectible trade receivables are determined based on ongoing evaluations of the Company's receivables, principally on the basis of historical collection experience and evaluations of the risks of nonpayment or return for a given customer. See *Note 7 - Receivables* for further detail.

Inventories

The Company's inventories are valued at the lower of cost or net realizable value. Cost of inventories is determined using the first-in, first-out (FIFO) method. See *Note 8 - Inventory* for further detail.

Property, Plant and Equipment

Property, plant and equipment are recorded at cost. Depreciation is calculated on the straight-line basis over the estimated useful lives of the assets. Property, plant and equipment held under capital leases are amortized on a straight-line basis over the shorter of the lease term or estimated useful life of the asset; such amortization is included in depreciation expense. The Company uses accelerated depreciation methods for income tax purposes. Useful lives for property, plant and equipment are as follows:

Asset Type	Range
Buildings and improvements	20 - 40 years
Machinery and equipment	2 - 15 years

Expenditures which substantially increase value or extend useful lives are capitalized. Expenditures for maintenance and repairs are charged to operations as incurred. The Company records gains and losses on the disposition or retirement of property, plant and equipment based on the net book value and any proceeds received.

Long-lived fixed assets held and used are reviewed for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be fully recoverable. Circumstances such as the discontinuation of a product or product line, a sudden or consistent decline in the sales forecast for a product, changes in technology or in the way an asset is being used, a history of operating or cash flow losses or an adverse change in legal factors or in the business climate, among others, may trigger an impairment review. If such indicators are present, the Company performs undiscounted cash flow analyses to determine if impairment exists. The asset value would be deemed impaired if the undiscounted cash flows generated did not exceed the carrying value of the asset. If impairment is determined to exist, any related impairment loss is calculated based on fair value. There were no triggering events identified during the year that necessitated an impairment test of property, plant and equity. There was no impairment loss recognized on property, plant and equipment. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. See *Note 9 - Property, plant and equipment* for further detail.

Goodwill

Goodwill reflects the excess of acquisition cost over the aggregate fair value assigned to identifiable net assets acquired. Goodwill is not amortized, but instead is assessed for impairment at least annually and as triggering events or indicators of potential impairment are identified. Goodwill has been assigned to reporting units for purposes of impairment testing based upon the relative fair value of the asset to each reporting unit. Our reporting units are consistent with our segments. See *Note 19 - Segment Information* for further discussion.

The Company performs its annual impairment test in the fourth quarter of its fiscal year. The fair value of each reporting unit is compared to its carrying value, including goodwill. In estimating the fair value of our reporting units, we use a discounted cash flow methodology, which requires us to estimate future revenues, expenses, and capital expenditures and make assumptions about our weighted average cost of capital and perpetuity growth rate, among other variables. We test the aggregate estimated fair value of our reporting units by comparison to our total market capitalization, including both equity and debt capital. If the fair value of a reporting unit is less than its carrying value, an impairment loss would be recognized equal to that excess; however the loss recognized cannot exceed the total amount of goodwill allocated to that reporting unit. See *Note 10 - Goodwill and Intangible Assets* for further detail.

Intangible Assets

Intangible assets are recorded at cost or at estimated fair value if acquired in a business combination. Customer lists, proprietary technology and certain trade name intangibles are amortized, using the straight-line method, over their estimated useful lives. The range and weighted average useful lives for definite-lived intangibles assets are as follows:

Asset Type	Range	Weighted Average
Customer relationships	5 - 20 years	18.5 years
Technology assets	5 - 18 years	12.1 years
Tradenames	6 - 12 years	11.9 years

Definite-lived intangible assets held and used are reviewed for impairment when events or changes in business circumstances indicate that the carrying amount of the assets may not be recoverable. If indicators of potential impairment are identified, the Company performs an undiscounted cash flow analysis to determine if impairment exists. The asset value would be deemed impaired if the undiscounted cash flows expected to be generated by the asset did not exceed its carrying value. If impairment is determined to exist, any related impairment loss is calculated based on fair value. There were no triggering events identified during the years ended September 30, 2018, 2017 and 2016 that necessitated an impairment test of definite-lived intangible assets. There was no impairment loss recognized on definite-lived intangible assets.

Certain trade name intangible assets have an indefinite life and are not amortized; but instead are assessed for impairment at least annually and as triggering events or indicators of potential impairment are identified. The Company performs its annual impairment test in the fourth quarter of its fiscal year. Impairment of indefinite lived intangible assets is assessed by comparing the estimated fair value of the identified trade names to their carrying value to determine if potential impairment exists. If the fair value is less than the carrying value, an impairment loss is recorded for the excess. The fair value of indefinite-lived intangible assets is determined using an income approach, the relief-from-royalty methodology, which requires us to make estimates and assumptions about future revenues, royalty rates, and the discount rate, among others. See *Note 10 - Goodwill and Intangible Assets* for further detail.

Debt Issuance Costs

Debt issuance costs are deferred and amortized to interest expense using the effective interest method over the lives of the related debt agreements. Debt issuance costs were $57.6 million and $76.1 million as of September 30, 2018 and 2017, respectively, and are included in Long Term Debt, Net of Current Portion in the Consolidated Statements of Financial Position. Amortization of debt issuance costs is recognized as Interest Expense in the Consolidated Statements of Income. See *Note 11 - Debt* for further detail.

Financial Instruments

Derivative financial instruments are used by the Company principally in the management of its interest rate, foreign currency exchange rate and raw material price exposures. The Company does not hold or issue derivative financial instruments for trading or speculative purposes. Derivative assets and liabilities are reported at fair value in the Consolidated Statements of Financial Position. When hedge accounting is elected at inception, the Company formally designates the financial instrument as a hedge of a specific underlying exposure and documents both the risk management objectives and strategies for undertaking the hedge. Depending on the nature of derivatives designated as hedging instruments, changes in fair value are either offset against the change in fair value of the hedged assets or liability through earnings, or recognized in equity through other comprehensive income until the hedged item is recognized. Any ineffective portion of a financial instrument's change in fair value is recognized in earnings. For derivatives that do not qualify for hedge accounting treatment, the change in the fair value is recognized in earnings. See *Note 13 - Derivatives* for further detail.

Treasury Stock

Treasury stock purchases are stated at cost and presented as a separate reduction of equity.

Noncontrolling Interest

Noncontrolling interest recognized in the consolidated equity of the Company is the minority interest ownership in equity of a consolidated subsidiary that is not attributable, directly or indirectly, to the parent company, SBH; and recognized separate from shareholders' equity in the Consolidated Statement of Financial Position. Income from a consolidated subsidiary with a minority interest ownership is allocated to the minority interest and considered attributable to the noncontrolling interest in the Consolidated Statement of Income.

Business Combinations and Acquisition Accounting

The Company accounts for acquisitions by applying the acquisition method of accounting when the transaction or event is considered a business combination, which requires that the assets acquired and liabilities assumed constitute a business. A defined business is generally an acquired group of assets with inputs and processes that make it capable of generating a return or economic benefit for the acquirer. The acquisition method of accounting requires, among other things, that the assets acquired and liabilities assumed in a business combination be measured at their fair values as of the closing date of the acquisition. See *Note 4 – Acquisitions* for further detail.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

Revenue Recognition

The Company recognizes revenue from product sales generally upon delivery to the customer, or at the shipping point in situations where the customer picks up the product or where delivery terms so stipulate. This represents the point at which title and risks and rewards of ownership of the product are passed, provided that there are no uncertainties regarding customer acceptance, there is persuasive evidence that an arrangement exists, the price to the buyer is fixed or determinable and ability to collect is deemed reasonably assured. The provision for customer returns is based on historical sales and returns and other relevant information. The Company estimates and accrues the cost of returns, which are treated as a reduction of Net Sales.

The Company enters into promotional arrangements, primarily with retail customers, that entitle such retailers to earn rebates from the Company. These arrangements require the Company to estimate and accrue the costs of these programs, which are treated as a reduction of Net Sales.

The Company enters into promotional arrangements that target the ultimate consumer. The costs associated with such arrangements are treated as either a reduction in Net Sales or an increase in Cost of Goods Sold, based on the type of promotional program. The Company monitors its commitments under all promotion arrangements and uses various measures, including past experience, to estimate the earned, but unpaid, promotional costs. The terms of the Company's customer-related promotional arrangements and programs are tailored to each customer and documented through written contracts, correspondence or other communications with the individual customers.

The Company also enters into various arrangements, primarily with retail customers, which require the Company to make upfront cash payments in order to secure the right to distribute through such customers. The Company capitalizes these payments provided the payments are supported by a time or volume based arrangement with the retailer and amortizes the associated payment over the appropriate time or volume-based term of the arrangement. Capitalized payments are reported in the Consolidated Statements of Financial Position as Deferred Charges and Other Assets and related amortization is treated as a reduction in Net Sales.

Shipping and Handling Costs

Shipping and handling costs include costs incurred with third-party carriers to transport products to customers and salaries and overhead costs related to activities to prepare the Company's products for shipment at the Company's distribution facilities. Shipping and handling costs were $251.2 million, $224.6 million and $226.5 million during the years ended September 30, 2018, 2017 and 2016, respectively. Shipping and handling costs are included in Selling Expenses in the Consolidated Statements of Income.

Advertising Costs

Advertising costs include agency fees and other costs to create advertisements, as well as costs paid to third parties to print or broadcast the Company's advertisements and are expensed as incurred. The Company incurred advertising costs of $26.0 million, $21.6 million and $23.4 million during the years ended September 30, 2018, 2017 and 2016, respectively. Advertising costs are included in Selling Expenses in the Company's Consolidated Statements of Income.

Research and Development Costs

Research and development costs are charged to expense in the period they are incurred.

Environmental Expenditures

Environmental expenditures that relate to current operations or to conditions caused by past operations are expensed or capitalized as appropriate. The Company determines its liability for environmental matters on a site-by-site basis and records a liability at the time when it is probable that a liability has been incurred and such liability can be reasonably estimated. The estimated liability is not reduced for possible recoveries from insurance carriers. Estimated environmental remediation expenditures are included in the determination of the net realizable value recorded for assets held for sale. See *Note 18 - Commitments and Contingencies* for further detail.

Restructuring and Related Charges

Restructuring charges include, but are not limited to, the costs of one-time termination benefits such as severance costs and retention bonuses, and contract termination costs consisting primarily of lease termination costs. Related charges, as defined by the Company, include, but are not limited to, other costs directly associated with exit and relocation activities, including impairment of property and other assets, departmental costs of full-time incremental employees, and any other items related to the exit or relocation activities. Costs for such activities are estimated by management after evaluating detailed analyses of the costs to be incurred.

Liabilities from restructuring and related charges are recorded for estimated costs of facility closures, significant organizational adjustments and measures undertaken by management to exit certain activities. Costs for such activities are estimated by management after evaluating detailed analyses of the costs to be incurred. Such liabilities or asset reductions could include amounts for items such as severance costs and related benefits, lease termination payments and any other items directly related to the exit activities. Impairment of property and equipment and other current or long-term assets as a result of restructuring related initiatives are recognized as a reduction of the appropriate asset.

Restructuring and related charges associated with manufacturing and related initiatives are recorded in Cost of Goods Sold. Restructuring and related charges reflected in Cost of Goods Sold include, but are not limited to, termination and related costs associated with manufacturing employees, asset impairments relating to manufacturing initiatives and other costs directly related to the manufacturing component of a restructuring initiative. Restructuring and related charges associated with administrative functions are recorded in operating expenses, such as initiatives impacting sales, marketing, distribution or other non-manufacturing related functions. Restructuring and related charges reflected in operating expenses include, but are not limited to, termination and related costs, any asset impairments relating to the administrative functions and other costs directly related to the administrative components of the restructuring initiatives implemented. See *Note 5 - Restructuring and Related Charges* for further detail.

Acquisition and Integration Related Charges

Acquisition and integration costs include costs directly associated with the completion of the purchase of net assets or equity interest of a business such as a business combination, equity investment, joint venture or purchase of non-controlling interest. Acquisition and integration costs include, but not limited to, transactions costs such as banking, advisory, legal, accounting, valuation, and other professional fees directly related to both consummated acquisitions and acquisition targets; along with costs incurred towards integration of acquired operations onto the Company's shared service platform, termination of redundant positions and locations, employee transition costs, integration related professional fees and other post business combination expenses associated with integration activity. See *Note 4- Acquisitions* for further detail.

Income Taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

The Company recognizes the effect of income tax positions only if those positions are more likely than not of being sustained. Recognized income tax positions are measured at the largest amount that is greater than 50% likely of being realized. Changes in recognition or measurement are reflected in income tax expense in the period in which the change in judgment occurs. Accrued interest expense and penalties related to uncertain tax positions are recorded in Income Tax Expense. See *Note 15 - Income Taxes* for further detail.

Foreign Currency Translation

Local currencies are considered the functional currencies for most of the Company's operations outside the United States. Assets and liabilities of the Company's foreign subsidiaries are translated at the rate of exchange existing at year-end, with revenues, expenses and cash flows translated at the average of the monthly exchange rates. Adjustments resulting from translation of the financial statements are recorded as a component of equity in Accumulated Other Comprehensive Income ("AOCI"), including the effects of exchange rate changes on intercompany balances of a long-term investment nature.

Foreign currency transaction gains and losses for transactions denominated in a currency other than the functional currency are reported in Other Non-Operating Expense, Net in the Consolidated Statements of Income in the period they occur. Exchange losses on foreign currency transactions were $7.1 million, $5.9 million, and $6.9 million for the years ended September 30, 2018, 2017 and 2016, respectively.

Newly Adopted Accounting Standards

In May 2017, the FASB issued *Accounting Standard Update* ("*ASU") No 2017-09*, *Compensation – Stock Compensation (Topic 718): Scope of Modification Accounting*, which provides clarity and reduces complexity when accounting for modifications in share-based payment awards. In accordance with the ASU, the effects of modification are accounted for unless all the following are met: (1) the fair value of the modified award is the same as the fair value of the original award immediately before the original award is modified, (2) the vesting conditions of the modified award are the same as the vesting conditions of the original award immediately before the original award was modified; and (3) the classification of the modified award as an equity instrument or a liability instrument is the same as the classification of the original award immediately before the original award is modified. Total recognized compensation cost for an equity award shall be at least equal to the fair value of the award at grant date unless at the date of modification the performance or service conditions of the original award are not expected to be satisfied. The ASU must be applied on a prospective basis and will become effective for us beginning in the first quarter of the year ended September 30, 2019, with early adoption available, including within interim periods. We chose to adopt the standard during the fourth quarter ended September 30, 2018. The standard was applicable for modification of Spectrum share based awards that exchanged as a result of the Spectrum Merger on July 13, 2018. See *Note 4 – Acquisitions*, for further discussion over the Spectrum Merger and related stock compensation, and see *Note 17 – Share Based Compensation*, for further discussion over shared based compensation of Spectrum and HRG.

NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES AND PRACTICES (continued)

Recently Issued Accounting Standards

In May 2014, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition.* This ASU requires revenue recognition to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new revenue recognition model requires identifying the contract and performance obligations, determining the transaction price, allocating the transaction price to performance obligations and recognizing the revenue upon satisfaction of performance obligations. This ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. This ASU can be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the updates recognized at the date of the initial application along with additional disclosures. The ASU becomes effective for us beginning in the first quarter of our fiscal year ending September 30, 2019. We have performed an assessment over the impact of the pronouncement to the Company, including a detailed assessment over contracts with our customers and the impact to our policies, processes and control environment. Based upon the results of our assessment and implementation, we have determined that the impact of adoption to the Company's consolidated financial statements is not material and there were no matters identified that were considered significant for changes in disclosure. We plan to adopt the ASU retrospectively with the cumulative effect of initially applying the update at the date of initial application in the first quarter of the fiscal year ending September 30, 2019.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") No. 2016-02, *Leases (Topic 842),* which supersedes the lease requirements in ASC 840, *Leases*. This ASU requires lessees to recognize lease assets and liabilities on the balance sheet, as well as disclosing key information about leasing arrangements. Although the new ASU requires both operating and finance leases to be disclosed on the balance sheet, a distinction between the two types still exists as the economics of leases can vary. The ASU can be applied using a modified retrospective approach, with a number of optional practical expedients relating to the identification and classification of leases that commenced before the effective date, along with the ability to use hindsight in the evaluation of lease decisions, that entities may elect to apply. As a result, the ASU will become effective for us beginning in the first quarter of our fiscal year ending September 30, 2020, with early adoption applicable. We have not measured the impact of adoption at this point in our assessment and have not concluded on the overall materiality of the impact of adoption to the Company's consolidated financial statements or determined the method and timing of adoption.

In August 2016, the FASB issued ASU No. 2016-15, *Classification of Certain Cash Receipts and Cash Payments*, which addresses diversity in practice with the classification and presentation of certain cash receipts and cash payments in the statement of cash flows. The amendments in this update address the classification within the statement of cash flow for debt prepayment or debt extinguishment costs, settlement of zero-coupon debt instruments, contingent payments made after a business combination, proceeds from the settlement of insurance claims and corporate-owned life insurance policies, distributions received from equity method investees, and beneficial interests in securitization transactions, among other separately identifiable cash flows when applying the predominance principle. The ASU is applied on a retrospective basis and will become effective for us beginning in the first quarter of our fiscal year ending September 30, 2019; with early adoption available. We are currently assessing the impact this pronouncement will have on the consolidated financial statements of the Company and have not yet concluded on the materiality.

In November 2016, the FASB issued ASU No. 2016-18, *Restricted Cash*, which addresses diversity in practice with the classification and presentation of restricted cash in the statement of cash flow, classifying transfers between cash and restricted cash as operating, investing, or financing activities, or as a combination of those activities, in the statement of cash flows. The amendment requires the statement of cash flows to explain the change during the period in total cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents; and include with cash and cash equivalents when reconciling the beginning-of-period and end-of-period amounts shown on the statement of cash flows. The ASU is applied on a retrospective basis and will become effective for us beginning in the first quarter of our fiscal year ending September 30, 2019; with early adoption available. We are currently assessing the impact this pronouncement will have on the consolidated financial statements of the Company and have not yet concluded on the materiality.

In March 2017, the FASB issued ASU No. 2017-07, *Compensation – Retirement Benefits (Topic 715): Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*, which requires an employer to disaggregate the service cost component from the other components of net periodic pension costs within the statement of income. The amendment provides guidance requiring the service cost component to be recognized consistent with other compensation costs arising from service rendered by employees during the period, and all other components to be recognized separately outside of the subtotal of income from operations. The ASU is applied on a retrospective basis and will become effective for us in the first quarter of the year ending September 30, 2019. We have determined that the impact of adoption to the Company's consolidated financial statements is not material.

In August 2017, the Financial Accounting Standards Board ("FASB") issued ASU No. 2017-12, *Derivatives and Hedging: Targeted Improvements to Accounting for Hedging Activities (Topic 815)*, which changes the designation and measurement guidance for qualifying hedging relationships and presentation of hedge results. The amendments in this update make certain targeted improvements to simplify the application of the hedge accounting guidance in current GAAP, better aligning the entity's risk management activities and financial reporting for hedging relationships. The ASU can only be applied prospectively and will become effective for us beginning in the first quarter of our fiscal year ending September 30, 2020; with early adoption available. We are currently assessing the impact this pronouncement will have on the consolidated financial statements of the Company and have not yet concluded on the materiality or timing of the adoption.

NOTE 3 –DIVESTITURES

As previously discussed in *Note 1- Description of Business,* the GBL and GAC segments were classified as held for sale in the accompanying Consolidated Balance Sheets and as discontinued operations in the accompanying Consolidated Statements of Income. The following table summarizes the components of Income From Discontinued Operations, Net of Tax in the accompanying Condensed Consolidated Statement of Income for the three years ended September 30, 2018, 2017, and 2016.

(in millions)	2018	2017	2016
Income from discontinued operations before income taxes - GBL	$ 21.8	$ 84.5	$ 71.2
(Loss) income from discontinued operations before income taxes - GAC	(31.9)	94.5	112.5
Income (loss) from discontinued operations before income taxes - HRG Insurance Operations	476.4	287.1	(164.7)
Income from discontinued operations before income taxes - Compass	—	—	40.8
Income from discontinued operations before income taxes	466.3	466.1	59.8
Income tax expense from discontinued operations	21.3	176.8	138.6
Income (loss) from discontinued operations, net of tax	445.0	289.3	(78.8)
Income from discontinued operations, net of tax attributable to noncontrolling interest	33.2	92.7	60.9
Income (loss) from discontinued operations, net of tax attributable to controlling interest	$ 411.8	$ 196.6	$ (139.7)

GBL

On January 15, 2018 the Company entered into a definitive acquisition agreement with Energizer Holdings, Inc. ("Energizer") where Energizer agreed to acquire from the Company its GBL business for an aggregate purchase price of $2.0 billion in cash, subject to customary purchase price adjustments. The agreement provides that Energizer will purchase the equity of certain subsidiaries of the Company and acquire certain assets and assume certain liabilities of other subsidiaries used or held for the purpose of the GBL business. On November 15, 2018, the Company and Energizer entered into an amended acquisition agreement for the GBL sale. See *Note 23 – Subsequent* Events for further detail regarding such amendment. On January 2, 2019, the Company completed the sale of GBL to Energizer. As a result, the Company's assets and liabilities associated with GBL have been classified as held for sale in the accompanying Consolidated Statements of Financial Position and the respective operations have been classified as discontinued operations in the accompanying Consolidated Statement of Income and Statement of Cash Flows.

The Company and Energizer have agreed to indemnify each other for losses arising from certain breaches of the GBL acquisition agreement and for certain other matters. In particular, the Company has agreed to indemnify Energizer for certain liabilities relating to the assets retained by the Company, and Energizer has agreed to indemnify the Company for certain liabilities assumed by Energizer, in each case as described in the GBL acquisition agreement.

The Company and Energizer have agreed to enter into related agreements ancillary to the acquisition that became effective upon the consummation of the acquisition, including a customary transition services agreement and reverse transition services agreement. The transition services agreement and reverse transition services agreement will be recognized as a component of continuing operations for periods following the completion of the GBL sale.

Refer to *Note 23 – Subsequent Events* to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further discussion pertaining to the GBL divestiture.

The following table summarizes the assets and liabilities of GBL classified as held for sale as of September 30, 2018 and 2017:

(in millions)	2018	2017
Assets		
Trade receivables, net	$ 99.3	$ 108.4
Other receivables	17.9	11.3
Inventories	127.8	119.7
Prepaid expenses and other current assets	23.0	26.1
Property, plant and equipment, net	160.5	143.9
Deferred charges and other	13.4	13.5
Goodwill	226.6	229.4
Intangible assets, net	304.0	309.3
Total assets of business held for sale	$ 972.5	$ 961.6
Liabilities		
Current portion of long-term debt	6.3	8.7
Accounts payable	124.1	130.8
Accrued wages and salaries	25.0	22.4
Other current liabilities	82.6	36.0
Long-term debt, net of current portion	45.0	41.0
Deferred income taxes	20.9	17.6
Other long-term liabilities	60.6	56.7
Total liabilities of business held for sale	$ 364.5	$ 313.2

NOTE 3 –DIVESTITURES (continued)

The following table summarizes the components of income from discontinued operations before income taxes associated with the GBL divestiture in the accompanying Condensed Consolidated Statements of Operations for the three years ended September 30, 2018, 2017, and 2016:

(in millions)	2018	2017	2016
Net sales	$ 870.5	$ 865.6	$ 840.7
Cost of goods sold	553.2	539.3	524.7
Gross profit	317.3	326.3	316.0
Operating expenses	241.0	193.6	178.5
Operating income	76.3	132.7	137.5
Interest expense	53.5	48.3	65.5
Other non-operating expense (income), net	1.0	(0.1)	0.8
Income from discontinued operations before income taxes	$ 21.8	$ 84.5	$ 71.2

Beginning in January 2018, the Company ceased the recognition of depreciation and amortization of long-lived assets associated with GBL. The Company recognized depreciation and amortization expense of $8.3 million, $30.9 million and $29.6 million during the years ended September 30, 2018, 2017 and 2016, respectively. Interest expense consists of interest from debt directly held by subsidiaries of the business held for sale, including interest from capital leases, and interest on Term Loans required to be paid down using proceeds received on disposal on sale of a business within 365 days with the exception for funds used for capital expenditures and acquisitions. No impairment loss has been recognized as the fair value or expected proceeds from the disposal of the business is in excess of the subsequent payment. During the year ended September 30, 2018 the Company incurred transaction costs of $60.7 million associated with the divestiture which has been recognized as a component of Income From Discontinued Operations – GBL on the Condensed Consolidated Statements of Income. Transaction costs are expensed as incurred and include fees for investment banking services, legal, accounting, due diligence, tax, valuation and various other services necessary to complete the transaction.

GAC

On November 15, 2018 the Company entered into a definitive acquisition agreement with Energizer where Energizer has agreed to acquire from the Company its GAC business for an aggregate purchase price of $1.25 billion, including $937.5 million in cash plus stock consideration of 5.3 million shares of Energizer common stock with an approximate value of $312.5 million, subject to customary purchase price adjustments. The agreement provides that Energizer will purchase the equity of certain subsidiaries of the Company and acquire certain assets and assume certain liabilities of other subsidiaries used or held for the purpose of the GAC business. On January 28, 2019, the Company completed the sale of GAC to Energizer.

The Company and Energizer have agreed to indemnify each other for losses arising from certain breaches of the GAC acquisition agreement and for certain other matters. In particular, the Company has agreed to indemnify Energizer for certain liabilities relating to the assets retained by the Company, and Energizer has agreed to indemnify the Company for certain liabilities assumed by Energizer, in each case as described in the GAC acquisition agreement. Subject to the GAC acquisition agreement, the Company agreed to indemnify Energizer for certain losses relating to liabilities arising primarily out of or relating to products sourced, manufactured, sold or distributed prior to the closing or arising out of or relating to pre-closing acts or omissions in connection with such products, subject to certain limits, and Energizer will bear the risk for a portion of those losses.

Refer to *Note 23 – Subsequent Events* to the Consolidated Financial Statements, included elsewhere in this Annual Report, for further discussion pertaining to the GAC divestiture.

The following table summarizes the assets and liabilities of GAC classified as held for sale as of September 30, 2018 and 2017:

(in millions)	2018	2017
Assets		
Trade receivables, net	$ 55.2	$ 52.3
Other receivables	4.1	3.6
Inventories	72.8	68.0
Prepaid expenses and other current assets	2.9	6.0
Property, plant and equipment, net	58.2	57.8
Deferred charges and other	10.7	17.9
Goodwill	841.8	934.8
Intangible assets, net	384.4	395.1
Total assets of business held for sale	$ 1,430.1	$ 1,535.5
Liabilities		
Current portion of long-term debt	0.4	0.2
Accounts payable	50.6	40.0
Accrued wages and salaries	3.2	4.5
Other current liabilities	13.3	6.3
Long-term debt, net of current portion	31.5	31.7
Deferred income taxes	71.6	111.5
Other long-term liabilities	2.5	3.3
Total liabilities of business held for sale	$ 173.1	$ 197.5

NOTE 3 –DIVESTITURES (continued)

The following table summarizes the components of income from discontinued operations before income taxes associated with the GAC divestiture in the accompanying Condensed Consolidated Statements of Operations for the three years ended September 30, 2018, 2017, and 2016:

(in millions)	2018	2017	2016
Net sales	$ 465.6	$ 446.9	$ 453.7
Cost of goods sold	284.9	233.7	213.9
Gross profit	180.7	213.2	239.8
Operating expenses	117.8	117.2	125.6
Operating income	62.9	96.0	114.2
Interest expense	2.1	1.4	0.1
Other non-operating expense, net	0.2	0.1	1.6
Write-down of assets of business held for sale to fair value less cost to sell	92.5	—	—
(Loss) income from discontinued operations before income taxes	$ (31.9)	$ 94.5	$ 112.5

During the years ended September 30, 2018, 2017 and 2016, the Company recognized depreciation and amortization of $16.3 million, $21.1 million and $17.5 million. Beginning in November 2018, subsequent to the year ended September 30, 2018, the Company ceased the recognition of depreciation and amortization of long-lived assets associated with GAC when it was recognized as held for sale. Interest expense consists of interest from debt directly held by subsidiaries of the business held for sale, including interest from capital leases. Additionally, subsequent to the balance sheet date, the Company recognized a $107.2 million impairment on net assets held for sale associated with the GAC divestiture due to the expected fair value to be realized from the sale, net estimated transaction costs, be lower than the carrying value of the assets held for sale. The impairment was primarily driven by the change in value of stock consideration to be received as a component of the purchase price from Energizer. No transaction costs associated with the divestiture were incurred during the year ended September 30, 2018.

HRG – Insurance Operations

On November 30, 2017, FGL completed the FGL Merger pursuant to which, except for certain shares specified in the FGL Merger Agreement, each issued and outstanding share of common stock of FGL was automatically canceled and converted into the right to receive $31.10 in cash, without interest. The total consideration received by HRG Group Inc. as a result of the completion of the FGL Merger was $1,488.3 million.

Also on November 30, 2017, Front Street Re (Delaware) Ltd. Sold to the CF Entities all of the issued and outstanding shares of Front Street for $65 million, which is subject to reduction for customary transaction expenses. In addition, $6.5 million of the purchase price was deposited in escrow for a period of 15 months to support any indemnification claims that might be made (if any) by the CF entities.

The operations of FGL were classified as held for sale in the accompanying Consolidated Statement of Financial Position at September 30, 2017 and as discontinued operations through November 30, 2017 in the accompanying Consolidated Statements of Operations and Consolidated Statements of Cash Flows.

Additionally, HRG, FS Holdco II Ltd. (“FS Holdco”) and the CF Entities entered into an agreement (the “338 Agreement”) on May 24, 2017 pursuant to which the CF Entities agreed that FS Holdco may, at its option, cause the relevant CF Entity and FS Holdco to make a joint election under Section 338(h)(10) of the Internal Revenue Code of 1986, as amended, with respect to the FGL Merger and the deemed share purchases of FGL’s subsidiaries (the “338 Tax Election”). Pursuant to the 338 Agreement, if FS Holdco elects to make the 338 Tax Election, FS Holdco and/or CF Corporation will be required to make a payment for the election to the other. On March 8, 2018, FS Holdco exercised the 338 Tax Election and the CF Entities were required to pay FS Holdco $26.6 million during the three month period ended June 30, 2018.

The following table summarizes the major categories of assets and liabilities of FGL classified as held for sale in the accompanying Consolidated Statement of Financial Position as of September 30, 2017.

(in millions)	September 30, 2017
Assets	
Investments, including loans and receivables from affiliates	$ 23,211.1
Funds withheld receivables	742.7
Cash and cash equivalents	914.5
Accrued investment income	231.3
Reinsurance recoverable	2,358.8
Deferred acquisition costs and value of business acquired, net	1,163.6
Other assets	125.4
Write-down of assets of businesses held for sale to fair value less cost to sell	(421.2)
Total assets of business held for sale	$ 28,326.2
Liabilities	
Insurance reserves	24,989.6
Debt	405.0
Accounts payable and other current liabilities	56.2
Deferred tax liabilities	68.0
Other long-term liabilities	831.9
Total liabilities of business held for sale	$ 26,350.7

NOTE 3 –DIVESTITURES (continued)

The following table summarizes the components of Income from Discontinued Operations – HRG Insurance Operations, in the accompanying Consolidated Statements of Income for the years ending September 30, 2018, 2017 and 2016.

(in millions)	2018	2017	2016
Revenues:			
Insurance premiums	$ 6.8	$ 43.9	$ 72.5
Net investment income	181.9	1,050.7	985.9
Net investment gains	154.8	377.4	131.6
Other	35.1	169.5	130.5
Total revenues	378.6	1,641.5	1,320.5
Operating costs and expenses:			
Benefits and other changes in policy reserves	241.3	925.9	893.9
Selling, acquisition, operating and general expenses	52.8	148.2	127.9
Amortization of intangibles	35.8	197.5	78.6
Total operating costs and expenses	329.9	1,271.6	1,100.4
Operating income	48.7	369.9	220.1
Interest expense and other	4.0	24.4	22.0
Write-down of assets of business held for sale to fair value less cost to sell	(14.2)	(58.4)	(362.8)
Reclassification of accumulated other comprehensive income	445.9	—	—
Income from discontinued operations before income taxes	$ 476.4	$ 287.1	$ (164.7)

Property, Plant, and Equipment and long-lived assets classified as held for sale are measured at the lower of their carrying value or fair value less cost to sell. As of September 30, 2017, the carrying value of HRG's interest in FGL and Front Street exceeded their respective estimated fair value less cost to sell by $402.2 million and $19.0 million, respectively. The higher carrying value of FGL was primarily due to the increase in unrealized gains, net of offsets in FGL's investment portfolio, with the effects of the unrealized gains, net of offsets, being recorded in accumulated other comprehensive income. Upon the completion of the FGL Merger, HRG deconsolidated its ownership interest in FGL, which resulted in the reclassification of $445.9 million of accumulated other comprehensive income attributable from FGL to income from discontinued operations during the year ended September 30, 2018. Additionally, subsequent to the close of the FGL Merger, the Company recognized a $5.9 million tax benefit allocated to HRG insurance operations discontinued operations during the year ended September 30, 2018, associated with the reversal of valuation allowance realized with the completion of the Spectrum Merger.

HRG – Compass

On July 1, 2016, HGI Energy entered into an agreement to sell its equity interests in Compass to a third party (such agreement, the "Compass Sale Agreement"). During the year ended September 30, 2016, the transactions contemplated by the Compass Sale Agreement were consummated. This sale represented the disposal of all of the Company's oil and gas properties, which were accounted for using the full-cost method prior to their disposal. The Company has determined that the completion of HGI Energy's sale of its equity interests in Compass to a third party represented a strategic shift for the Company and, accordingly, has presented the results of operations for Compass as discontinued operations.

The following table summarizes the components of Income from Discontinued Operations – HRG Compass, in the accompanying Consolidated Statements of Income for the year ended September 30, 2016.

(in millions)	2016
Revenues:	
Oil and natural gas revenues	$ 40.2
Operating costs and expenses:	
Oil and natural gas direct operating costs	38.2
Selling, acquisitions, operating and general expenses	22.8
Impairment and bad debt expense	93.2
Total operating costs and expenses	154.2
Operating loss	(114.0)
Interest expense	(5.9)
Gain upon gaining control of equity method investment	—
Gain on sale of oil and gas properties	105.6
Other income, net	1.5
Gain on disposal	53.6
Net income	40.8
Net income attributable to noncontrolling interest	0.1
Net income attributable to common and participating preferred stockholders	$ 40.7

HPC

In December 2017 the Company entered into a plan to divest its HPC division, as a component of its GBA business, and was actively marketing the HPC business including discussions with third parties for the potential sale of the HPC business. As a result, the HPC business met the criteria for recognition as assets held for sale and HPC's operations and cash flows were reported as component of discontinued operations. Subsequent to September 30, 2018, in November 2018, the Company made a strategic decision to cease marketing and actively pursuing a sale of the HPC division and will continue to manage and operate the business for continued use. Consequently, the HPC net assets were reclassified as held for use and the operating results and cash flows were included within the Company's income from continuing operations. Upon recognition of the Company's change in plan to sell the HPC business, the net assets were remeasured and reported at the carrying amount before the asset was classified as held for sale, which is lower than its fair value at the date of the subsequent decision not to sell. Subsequent to September 30, 2018, the asset carrying value will be adjusted for any depreciation and amortization expense, that would have been recognized had the assets been continuously classified as held and used. The effect of any required adjustments will be reflected in income from continuing operations as of the date of the decision not to sell in November 2018. There was no impairment or loss recognized when the decision not to sell was made.

The following tables summarize the effect of the change in plan to sell the HPC business and reclassification of the GAC business to discontinued operations on the previously reported condensed consolidated statements of income for the three years ended September 30, 2018, 2017, and 2016:

	September 30, 2018				
(in millions)	**As Previously Reported**	**Effect of HPC Reclassification From Held For Sale to Held and Used**	**After HPC Reclassification**	**Effect of GAC Reclassification From Held and Used to Held For Sale**	**After GAC Reclassification**
Net sales	$ 3,145.9	$ 1,110.5	$ 4,256.4	$ 447.7	$ 3,808.7
Cost of goods sold	1,992.3	749.1	2,741.4	267.0	2,474.4
Gross profit	1,153.6	361.4	1,515.0	180.7	1,334.3
Operating expenses	1,051.6	268.8	1,320.4	210.3	1,110.1
Operating income	102.0	92.6	194.6	(29.6)	224.2
Interest expense	264.6	1.5	266.1	2.1	264.0
Other non-operating (income) expense, net	(6.3)	2.4	(3.9)	0.2	(4.1)
(Loss) income from operations before income taxes	$ (156.3)	$ 88.7	$ (67.6)	$ (31.9)	$ (35.7)

	September 30, 2017				
(in millions)	**As Previously Reported**	**Effect of HPC Reclassification From Held For Sale to Held and Used**	**After HPC Reclassification**	**Effect of GAC Reclassification From Held and Used to Held For Sale**	**After GAC Reclassification**
Net sales	$ 3,010.6	$ 1,132.3	$ 4,142.9	$ 436.4	$ 3,706.5
Cost of goods sold	1,833.5	759.9	2,593.4	223.3	2,370.1
Gross profit	1,177.1	372.4	1,549.5	213.1	1,336.4
Operating expenses	894.1	271.9	1,166.0	117.1	1,048.9
Operating income	283.0	100.5	383.5	96.0	287.5
Interest expense	309.9	1.9	311.8	1.4	310.4
Other non-operating (income) expense, net	4.2	0.9	5.1	0.1	5.0
(Loss) income from operations before income taxes	$ (31.1)	$ 97.7	$ 66.6	$ 94.5	$ (27.9)

	September 30, 2016				
(in millions)	**As Previously Reported**	**Effect of HPC Reclassification From Held For Sale to Held and Used**	**After HPC Reclassification**	**Effect of GAC Reclassification From Held and Used to Held For Sale**	**After GAC Reclassification**
Net sales	$ 3,038.3	$ 1,169.6	$ 4,207.9	$ 453.7	$ 3,754.2
Cost of goods sold	1,791.7	803.4	2,595.1	213.9	2,381.2
Gross profit	1,246.6	366.2	1,612.8	239.8	1,373.0
Operating expenses	911.7	265.1	1,176.8	125.6	1,051.2
Operating income	334.9	101.1	436.0	114.2	321.8
Interest expense	334.5	2.5	337.0	0.1	336.9
Other non-operating (income) expense, net	(8.8)	3.2	(5.6)	1.6	(7.2)
(Loss) income from operations before income taxes	$ 9.2	$ 95.4	$ 104.6	$ 112.5	$ (7.9)

The Company had ceased the recognition of depreciation and amortization for the HPC assets while considered held for sale beginning January 2018. During the year ended September 30, 2018, the Company recognized depreciation and amortization of $8.8 million and deferred the recognition of $29.0 million during the period in which the assets were held for sale, which was subsequently recognized after September 30, 2018 in the period in which the change in plan was realized in order to reflect the carrying value of HPC net assets as if they had been held for use during that period. During the year ended September 30, 2018, the Company had incurred HPC divestiture related transaction costs of $14.9 million which are included in General and Administrative Expenses on the Company's Condensed Consolidated Statements of Income.

NOTE 4 - ACQUISITIONS

Spectrum Merger

Effective July 13, 2018, the Company completed the planned Spectrum Merger. Prior to the Spectrum Merger, the Company was a holding company, doing business as HRG and conducting its operations principally through its majority owned subsidiaries. In accordance with the Agreement and Plan of Merger (the “Merger Agreement”), HRG, through, HRG SPV Sub I, Inc., a Delaware corporation and direct wholly owned subsidiary of HRG (“Merger Sub”), merged with and into Spectrum, with Spectrum continuing as a wholly owned subsidiary of HRG. The certificate of incorporation of HRG was amended and restated, pursuant to which, among other things, the corporate name of HRG was changed to “Spectrum Brands Holdings, Inc.”, the Board of Directors of Spectrum were designated as the Board of Directors of the Company with an individual designated by Jefferies Financial Group (“Jefferies”, formerly Leucadia National Corporation) and the officers of Spectrum became officers of SBH. Further, HRG subsequently began operating under the name of Spectrum Brands Holdings, Inc. and the NYSE ticker symbol of HRG Common Stock changed to “SPB”.

Immediately prior to the close of the Spectrum Merger, each issued and outstanding share of HRG common stock was, by means of a reverse stock split, combined into a fraction of a share of HRG Common Stock equal to (i) the number of shares of common stock, par value $0.01 per share, of Spectrum common stock held by HRG and its subsidiaries, adjusted for HRG’s net indebtedness as of closing, certain transaction expenses of HRG that are unpaid as of closing and a $200.0 million upward adjustment, divided by (ii) as of immediately prior to the reverse stock split, the number of outstanding shares of HRG common stock on a fully-diluted basis. Each share of Spectrum common stock issued and outstanding (other than shares held in treasury of Spectrum or held by HRG) were converted into the right to receive one share of newly issued HRG common stock and exchanged for HRG common stock. The weighted average shares and earnings per share data on the Consolidated Statements of Income were retrospectively adjusted to reflect the impact of the reverse stock split for all periods presented. See *Note 20 – Earnings Per Share* - SBH for further detail on the conversion rate and reverse stock split.

Each restricted stock award, restricted stock unit and performance stock unit granted under an equity plan of Spectrum, whether vested or unvested, were assumed by SBH and automatically converted into a corresponding equity-based award in SBH with the right to hold or acquire shares of common stock equal to the number of shares of Spectrum common stock previously underlying such award. Each new award is subject to the same terms and conditions as the corresponding Spectrum award. SBH assumed all rights and obligations in respect of each equity-based plan of Spectrum. The modification of the Spectrum awards to account for the exchange did not result in incremental expense and the recognized shared based compensation expense associated with the awards are based upon the fair value at the original grant date. See *Note 17 – Share Based Compensation* for further discussion over Spectrum shared based awards.

Prior to the close, each stock option, warrant and restricted stock award granted under an equity-based plan of HRG outstanding and unvested immediately prior to the closing became fully vested and each stock option and warrant became exercisable. Each exercisable award that is unexercised shall be adjusted (including to give effect to the reverse stock split) and shall remain outstanding, subject to the same terms and conditions as applied to the corresponding award. Immediately prior to the reverse stock split, each HRG restricted stock award shall become fully vested and be treated as a share of HRG common stock for purposes of the reverse stock split and the Merger. As a result, there are no unvested HRG equity based awards outstanding and all previously unrecognized stock compensation was recognized effective the date of close. See *Note 17 – Share Based Compensation* for further discussion over HRG share based awards.

The Spectrum Merger was accounted for as an acquisition of a non-controlling interest. Prior to completion of the Spectrum Merger, the Company recognized non-controlling interest and income attributable to non-controlling interest in the Consolidated Financial Statements of SBH for the minority ownership of Spectrum. Effective July 13, 2018, Spectrum is a wholly owned subsidiary of SBH and all recognized non-controlled interest associated with Spectrum is part of SBH’s shareholder’s equity and income after completion of the Spectrum Merger will be fully recognized as income attributable to controlling interest of SBH. As previously discussed, the presentation of the Company’s consolidated financial statements and certain notes to the consolidated financial statements have been updated to reflect the presentation of Spectrum’s historical financial statements.

During the years ended September 30, 2018 and 2017, the Company incurred costs of $45.9 million and $7.6 million associated with the Spectrum Merger and recognized as General and Administrative Expenses on the Consolidated Statements of Income of SBH.

PetMatrix

On June 1, 2017, the Company completed the acquisition of PetMatrix LLC, a manufacturer and marketer of rawhide-free dog chews consisting primarily of the DreamBone® and SmartBones® brands. The results of PetMatrix's operations since June 1, 2017 are included in the Company's Consolidated Statements of Income, and reported within the PET reporting segment for the year ended September 30, 2017.

The Company has recorded an allocation of the purchase price to the Company's tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of the June 1, 2017 acquisition date. The excess of the purchase price over the fair value of the net tangible assets and identifiable intangible assets was recorded as goodwill, which includes value associated with the assembled workforce. The calculation of purchase price and purchase price allocation is as follows:

(in millions)	Purchase Price
Cash consideration	$ 255.2

(in millions)	Allocation
Cash and cash equivalents	$ 0.2
Trade receivables	7.8
Inventories	16.0
Prepaid expenses and other current assets	0.9
Property, plant and equipment	0.8
Goodwill	123.8
Intangible assets	110.4
Accounts payable	(4.1)
Accrued wages and salaries	(0.1)
Other current liabilities	(0.5)
Net assets acquired	$ 255.2

The purchase price allocation resulted in goodwill of $123.8 million, allocated to the PET segment; of which $123.8 million is deductible for tax purposes. The values allocated to intangible assets and the weighted average useful lives are as follows:

(in millions)	Carrying Amount	Weighted Average Useful Life (Years)
Tradenames	$ 75.0	Indefinite
Technology	21.0	14 years
Customer relationships	12.0	16 years
Non-compete agreement	2.4	5 years
Total intangibles acquired	$ 110.4	

The Company performed a valuation of the acquired inventories; tradenames; technologies; customer relationships and non-compete agreements. The following is a summary of significant inputs to the valuation:

- Inventory – Acquired inventory consists of branded finished goods that were valued based on the comparative sales method, which estimates the expected sales price of the finished goods inventory, reduced for all costs expected to be incurred in its completion or disposition and a profit on those costs.

- Tradenames – The Company valued indefinite-lived trade names, DreamBone® and SmartBones®, using an income approach, the relief-from-royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the trade names were not owned. Royalty rates were selected based on consideration of several factors, including prior transactions, related trademarks and trade names, other similar trademark licensing and transaction agreements and the relative profitability and perceived contribution of the trade names.

- Technology – The Company valued technology using an income approach, the relief-from-royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the technology was not owned. Royalty rates were selected based on consideration of several factors, including prior transactions, related licensing agreements and the importance of the technology and profit levels, among other considerations. The Company anticipates using these technologies through the legal life of the underlying patents; therefore, the expected useful life of these technologies is based on the remaining life of the underlying patents.

- Customer relationships – The Company valued customer relationships using an income approach, the multi-period excess earnings method. In determining the fair value of the customer relationships, the multi-period excess earnings approach values the intangible asset at the present value of the incremental after-tax cash flows attributable only to the customer relationship after deducting contributory asset charges. The incremental after-tax cash flows attributable to the subject intangible asset are then discounted to their present value. Only expected sales from current customers were used, which are estimated using annual expected growth rates of 2% to 20%. The Company assumed a customer retention rate of up to 98%, which is supported by historical retention rates. Income taxes were estimated at 35% and amounts were discounted using a rate of 12%.

- Non-compete agreements – The Company valued the non-compete agreement using the income approach that compares the prospective cash flows with and without the non-compete agreement in place. The value of the non-compete agreement is the difference between the discounted cash flows of the business under each of these two alternative scenarios, considering both tax expenditure and tax amortization benefits.

Pro forma results have not been presented as the PetMatrix acquisition is not considered individually significant to the consolidated results of the Company.

NOTE 4 – ACQUISITIONS (continued)

GloFish

On May 12, 2017, the Company entered into an asset purchase agreement with Yorktown Technologies LP, for the acquisition of assets consisting of the GloFish branded operations, including transfer of the GloFish® brand, related intellectual property and operating agreements. The GloFish operations primarily consist of the development and licensing of fluorescent fish for sale through mass retail and online channels. The results of GloFish's operations since May 12, 2017 are included in the Company's Consolidated Statements of Income, and reported within the PET reporting segment for the year ended September 30, 2017.

The Company has recorded an allocation of the purchase price to the Company's tangible and identifiable intangible assets acquired and liabilities assumed based on their fair values as of the May 12, 2017 acquisition date. The excess of the purchase price over the fair value of the net tangible assets and identifiable intangible assets was recorded as goodwill, which includes value associated with the assembled workforce, including an experienced research team. The calculation of purchase price and purchase price allocation is as follows:

(in millions)	Purchase Price
Cash consideration	$ 49.7

(in millions)	Allocation
Trade receivables	$ 0.4
Property, plant and equipment	0.6
Goodwill	11.2
Intangible assets	37.8
Other current liabilities	(0.3)
Net assets acquired	$ 49.7

The purchase price allocation resulted in goodwill of $11.2 million, allocated to the PET segment; of which $11.2 million is deductible for tax purposes. The values allocated to intangible assets and the weighted average useful lives are as follows:

(in millions)	Carrying Amount	Weighted Average Useful Life (Years)
Tradenames	$ 6.1	Indefinite
Technology	30.2	13 years
Customer relationships	1.5	10 years
Total intangibles acquired	$ 37.8	

The Company performed a valuation of the acquired tradenames; technologies; customer relationships and contingent consideration. The following is a summary of significant inputs to the valuation:

- Tradenames – The Company valued indefinite-lived trade names using an income approach, the relief-from-royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the trade names were not owned. Royalty rates were selected based on consideration of several factors, including prior transactions, related trademarks and trade names, other similar trademark licensing and transaction agreements and the relative profitability and perceived contribution of the trade names.

- Technology – The Company valued technology using an income approach, the relief-from-royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the technology was not owned. Royalty rates were selected based on consideration of several factors, including prior transactions, related licensing agreements and the importance of the technology and profit levels, among other considerations. The Company anticipates using these technologies through the legal life of the underlying patents; therefore, the expected useful life of these technologies is based on the remaining life of the underlying patents.

- Customer relationships – The Company valued customer relationships using a replacement cost. The replacement cost approach values the intangible asset at the present value of the incremental after-tax cash flows attributable only to the customer relationships after deducting the cost to recreate key customer relationships. The incremental after-tax cash flows attributable to the subject intangible asset are then discounted to their present value. Income taxes were estimated at 35% and amounts were discounted using a rate of 12%.

Pro forma results have not been presented as the GloFish acquisition is not considered individually significant to the consolidated results of the Company.

Shaser

On May 18, 2017, the Company completed the purchase of the remaining 44% non-controlling interest of Shaser, Inc. with a purchase price of $12.6 million. Effective May 18, 2017, Shaser, Inc. is a wholly owned subsidiary of the Company and all recognized non-controlled interest associated with Shaser, Inc. is part of the Company's equity. As a result of the acquisition the Company recognized an increase of $24.1 million to additional paid-in capital.

NOTE 4 – ACQUISITIONS (continued)

Acquisition and Integration Costs

The following table summarizes acquisition and integration related charges incurred by the Company during the years ended September 30, 2018, 2017 and 2016:

(in millions)	2018	2017	2016
HHI	$ 6.0	$ 5.9	$ 13.3
PetMatrix	4.9	4.5	—
Glofish	0.2	1.0	—
Shaser	0.1	1.2	—
Other	4.1	5.1	8.8
Total acquisition and integration related charges	$ 15.3	$ 17.7	$ 22.1

NOTE 5 - RESTRUCTURING AND RELATED CHARGES

PET Rightsizing Initiative – During the second quarter of the year ending September 30, 2017, the Company implemented a rightsizing initiative within the PET segment to streamline certain operations and reduce operating costs. The initiative includes headcount reductions and the rightsizing of certain facilities. Total costs associated with this initiative of $20.3 million have been incurred to date and completed as of September 30, 2018.

HHI Distribution Center Consolidation – During the second quarter of the year ending September 30, 2017, the Company implemented an initiative within the HHI segment to consolidate certain operations and reduce operating costs. The initiative includes headcount reductions and the exit of certain facilities. Total costs associated with the initiative are expected to be approximately $83 million, of which $79.4 million has been incurred to date. The balance is anticipated to be incurred through December 31, 2018.

Other Restructuring Activities – The Company has entered or may enter into small, less significant initiatives and restructuring activities to reduce costs and improve margins throughout the organization. Individually these activities are not substantial, and occur over a shorter time period (less than 12 months).

The following summarizes restructuring and related charges for the years ended September 30, 2018, 2017, and 2016:

(in millions)	2018	2017	2016
HHI distribution center consolidation	$ 52.0	$ 27.4	$ —
PET rightsizing initiative	12.1	8.2	—
Other restructuring activities	11.5	1.9	10.2
Total restructuring and related charges	$ 75.6	$ 37.5	$ 10.2
Reported as:			
Cost of goods sold	$ 3.6	$ 0.5	$ 0.4
Operating expense	72.0	37.0	9.8

The following summarizes restructuring and related charges for the years ended September 30, 2018, 2017, and 2016, and cumulative costs of restructuring initiatives as of September 30, 2018, by cost type. Termination costs consist of involuntary employee termination benefits and severance pursuant to a one-time benefit arrangement recognized as part of a restructuring initiative. Other costs consist of non-termination type costs related to restructuring initiatives such as incremental costs to consolidate or close facilities, relocate employees, cost to retrain employees to use newly deployed assets or systems, lease termination costs, and redundant or incremental transitional operating costs and customer fines and penalties during transition, among others:

(in millions)	Termination Benefits	Other Costs	Total
For the year ended September 30, 2018	$ 7.8	$ 67.8	$ 75.6
For the year ended September 30, 2017	8.0	29.5	37.5
For the year ended September 30, 2016	3.9	6.3	10.2
Cumulative costs through September 30, 2018	14.2	97.4	111.6
Future costs to be incurred	—	3.7	3.7

The following is a rollforward of the accrual related to all restructuring and related activities, included within Other Current Liabilities, by cost type, for the years ended September 30, 2018, 2017, and 2016:

(in millions)	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2016	$ 1.2	$ 0.1	$ 1.3
Provisions	7.9	9.6	17.5
Cash expenditures	(2.0)	(0.5)	(2.5)
Non-cash items	(0.5)	(0.1)	(0.6)
Accrual balance at September 30, 2017	$ 6.6	$ 9.1	$ 15.7
Provisions	4.9	4.2	9.1
Cash expenditures	(8.4)	(8.6)	(17.0)
Accrual balance at September 30, 2018	$ 3.1	$ 4.7	$ 7.8

NOTE 5 - RESTRUCTURING AND RELATED CHARGES (continued)

The following summarizes restructuring and related charges by segment for the years ended September 30, 2018, 2017, and 2016, cumulative costs of restructuring initiatives as of September 30, 2018 and future expected costs to be incurred by segment:

(in millions)	HHI	HPC	PET	H&G	Corporate	Total
For the year ended September 30, 2018	$ 52.8	$ 0.7	$ 13.2	$ 0.8	$ 8.1	$ 75.6
For the year ended September 30, 2017	26.6	—	9.1	—	1.8	37.5
For the year ended September 30, 2016	2.3	0.3	6.0	0.4	1.2	10.2
Cumulative costs through September 30, 2018	80.2	0.7	21.4	0.8	8.5	111.6
Future costs to be incurred	3.7	—	—	—	—	3.7

NOTE 6 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The fair values of the Company's financial assets and liabilities are defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants. Fair value measurements are classified using a fair value hierarchy that is based upon the observability of inputs used in measuring fair value. Observable inputs (highest level) reflect market data obtained from independent sources, while unobservable inputs (lowest level) reflect internally developed assumptions about hypothetical transactions in the absence of market data. Fair value measurements are classified under the following hierarchy:

- Level 1 - Unadjusted quoted prices for identical instruments in active markets.
- Level 2 - Quoted prices for similar instruments in active markets; quoted prices for identical or similar instruments in markets that are not active; and model-derived valuations whose inputs are observable or whose significant value drivers are observable.
- Level 3 - Significant inputs to the valuation model are unobservable.

The Company utilizes valuation techniques that attempt to maximize the use of observable inputs and minimize the use of unobservable inputs. The Company's derivatives are valued on a recurring basis using internal models, which are based on market observable inputs including interest rate curves and both forward and spot prices for currencies and commodities, which are generally based on quoted or observed market prices (Level 2). The fair value of certain derivative financial instruments is estimated using pricing models based on contracts with similar terms and risks. Modeling techniques assume market correlation and volatility, such as using prices of one delivery point to calculate the price of the contract's different delivery point. The nominal value of interest rate transactions is discounted using applicable forward interest rate curves. In addition, by applying a credit reserve which is calculated based on credit default swaps or published default probabilities for the actual and potential asset value, the fair value of the Company's derivative financial instrument assets reflects the risk that the counterparties to these contracts may default on the obligations. Likewise, by assessing the requirements of a reserve for non-performance which is calculated based on the probability of default by the Company, the Company adjusts its derivative contract liabilities to reflect the price at which a potential market participant would be willing to assume the Company's liabilities. The Company has not changed the valuation techniques used in measuring the fair value of any financial assets and liabilities during the year.

The carrying values and estimated fair values for financial instruments as of September 30, 2018 and 2017 are as follows:

	September 30, 2018					September 30, 2017				
(in millions)	Level 1	Level 2	Level 3	Fair Value	Carrying Amount	Level 1	Level 2	Level 3	Fair Value	Carrying Amount
Derivative Assets	$ —	$ 8.9	$ —	$ 8.9	$ 8.9	$ —	$ 1.5	$ —	$ 1.5	$ 1.5
Derivative Liabilities	—	0.8	—	0.8	0.8	—	15.5	—	15.5	15.5
Debt - SBH	—	4,806.9	—	4,806.9	4,651.2	—	5,826.4	92.0	5,918.4	5,692.6
Debt - SB/RH	—	4,330.9	—	4,330.9	4,233.3	—	3,960.2	—	3,960.2	3,759.2

The carrying values of goodwill, intangible assets and other long-lived assets are tested annually or more frequently if an event occurs that indicates an impairment loss may have been incurred, using fair value measurements with unobservable inputs (Level 3). See *Note 13-Derivatives* for additional detail. The fair value measurements of the Company's debt represent non-active market exchange-traded securities which are valued at quoted input prices that are directly observable or indirectly observable through corroboration with observable market data (Level 2). See *Note 11-Debt* for additional detail. 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.

NOTE 7 - RECEIVABLES

The allowance for uncollectible receivables as of September 30, 2018 and 2017 was $38.6 million and $39.2 million, respectively. The following is a rollforward of the allowance for the years ended September 30, 2018, 2017 and 2016:

(in millions)	Beginning Balance	Charged to Profit & Loss	Deductions	Other Adjustments	Ending Balance
September 30, 2018	$ 39.2	$ 7.5	$ (8.7)	$ 0.6	$ 38.6
September 30, 2017	$ 38.9	$ 4.0	$ (5.0)	$ 1.3	$ 39.2
September 30, 2016	$ 35.9	$ 12.0	$ (7.6)	$ (1.4)	$ 38.9

The Company has a broad range of customers including many large retail outlet chains, three of which exceed 10% of consolidated Net Sales and/or Trade Receivables. These three customers represented 31.3%, 34.7% and 34.4% of Net Sales for the years ended September 30, 2018, 2017 and 2016, respectively; and 37.2% and 32.2% of Trade Receivables at September 30, 2018 and 2017, respectively.

We have entered into various factoring agreements and early pay programs with our customers to sell our trade receivables under non-recourse agreements in exchange for cash proceeds. A loss on sales is recognized for any discount and factoring fees associated with the transfer. We utilize factoring arrangements as an integral part of our financing for working capital. These transactions are treated as a sale and are accounted for as a reduction in trade receivables because the agreements transfer effective control over and risk related to the receivables to buyers. In some instances, we may continue to service the transferred receivable after the factoring has occurred, but in most cases we do not service any factored accounts. Any servicing of the trade receivable does not constitute significant continuing involvement or preclude the recognition of a sale. We do not carry any material servicing assets or liabilities. Cash proceeds from these arrangements are reflected as operating activities. The aggregate gross amount factored under these facilities was $1,675.3 million, $1,627.8 million and $1,609.6 million for the years ended September 30, 2018, 2017 and 2016, respectively. The cost of factoring such trade receivables was $9.4 million, $7.7 million and $6.6 million for the years ended September 30, 2018, 2017 and 2016 and reflected in the Consolidated Statements of Income as General and Administrative Expense.

NOTE 8 - INVENTORY

Inventories as of September 30, 2018 and 2017 consist of the following:

(in millions)	2018	2017
Raw materials	$ 70.3	$ 73.0
Work-in-process	35.3	33.6
Finished goods	478.0	481.2
	$ 583.6	$ 587.8

NOTE 9 - PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment as of September 30, 2018 and 2017 consist of the following:

(in millions)	2018	2017
Land, buildings and improvements	$ 161.2	$ 158.4
Machinery, equipment and other	489.3	434.7
Capital leases	199.6	198.3
Construction in progress	32.3	42.8
Property, plant and equipment	$ 882.4	$ 834.2
Accumulated depreciation	(382.4)	(335.2)
Property, plant and equipment, net	$ 500.0	$ 499.0

Depreciation expense from property, plant and equipment for the years ended September 30, 2018, 2017 and 2016 was $72.3 million, $74.6 million, and $65.1 million, respectively. Effective December 29, 2017, HPC was considered held for sale and a component of discontinued operations through September 30, 2018. Subsequent to the September 30, 2018 balance sheet date, the Company ceased marketing the business for sale and changed it plan to sell HPC and the disposal group was subsequently recognized as a component of continuing operations. See *Note 3 – Divestitures* for further detail. The consolidated financial statements of the Company have been revised to reflect the HPC operations as continuing operations and the assets as held for used. During the year ended September 30, 2018, there was $13.5 million of depreciation expense that was not recognized and deferred until the first quarter of fiscal year 2019 when the change in plan was realized and the property plant and equipment assets were recognized as held and used at their respective carrying value.

NOTE 10 - GOODWILL AND INTANGIBLE ASSETS

Goodwill, by segment, consists of the following:

(in millions)	HHI	PET	H&G	HPC	Total
As of September 30, 2016	$ 702.8	299.8	196.5	118.2	1,317.3
PetMatrix acquisition	—	123.8	—	—	123.8
GloFish acquisition	—	11.2	—	—	11.2
Foreign currency impact	5.9	2.3	—	1.3	9.5
As of September 30, 2017	$ 708.7	437.1	196.5	119.5	1,461.8
Foreign currency impact	(4.4)	(1.2)	—	(1.5)	(7.1)
As of September 30, 2018	$ 704.3	$ 435.9	$ 196.5	$ 118.0	$ 1,454.7

The fair values of the HHI, PET, and H&G reporting units exceeded their carrying values by 89%, 21%, and 222% respectively. During the year ended September 30, 2018, the HPC reporting unit was identified as a component of discontinued operations while it was marketed for sale and the net assets were recognized as held for sale, including its goodwill. While HPC was held for sale, there were no impairments of the net assets of the HPC business identified or recognized. Subsequent to September 30, 2018, the Company ceased its plan to sell the business and retroactively revised its historical financial statements to reflect the HPC business as a component of continuing operations. There was no impairment of goodwill, indefinite lived assets, or long-lived assets recognized with the Company's change in plan. Consequently, no impairment was recognized and there were no reporting units that were deemed at risk of impairment during the year ended September 30, 2018.

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

	2018			2017		
(in millions)	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
Customer relationships	$ 701.3	$ (275.3)	$ 426.0	$ 705.5	$ (255.5)	$ 450.0
Technology assets	181.5	(78.2)	103.3	181.4	(61.1)	120.3
Tradenames	153.2	(105.1)	48.1	165.8	(104.7)	61.1
Total	$ 1,036.0	$ (458.6)	$ 577.4	$ 1,052.7	$ (421.3)	$ 631.4

Certain trade names intangible assets have an indefinite life and are not amortized. The balance of trade names not subject to amortization was $1,064.4 million and $1,088.1 million as of September 30, 2018 and 2017. During the year ended September 30, 2018, the Company recognized $20.3 million impairment on indefinite life intangible assets due to the reduction in value over certain tradenames associated with the PET segment driven by lost sales volumes attributable to safety recall and increased market competition. During the years ended September 30, 2017 and 2016, the Company recognized $16.3 million and $4.7 million, respectively, of impairment on indefinite life intangible assets that were primarily in response to changes in management's strategy.

Amortization expense from intangible assets for the years ended September 30, 2018, 2017 and 2016 was $53.0 million, $72.1 million and $70.9 million, respectively. Effective December 29, 2017, HPC was considered held for sale and a component of discontinued operations through September 30, 2018. Subsequent to the September 30, 2018 balance sheet date, the Company ceased marketing the business for sale and changed it plan to sell HPC and the disposal group was subsequently recognized as a component of continuing operations. See *Note 3 – Divestitures* for further detail. The consolidated financial statements of the Company have been revised to reflect the HPC operations as continuing operations and the assets as held for used. During the year ended September 30, 2018, there was $15.5 million of amortization expense that was not recognized and deferred until the first quarter of fiscal year 2019 when the change in plan was realized and the intangible assets were recognized as held and used at their respective carrying value.

Excluding the impact of any future acquisitions or changes in foreign currency, the Company anticipates the annual amortization expense of intangible assets for the next five fiscal years will be as follows:

(in millions)	Amortization
2019	$ 67.6
2020	67.4
2021	65.0
2022	56.2
2023	45.7

NOTE 11 – DEBT

Debt for SBH and SB/RH as of September 30, 2018 and 2017 consists of the following:

	SBH				SB/RH			
	September 30, 2018		September 30, 2017		September 30, 2018		September 30, 2017	
(in millions)	Amount	Rate	Amount	Rate	Amount	Rate	Amount	Rate
Spectrum Brands Inc.								
Term Loan, variable rate, due June 23, 2022	$ 1,231.7	4.4 %	$ 1,244.2	3.4 %	$ 1,231.7	4.4 %	$ 1,244.2	3.4 %
CAD Term Loan, variable rate, due June 23, 2022	32.8	5.5 %	59.0	4.9 %	32.8	5.5 %	59.0	4.9 %
4.00% Notes, due October 1, 2026	494.7	4.0 %	500.9	4.0 %	494.7	4.0 %	500.9	4.0 %
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 %
6.625% 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 March 6, 2022	—	—%	—	—%	—	—%	—	—%
Other notes and obligations	7.3	9.5 %	11.5	9.5 %	7.3	9.5 %	11.5	9.5 %
Intercompany note with parent	—	—%	—	—%	520.0	4.3 %	—	—%
Obligations under capital leases	175.1	5.5 %	180.3	5.4 %	175.1	5.5 %	180.3	5.4 %
Total Spectrum Brands, Inc. debt	3,761.6		3,815.9		4,281.6		3,815.9	
Spectrum Brands Holdings, Inc. (formerly HRG)								
HRG - 7.875% Senior Secured Notes, due July 15, 2019	—	—%	864.4	7.9 %	—	—%	—	—%
HRG - 7.75% Senior Unsecured Notes, due January 15, 2022	890.0	7.8 %	890.0	7.8 %	—	—%	—	—%
HGI Funding - 2017 Loan, due July 13, 2018	—	—%	50.0	3.7 %	—	—%	—	—%
HGI Energy - notes due June 30, 2018	—	—%	92.0	1.5 %	—	—%	—	—%
Salus - unaffiliated long-term debt of consolidated VIE	77.0	—%	28.9	—%	—	—%	—	—%
Salus - long term debt of consolidated VIE with FGL	—	—%	48.1	—%	—	—%	—	—%
Total SBH debt	4,728.6		5,789.3		4,281.6		3,815.9	
Unamortized discount on debt	(19.8)		(20.7)		(2.8)		(3.7)	
Debt issuance costs	(57.6)		(76.1)		(45.5)		(53.1)	
Less current portion	(26.9)		(169.8)		(546.9)		(27.8)	
Long-term debt, net of current portion	$ 4,624.3		$ 5,522.7		$ 3,686.4		$ 3,731.3	

The Company's aggregate scheduled maturities of debt and capital lease obligations are as follows:

	SBH			SB/RH		
(in millions)	Capital Lease Obligations	Debt	Total	Capital Lease Obligations	Debt	Total
2019	$ 17.4	$ 17.6	$ 35.0	$ 17.4	$ 537.6	$ 555.0
2020	18.0	15.3	33.3	18.0	15.3	33.3
2021	19.3	89.9	109.2	19.3	12.9	32.2
2022	16.3	2,116.0	2,132.3	16.3	1,226.0	1,242.3
2023	15.5	—	15.5	15.5	—	15.5
Thereafter	197.0	2,314.7	2,511.7	197.0	2,314.7	2,511.7
Total	283.5	4,553.5	4,837.0	283.5	4,106.5	4,390.0
Interest	(108.4)	—	(108.4)	(108.4)	—	(108.4)
Long-term debt	$ 175.1	$ 4,553.5	$ 4,728.6	$ 175.1	$ 4,106.5	$ 4,281.6

Spectrum Term Loans and Revolver Facility

On June 23, 2015, SBI entered into term loan facilities pursuant to a Senior Credit Agreement consisting of (i) a $1,450 million USD Term Loan due June 23, 2022, (ii) a $75 million CAD Term Loan due June 23, 2022 and (iii) a €300 million Euro Term Loan due June 23, 2022, (collectively, "Term Loans") and (iv) entered into a $500 million Revolver Facility due June 23, 2020 (the "Revolver"). The proceeds from the Term Loans and draws on the Revolver were used to repay SBI's then-existing senior term credit facility, repay SBI's outstanding 6.75% senior unsecured notes due 2020, repay and replace SBI's then-existing asset based revolving loan facility, and to pay fees and expenses in connection with the refinancing and for general corporate purposes. Subsequent to the year ending September 30, 2018, the Company paid the $32.8 million CAD Term Loan in full on October 31, 2018.

On October 6, 2016, the Company entered into the first amendment to the Credit Agreement under its Term Loans and Revolver Facility (the "Credit Agreement") reducing the interest rate margins applicable to the USD Term Loans to either adjusted LIBOR (International Exchange London Interbank Offered Rate), subject to a 0.75% floor plus margin of 2.50% per annum, or base rate with a 1.75% floor plus margin of 1.50% per annum. The Company recognized $1.0 million of costs in connection with amending the Credit Agreement that has been recognized as interest expense.

On March 6, 2017, the Company entered into a second amendment to the Credit Agreement expanding the overall capacity of the Revolver Facility to $700 million, reducing the interest rate margin to either adjusted LIBOR plus margin ranging from 1.75% to 2.25%, or base rate plus margin ranging from 0.75% to 1.25%, reducing the commitment fee to 35bps, and extending the maturity to March 2022. The Company recognized $2.6 million of costs in connection with amending the cash revolver that has been deferred as debt issuance costs.

On April 7, 2017, the Company entered into a third amendment to the Credit Agreement reducing the interest rate margins applicable to the USD Term Loans to either adjusted LIBOR plus margin of 2.00% per annum, or base rate plus margin of 1.00%. The Company recognized $0.6 million of costs in connection with amending the Credit Agreement that has been recognized as interest expense.

NOTE 11 – DEBT (continued)

On May 16, 2017, the Company entered into a fourth amendment to the Credit Agreement increasing its USD Term Loan by $250.0 million of incremental borrowings and removing the floor which both LIBOR and base rates were subject to. The Company recognized $2.7 million as costs in connection with the increased borrowing that has been deferred as debt issuance costs.

On May 24, 2017, the Company extinguished its Euro Term Loan and recognized non-cash interest expense of $0.6 million for previously deferred debt issuance costs in connection with the extinguishment.

On March 28, 2018, the Company entered into a fifth amendment to the Credit Agreement, expanding the overall capacity of the Revolver Facility to $800 million.

As of September 30, 2018, the Term Loans and Revolver Facility are subject to variable interest rates, (i) the USD Term Loan is subject to either adjusted LIBOR, plus margin of 2.00% per annum, or base rate plus margin of 1.00% per annum; (ii) the CAD Term Loan is subject to either CDOR (Canadian Dollar Offered Rate), subject to a 0.75% floor plus 3.50% per annum, or base rate with a 1.75% floor plus 2.50% per annum; (iii) the Euro Term Loan was subject to either EURIBOR (Euro Interbank Offered Rate), subject to a 0.75% floor plus 2.75% per annum; and (iv) the Revolver Facility is subject to either adjusted LIBOR plus margin ranging from 1.75% to 2.25% per annum, or base rate plus margin ranging from 0.75% to 1.25% per annum.

Subject to certain mandatory prepayment events, the Term Loans are subject to repayment according to scheduled amortizations, with the final payments of all amounts outstanding, plus accrued and unpaid interest, due at maturity. The Senior Credit Agreement contains customary affirmative and negative covenants, including, but not limited to, restrictions on SBI and its restricted subsidiaries' ability to incur indebtedness, create liens, make investments, pay dividends or make certain other distributions, and merge or consolidate or sell assets, in each case subject to certain exceptions set forth in the Senior Credit Agreement.

The Credit Agreement, solely with respect to the Revolver Facility, contains a financial covenant test on the last day of each fiscal quarter on the maximum total leverage ratio. This is calculated as the ratio of (i) the principal amount of third party debt for borrowed money (including unreimbursed letter of credit drawings), capital leases and purchase money debt, at period-end, less cash and cash equivalents, to (ii) adjusted EBITDA for the trailing twelve months. The maximum total leverage ratio should be no greater than 6.0 to 1.0. As of September 30, 2018, we were in compliance with all covenants under the Credit Agreement.

Pursuant to a guarantee agreement, SB/RH and the material wholly-owned domestic subsidiaries of SBI have guaranteed SBI's obligations under the Senior Credit Agreement and related loan documents. Pursuant to a security agreement, SBI and such subsidiary guarantors have pledged substantially all of their respective assets to secure such obligations and, in addition, SB/RH has pledged the capital stock of SBI to secure such obligations. The Senior Credit Agreement also provides for customary events of default including payment defaults and cross-defaults to other material indebtedness.

As a result of borrowings and payments under the Revolver Facility, at September 30, 2018, the Company had borrowing availability of $777.3 million, net outstanding letters of credit of $21.2 million and $1.5 million allocated to a foreign subsidiary.

On October 31, 2018, subsequent to the balance sheet date of September 30, 2018, the Company repaid its CAD Term Loan in full for $32.6 million of outstanding principal and interest. On January 4, 2019, subsequent to September 30, 2018, the Company repaid its USD Term Loan in full using proceeds received from the divestiture of GBL, recognizing a loss on extinguishment of the debt of $9.0 million subsequent to the year ended September 30, 2018 attributable to a non-cash charge from the write-off of deferred financing costs and original issue discount associated with the debt.

Spectrum 4.00% Notes

On September 20, 2016, SBI issued €425 million aggregate principal amount of 4.00% Notes at par value, due October 1, 2026. The 4.00% Notes are guaranteed by SB/RH as well as by SBI's existing and future domestic subsidiaries.

SBI may redeem all or a part of the 4.00% Notes, at any time on or after October 1, 2021 at specified redemption prices. In addition, prior to October 1, 2021, SBI may redeem the notes at a redemption price equal to 100% of the principal amounts plus a "make-whole" premium. SBI is also entitled to redeem up to 35% of the aggregate principal amount of the notes before October 1, 2019 with an amount of cash equal to the net proceeds that SBI raises in equity offerings at specified redemption prices. Further, the indenture governing the 4.00% Notes (the "2026 Indenture") requires SBI to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of SBI, as defined in the 2026 Indenture.

The 2026 Indenture contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2026 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments when due or on acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency. Events of default under the 2026 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 4.00% Notes. If any other event of default under the 2026 Indenture occurs and is continuing, the trustee for the 2026 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 4.00% Notes, may declare the acceleration of the amounts due under those notes.

The Company recorded $7.7 million of fees in connection with the offering of the 4.00% Notes, which have been capitalized as debt issuance costs and are being amortized over the remaining life of the 4.00% Notes.

Spectrum 5.75% Notes

On May 20, 2015, SBI issued $1,000 million aggregate principal amount of 5.75% Notes at par value, due July 15, 2025 (the "5.75% Notes"). The 5.75% Notes are guaranteed by SB/RH as well as by SBI's existing and future domestic subsidiaries.

SBI may redeem all or a part of the 5.75% Notes, at any time on or after July 15, 2020, at specified redemption prices. In addition, prior to July 15, 2020, SBI may redeem the notes at a redemption price equal to 100% of the principal amount plus a "make-whole" premium. SBI is also entitled to redeem up to 35% of the aggregate principal amount of the notes before July 15, 2018 with an amount of cash equal to the net proceeds that SBI raises in equity offerings at specified redemption prices. Further, the indenture governing the 5.75% Notes (the "2025 Indenture") requires SBI to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of SBI, as defined in the 2025 Indenture.

The 2025 Indenture contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2025 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments when due or on acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency. Events of default under the 2025 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 5.75% Notes. If any other event of default under the 2025 Indenture occurs and is continuing, the trustee for the 2025 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 5.75% Notes, may declare the acceleration of the amounts due under those notes.

The Company recorded $19.7 million of fees in connection with the offering of the 5.75% Notes, which have been capitalized as debt issuance costs and are being amortized over the remaining life of the 5.75% Notes.

Spectrum 6.125% Notes

On December 4, 2014, SBI issued $250 million aggregate principal amount of 6.125% Notes at par value, due December 15, 2024 (the"6.125% Notes"). The 6.125% Notes are guaranteed by SB/RH, as well as by SBI's existing and future domestic subsidiaries.

SBI may redeem all or a part of the 6.125% Notes, at any time on or after December 15, 2019, at specified redemption prices. Prior to December 15, 2019, SBI may redeem the notes at a redemption price equal to 100% of the principal amount plus a "make-whole" premium. SBI is also entitled to redeem up to 35% of the aggregate principal amount of the notes before December 15, 2017 with an amount of cash equal to the net proceeds that SBI raises in equity offerings at specified redemption prices. Further, the indenture governing the 6.125% Notes (the "2024 Indenture") requires SBI to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of SBI, as defined in the 2024 Indenture.

The 2024 Indenture contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2024 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments when due or on acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency. Events of default under the 2024 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 6.125% Notes. If any other event of default under the 2024 Indenture occurs and is continuing, the trustee for the 2024 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 6.125% Notes, may declare the acceleration of the amounts due under those notes.

The Company recorded $4.6 million of fees in connection with the offering of the 6.125% Notes, which have been capitalized as debt issuance costs and are being amortized over the remaining life of the 6.125% Notes.

Spectrum 6.375% Notes and 6.625% Notes

On December 17, 2012, in connection with the acquisition of HHI Business, the Company assumed $520 million aggregate principal amount of 6.375% Notes at par value, due November 15, 2020 (the "6.375% Notes"), and $570 million aggregate principal amount of 6.625% Notes at par value, due November 15, 2022 (the "6.625% Notes"). During the year ended September 30, 2016, in connection with the issuance of the 4.00% Notes previously discussed, the Company repurchased $390.3 million aggregate principal amount of the 6.375% Notes in a cash tender offer. In connection with the tender, the Company recognized $6.5 million of fees and expenses and a $15.6 million tender premium as interest expense and wrote off $5.8 million of previously capitalized debt issuance costs as a non-cash charge to interest expense during the year ended September 30, 2016. On October 20, 2016, the Company redeemed the remaining outstanding aggregate principal on the 6.375% Notes of $129.7 million, with a make whole premium of $4.6 million recognized as interest expense and $1.9 million in non-cash interest expense for previously deferred debt issuance costs for the year ended September 30, 2017. The 6.625% Notes are unsecured and guaranteed by SB/RH, as well as by existing and future domestic restricted subsidiaries.

The Company may redeem all or a part of the 6.625% Notes, upon not less than 30 or more than 60 days notice, at specified redemption prices. Further, the indenture governing the 6.625% Notes (the "2020/22 Indenture") requires the Company to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of the Company, as defined in such indenture. Subsequent to the year ended September 30, 2017 and effective November 15, 2017, the 6.625% Notes became callable by the Company.

The 2020/22 Indenture contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

NOTE 11 – DEBT (continued)

On March 21, 2019, subsequent to September 30, 2018, the Company completed the prepayment of $285.0 million out of the $570.0 million aggregate principal amount of it 6.625% Notes at a price of 102.2083% of the principal amount thereof, plus accrued and unpaid interest thereon to the redemption date, in part using cash proceeds received from the GAC and GBL divestitures, recognizing a loss on extinguishment of the debt of $9.6 million subsequent to the year ended September 30, 2018, attributable to a $6.3 million premium on repayment of the debt and a non-cash charge of $3.3 million attributable to the write-off of deferred financing costs associated with the debt.

In addition, the 2020/22 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments when due or on acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency. Events of default under the 2020/22 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 6.625% Notes. If any other event of default under the 2020/22 Indenture occurs and is continuing, the trustee for the 2020/22 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 6.625% Notes, may declare the acceleration of the amounts due under those notes.

The Company recorded $14.1 million of fees in connection with the offering of the 6.625% Notes, which were capitalized as debt issuance costs and amortized over the remaining lives of the 6.625% Notes, respectively.

HRG 7.875% Notes

The indenture governing the 7.875% Notes contain covenants limiting, among other things, and subject to certain qualifications and exceptions, the Company's ability, and, in certain cases, the ability of the Company's subsidiaries, to incur additional indebtedness; create liens; engage in sale-leaseback transactions; pay dividends or make distributions in respect of capital stock; make certain restricted payments; sell assets; engage in transactions with affiliates; or consolidate or merge with, or sell substantially all of the Company's assets to, another person. The Company is also required to maintain compliance with certain financial tests, including minimum liquidity and collateral coverage ratios that are based on the fair market value of the collateral, including the Company's equity interests in Spectrum Brands and its other subsidiaries such as HGI Funding. On January 16, 2018, HRG redeemed all $864.4 million outstanding principal amount of its 7.875% Senior Secured Notes due 2019 at a redemption price equal to 100.0% of the principal amount thereof, plus accrued and unpaid interest to the redemption date.

HRG 7.75% Notes

As of September 30, 2018 and 2017, the Company had an outstanding balance of $890.0 million of 7.75% senior notes due 2022 (the "7.75% Notes"). Interest on the 7.75% Notes is payable semiannually, in January and July. Until January 15, 2020, the Company may redeem the 7.75% Notes at certain fixed redemption prices expressed as a percentage of the principal amount, plus accrued and unpaid interest. At any time on or after January 15, 2020, the Company may redeem some or all of the 7.75% Notes at 100.0% of the principal amount plus accrued and unpaid interest.

On January 30, 2019, subsequent to September 30, 2018, the Company repaid its 7.75% Senior Unsecured Notes issued by HRG in full using proceeds received from the GBL and GAC divestitures, recognizing a loss on extinguishment of the debt of $41.2 million subsequent to the year ended September 30, 2018, attributable to a $17.2 million premium on repayment of the debt and a non-cash charge of $24.0 million attributable to the write-off of deferred financing costs and original issue discount associated with the debt.

HGI Funding 2017 Loan

On January 13, 2017, the Company, through a wholly-owned subsidiary, HGI Funding, entered into a loan agreement, pursuant to which it was able to borrow up to an aggregate amount of $150.0 million (the "2017 Loan"). The 2017 Loan beared interest at an adjusted International Exchange London Interbank Offered Rate ("LIBOR"), plus 2.35% per annum, payable quarterly and a commitment fee of 75 bps. During the year ended September 30, 2018, the 2017 Loan was terminated by the borrower.

HGI Energy Notes

In February 2013, in connection with HRG's acquisition of an interest in Compass, HGI Energy entered into note purchase agreements with FGL and Front Street for $100.0 million notional aggregate principal amount of notes due February 14, 2021. The notes to FGL earned interest of 9.0% per annum, payable semi-annually in arrears on January 1 and July 1. Following the Compass sale, the notes were cancelled and replaced with $92.0 million notional aggregate amount of new HGI Energy Notes, which were then transferred from FGL to a reinsurance funds withheld account at Front Street, for which Front Street bears the economic risk. As a result of the transaction, HGI Energy recognized $8.0 million gain on the extinguishment of debt included in Other (Expense) Income in the accompanying Consolidated Statements of Operations, while FGL and Front Street recognized $8.0 million of net investment loss included in Income (loss) from discontinued operations – HRG insurance operations, net of tax in the accompanying Consolidated Statements of Operations.

On May 8, 2017, the HGI Energy Notes were amended to (i) extend the stated maturity date to the earlier of (x) June 30, 2018 and (y) five business days following the date of any occurrence of acquisition of ownership, directly or indirectly, beneficially or of record, by any person or group, other than HRG or its subsidiaries, of common stock representing more than 50.0% of FGL's issued an outstanding common stock; and (ii) increase the rate of interest paid by the HGI Energy Notes from 0.7% to 1.5%, effective August 22, 2017.

On December 5, 2017, HRG paid off the $92.0 million aggregate principal amount of the HGI Energy Notes, which were previously held by FGL.

Salus

In February 2013, September 2013 and February 2015, Salus completed a collateralized loan obligation ("CLO") securitization of up to $578.5 million notional aggregate principal amount. At September 30, 2018 and 2017, the outstanding notional aggregate principal amount of $77.0 million and $28.9 million, respectively, was taken up by unaffiliated entities, including HRG's former subsidiary, FGL, and consisted entirely of subordinated debt in both periods. As of September 30, 2017, there was $48.1 million taken up by FGL and included in Assets of Businesses Held for Sale in the accompanying Consolidated Statement of Financial Position. The CLO subordinated debt is non-recourse to the Company. The obligations of the securitization are secured by the assets of the variable interest entity, primarily asset-based loan receivables and carry residual interest subject to maintenance of certain covenants. As of September 30, 2018, the CLO's assets consisted of $2.0 million of cash that is being held back to cover wind-down and legal expenses. The subordinated tranches carry residual interest subject to maintenance of certain covenants. Due to losses incurred in the CLO, the CLO did not accrue interest on the subordinated debt as of September 30, 2018 and 2017.

NOTE 12 - LEASES

The Company has leases primarily pertaining to land, buildings and equipment that expire at various times through February 2034. The Company's minimum rent payments under operating leases are recognized on a straight-line basis over the term of the leases. Future minimum rental commitments under non-cancelable operating leases are as follows:

(in millions)		Amount
2019	$	22.8
2020		18.3
2021		13.0
2022		9.5
2023		8.0
Thereafter		10.6
Total minimum lease payments	$	82.2

Rent expense was $33.0 million, $34.8 million and $41.0 million for the years ended September 30, 2018, 2017 and 2016, respectively.

NOTE 13 - DERIVATIVES

Derivative financial instruments are used by the Company principally in the management of its interest rate, foreign currency exchange rate and raw material price exposures. The Company does not hold or issue derivative financial instruments for trading purposes. For derivative instruments that are designated and qualify as cash flow hedges, the gain or loss on the effective portion of the derivative is reported as a component of Accumulated Other Comprehensive Income ("AOCI") and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on derivatives representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings.

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 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 counter-parties included in accrued liabilities or receivables, respectively, and recognized in earnings as an adjustment to Interest Expense from the underlying debt to which the swap is designated. At September 30, 2018 and 2017, the Company had a series of U.S. dollar denominated interest rate swaps outstanding which effectively fix the interest on variable rate debt, exclusive of lender spreads, at 1.76% for a notional principal amount of $300.0 million through May 2020. The derivative net gain estimated to be reclassified from AOCI into earnings over the next 12 months is $1.4 million, net of tax. The Company's interest rate swap derivative financial instruments at September 30, 2018 and 2017 are as follows:

	2018			2017		
(in millions)	Notional Amount		Remaining Years	Notional Amount		Remaining Years
Interest rate swaps - fixed	$	300.0	1.6	$	300.0	2.6

Commodity Swaps. The Company is exposed to risk from fluctuating prices for raw materials, specifically 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 September 30, 2018, the Company had a series of brass swap contracts outstanding through February 2020. The derivative net loss estimated to be reclassified from AOCI into earnings over the next 12 months is $0.3 million, net of tax. The Company had the following commodity swap contracts outstanding as of September 30, 2018 and 2017:

	2018			2017		
(in millions, except notional)	Notional	Contract Value		Notional	Contract Value	
Brass swap contracts	1.0 Tons	$	5.6	1.3 Tons	$	6.6

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, Canadian Dollars or Japanese Yen. These foreign exchange contracts are cash flow hedges of fluctuating foreign exchange rates 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 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 Consolidated Statements of Income. At September 30, 2018, the Company had a series of foreign exchange derivative contracts outstanding through March 2020. The derivative net loss estimated to be reclassified from AOCI into earnings over the next 12 months is $3.9 million, net of tax. At September 30, 2018 and 2017, the Company had foreign exchange derivative contracts designated as cash flow hedges with a notional value of $261.6 million and $330.5 million, respectively.

Net Investment Hedge

On September 20, 2016, SBI issued €425 million aggregate principal amount of 4.00% Notes. See *Note 11 - Debt* for further detail. The 4.00% Notes are denominated in Euros and have been designated as a net investment hedge of the translation of the Company's net investments in Euro denominated subsidiaries at the time of issuance. As a result, the translation of the Euro denominated debt is recognized as AOCI with any ineffective portion recognized as foreign currency translation gains or losses on the statement of income when the aggregate principal exceeds the net investment in its Euro denominated subsidiaries. Net gains or losses from the net investment hedge are reclassified from AOCI into earnings upon a liquidation event or deconsolidation of Euro denominated subsidiaries. As of September 30, 2018, the hedge was fully effective and no ineffective portion was recognized in earnings.

NOTE 13 - DERIVATIVES (continued)

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, Pounds Sterling, Taiwanese Dollars or Australian Dollars. These foreign exchange contracts are economic hedges of a related liability or asset recorded in the accompanying 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 September 30, 2018, the Company had a series of forward exchange contracts outstanding through October 2018. At September 30, 2018 and 2017, the Company had $105.2 million and $109.7 million, respectively, of notional value for such foreign exchange derivative contracts outstanding.

Fair Value of Derivative Instruments

The fair value of the Company's outstanding derivative instruments in the Consolidated Statements of Financial Position are as follows:

(in millions)	Line Item	2018	2017
Derivative Assets			
Commodity swaps - designated as hedge	Other receivables	$ —	$ 0.6
Interest rate swaps - designated as hedge	Other receivables	1.8	—
Interest rate swaps - designated as hedge	Deferred charges and other	1.0	0.4
Foreign exchange contracts - designated as hedge	Other receivables	5.5	—
Foreign exchange contracts - designated as hedge	Deferred charges and other	0.2	0.2
Foreign exchange contracts - not designated as hedge	Other receivables	0.4	0.3
Total Derivative Assets		$ 8.9	$ 1.5
Derivative Liabilities			
Commodity swaps - designated as hedge	Accounts payable	$ 0.4	$ —
Interest rate swaps - designated as hedge	Other current liabilities	—	0.5
Interest rate swaps - designated as hedge	Accrued interest	(0.3)	0.2
Foreign exchange contracts - designated as hedge	Accounts payable	0.3	13.1
Foreign exchange contracts - designated as hedge	Other long term liabilities	0.2	1.6
Foreign exchange contracts - not designated as hedge	Accounts payable	0.2	0.1
Total Derivative Liabilities		$ 0.8	$ 15.5

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 for the years ended September 30, 2018 and 2017.

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 September 30, 2018, and 2017, there was no cash collateral outstanding. In addition, as of September 30, 2018 and 2017, the Company had no posted standby letters of credit related to such liability positions.

NOTE 13 - DERIVATIVES (continued)

The following table summarizes the impact of the effective and ineffective portions of designated hedges and the gain (loss) recognized in the Consolidated Statement of Income for the years ended September 30, 2018, 2017 and 2016:

For the year ended September 30, 2018 (in millions)	Effective Portion: Gain (Loss) in OCI	Effective Portion: Reclassified to Continuing Operations: Line Item	Effective Portion: Reclassified to Continuing Operations: Gain (Loss)	Effective Portion: Reclassified to Discontinued Operations	Ineffective portion: Continuing Operations: Line Item	Ineffective portion: Continuing Operations: Gain (Loss)	Ineffective portion: Discontinued Operations
Interest rate swaps	$ 4.0	Interest expense	$ —	$ 1.1	Interest expense	$ —	$ 1.2
Commodity swaps	(4.5)	Cost of goods sold	0.7	2.4	Cost of goods sold	—	—
Net investment hedge	6.2	Other non-operating expense	—	—	Other non-operating expense	—	—
Foreign exchange contracts	(0.1)	Net sales	0.1	—	Net sales	—	—
Foreign exchange contracts	10.8	Cost of goods sold	(9.3)	(1.9)	Cost of goods sold	—	—
Total	$ 16.4		$ (8.5)	$ 1.6		$ —	$ 1.2

For the year ended September 30, 2017 (in millions)	Effective Portion: Gain (Loss) in OCI	Effective Portion: Reclassified to Continuing Operations: Line Item	Effective Portion: Reclassified to Continuing Operations: Gain (Loss)	Effective Portion: Reclassified to Discontinued Operations	Ineffective portion: Continuing Operations: Line Item	Ineffective portion: Continuing Operations: Gain (Loss)	Ineffective portion: Discontinued Operations
Interest rate swaps	$ (0.7)	Interest expense	$ (1.3)	$ —	Interest expense	$ —	$ —
Commodity swaps	6.2	Cost of goods sold	0.7	4.7	Cost of goods sold	—	—
Net investment hedge	(24.0)	Other non-operating expense	—	—	Other non-operating expense	—	—
Foreign exchange contracts	0.4	Net sales	(0.1)	—	Net sales	—	—
Foreign exchange contracts	(13.5)	Cost of goods sold	6.4	0.4	Cost of goods sold	—	—
Total	$ (31.6)		$ 5.7	$ 5.1		$ —	$ —

For the year ended September 30, 2016 (in millions)	Effective Portion: Gain (Loss) in OCI	Effective Portion: Reclassified to Continuing Operations: Line Item	Effective Portion: Reclassified to Continuing Operations: Gain (Loss)	Effective Portion: Reclassified to Discontinued Operations	Ineffective portion: Continuing Operations: Line Item	Ineffective portion: Continuing Operations: Gain (Loss)	Ineffective portion: Discontinued Operations
Interest rate swaps	$ (0.4)	Interest expense	$ (1.9)	$ —	Interest expense	$ —	$ —
Commodity swaps	4.5	Cost of goods sold	(1.4)	(2.3)	Cost of goods sold	—	—
Net investment hedge	0.6	Other non-operating expense	—	—	Other non-operating expense	—	—
Foreign exchange contracts	(0.4)	Net sales	(0.2)	—	Net sales	—	—
Foreign exchange contracts	6.8	Cost of goods sold	6.6	0.3	Cost of goods sold	—	—
Total	$ 11.1		$ 3.1	$ (2.0)		$ —	$ —

The following table summarizes the gain (loss) associated with derivative contracts not designated as hedges and recognized as part of income from continuing operations in the Consolidated Statements of Income for the years ended September 30, 2018, 2017 and 2016.

(in millions)	Line Item	2018	2017	2016
Foreign exchange contracts	Other non-operating (income) expense	$ (2.3)	$ 0.8	$ 0.1

NOTE 14 - EMPLOYEE BENEFIT PLANS

Spectrum Defined Benefit Plans

Spectrum has various defined benefit pension plans covering some of its employees. Plans generally provide benefits of stated amounts for each year of service. Spectrum funds its pension plans in accordance with the requirements of the defined benefit pension plans and, where applicable, in amounts sufficient to satisfy the minimum funding requirements of applicable laws. Additionally, in compliance with the Spectrum's funding policy, annual contributions to defined benefit plans are equal to the actuarial recommendations or statutory requirements in the respective countries. Spectrum sponsors or participates in a number of other non-U.S. pension arrangements, including various retirement and termination benefit plans, some of which are covered by local law or coordinated with government-sponsored plans, which are not significant in the aggregate. The following tables provide additional information on Spectrum's pension plans as of September 30, 2018 and 2017:

	U.S. Plans		Non U.S. Plans	
(in millions)	**2018**	**2017**	**2018**	**2017**
Changes in benefit obligation:				
Benefit obligation, beginning of year	$ 75.3	$ 79.5	$ 149.8	$ 162.6
Service cost	0.4	0.4	2.0	2.5
Interest cost	2.7	2.7	3.6	3.3
Actuarial (gain) loss	(4.2)	(3.4)	1.5	(18.2)
Curtailments	—	—	—	(0.3)
Benefits paid	(3.7)	(3.9)	(5.3)	(6.7)
Foreign currency exchange rate changes	—	—	(2.7)	6.6
Benefit obligation, end of year	70.5	75.3	148.9	149.8
Changes in plan assets:				
Fair value of plan assets, beginning of year	68.9	63.9	115.9	112.6
Actual return on plan assets	3.7	7.4	1.9	(1.4)
Employer contributions	0.4	1.5	5.6	7.0
Benefits paid	(3.7)	(3.9)	(5.3)	(6.8)
Foreign currency exchange rate changes	—	—	(2.3)	4.5
Fair value of plan assets, end of year	69.3	68.9	115.8	115.9
Funded Status	$ (1.2)	$ (6.4)	$ (33.1)	$ (33.9)
Amounts recognized in statement of financial position				
Deferred charges and other	$ 0.1	$ —	$ 3.2	$ 0.2
Other accrued expenses	0.4	0.4	0.4	0.3
Other long-term liabilities	0.9	6.0	35.9	33.8
Accumulated other comprehensive loss	7.5	12.0	35.8	34.1
Weighted average assumptions				
Discount rate	3.70%	3.70%	1.00 - 8.30%	1.13 - 7.50%
Expected return on plan assets	7.00%	7.00%	1.00 - 3.70%	1.13 - 4.13%
Rate of compensation increase	N/A	N/A	2.25 - 7.00%	1.37 - 7.00%

Amounts reclassified from Accumulated Other Comprehensive Loss associated with Spectrum employee benefit plan costs and recognized on the Company's Consolidated Statements of Income for the years ended September 30, 2018, 2017 and 2016 were as follows:

(in millions)	**2018**	**2017**	**2016**
Cost of goods sold	$ 1.9	$ 3.2	$ 1.5
Selling expenses	0.4	0.8	0.3
General and administrative expenses	0.2	0.3	0.1
Amounts reclassified from AOCI to continuing operations	$ 2.5	$ 4.3	$ 1.9
Amounts reclassified from AOCI to discontinued operations	$ 0.7	$ 1.2	$ 0.5

The net loss in Accumulated Other Comprehensive Loss expected to be recognized in continuing operations during the year ended September 30, 2018 is $2.1 million.

The following table contains the components of net periodic benefit cost from Spectrum defined benefit plans for the years ended September 30, 2018, 2017 and 2016:

	U.S. Plans			Non U.S. Plans		
(in millions)	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**
Service cost	$ 0.4	$ 0.4	$ 0.2	$ 2.0	$ 2.5	$ 2.0
Interest cost	2.7	2.7	3.1	3.6	3.3	4.2
Expected return on assets	(4.5)	(4.4)	(4.4)	(4.2)	(4.1)	(4.1)
Settlement and curtailment	—	—	—	0.1	0.3	0.1
Recognized net actuarial loss	1.1	1.6	0.6	1.4	2.7	0.6
Net periodic benefit cost	$ (0.3)	$ 0.3	$ (0.5)	$ 2.9	$ 4.7	$ 2.8
Weighted average assumptions						
Discount rate	3.50%	3.50%	4.25%	1.13 - 7.50%	1.00 - 8.68%	1.75 - 7.00%
Expected return on plan assets	7.00%	7.00%	7.25%	1.13 - 4.13%	1.00 - 3.70%	1.75 - 4.53%
Rate of compensation increase	N/A	N/A	N/A	1.37 - 7.00%	2.25 - 7.00%	2.25 - 5.50%

The discount rate is used to calculate the projected benefit obligation. The discount rate used is based on the rate of return on government bonds as well as current market conditions of the respective countries where the plans are established. The expected return on plan assets is based on Spectrum's expectation of the long-term average rate of return of the capital market in which the plans invest. The expected return reflects the target asset allocations and considers the historical returns earned for each asset category.

NOTE 14 - EMPLOYEE BENEFIT PLANS (continued)

Spectrum established formal investment policies for the assets associated with these plans. Policy objectives include maximizing long-term return at acceptable risk levels, diversifying among asset classes, if appropriate, and among investment managers, as well as establishing relevant risk parameters within each asset class. Specific asset class targets are based on the results of periodic asset/liability studies. The investment policies permit variances from the targets within certain parameters. The plan assets currently do not include holdings of the Company's common stock. Below is a summary allocation of all Spectrum defined benefit plan assets as of September 30, 2018 and 2017.

	U.S. Plans		Non U.S. Plans	
Asset Type	**2018**	**2017**	**2018**	**2017**
Equity Securities	63 %	63 %	—%	—%
Fixed Income Securities	33 %	34 %	19 %	19 %
Other	4 %	3 %	81 %	81 %
Total	100.0 %	100 %	100 %	100 %

The fair value of pension plan assets by asset category as of September 30, 2018 and 2017 are as follows:

	September 30, 2018				September 30, 2017			
(in millions)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Cash & cash equivalents	$ 8.4	$ —	$ —	$ 8.4	$ 9.0	$ —	$ —	$ 9.0
Equity	25.6	—	—	25.6	31.1	—	—	31.1
Fixed income securities	21.0	—	—	21.0	21.0	—	—	21.0
Foreign equity	17.4	—	—	17.4	11.3	—	—	11.3
Foreign fixed income securities	2.1	21.9	—	24.0	2.1	21.6	—	23.7
Life insurance contracts	—	38.7	—	38.7	—	37.7	—	37.7
Other	2.5	47.5	—	50.0	1.8	49.2	—	51.0
Total plan assets	$ 77.0	$ 108.1	$ —	$ 185.1	$ 76.3	$ 108.5	$ —	$ 184.8

The following benefit payments are expected to be paid:

(in millions)	**Amount**
2019	$ 8.0
2020	8.2
2021	8.7
2022	8.6
2023	9.0
2024-2027	52.1

HRG Defined Benefit Plans

HRG had a noncontributory defined benefit pension plan (the "HRG Pension Plan") covering certain of its former U.S. employee, which has been frozen and all existing participants are fully vested in their benefits. On November 15, 2017, HRG's Board of Directors approved the termination of the HRG Pension Plan. The HRG Pension Plan's termination date was February 15, 2018. The Company has purchased annuity contracts and settled all outstanding obligations with the HRG Pension Plan. As of September 30, 2018, there is no outstanding projected benefit obligation for the HRG Pension Plan. As of September 30, 2017, the HRG Pension Plan's unfunded projected benefit obligation was $4.2 million.

Additionally, HRG has an unfunded supplemental pension plan (the "HRG Supplemental Plan") which provides supplemental retirement payments to certain former senior executives of HRG. The amounts of such payments equal the difference between the amounts received under the HRG Pension Plan and the amounts that would otherwise be received if HRG Pension Plan payments were not reduced as the result of the limitations upon compensation and benefits imposed by Federal law. Effective December 1994, the HRG Supplemental Plan was frozen.

Defined Contribution Plans

Spectrum and HRG sponsored defined contribution plans in which eligible participants may defer a fixed amount or a percentage of their eligible compensation, subject to limitations, pursuant to Section 401(k) of the Internal Revenue Code. HRG and Spectrum made discretionary matching contributions of eligible compensation. Spectrum also sponsors defined contribution plans for eligible employees of certain foreign subsidiaries. Contributions are discretionary and evaluated annually. Aggregate contributions charged to operations, including discretionary amounts, for the years ended September 30, 2018, 2017 and 2016 were $10.7 million, $10.7 million, and $10.2 million, respectively.

NOTE 15 - INCOME TAXES

Income tax expense was calculated based upon the following components of income from operations before income taxes for the years ended September 30, 2018, 2017, and 2016:

	SBH			SB/RH		
(in millions)	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**
United States	$ (140.4)	$ (150.7)	$ (130.3)	$ 25.4	$ 50.7	$ 97.3
Outside the United States	104.7	122.8	122.4	104.7	122.9	122.3
Income from operations before income taxes	$ (35.7)	$ (27.9)	$ (7.9)	$ 130.1	$ 173.6	$ 219.6

The components of income tax expense for the years ended September 30, 2018, 2017 and 2016 are as follows:

	SBH			SB/RH		
(in millions)	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**
Current tax expense:						
U.S. Federal	$ 58.1	$ 6.9	$ —	$ 58.4	$ 4.2	$ 2.0
Foreign	34.7	13.2	32.0	34.7	13.2	31.5
State and local	1.0	0.6	4.4	1.0	0.6	4.3
Total current tax expense	93.8	20.7	36.4	94.1	18.0	37.8
Deferred tax (benefit) expense:						
U.S. Federal	(539.7)	(18.0)	(92.0)	(170.0)	(12.2)	(74.5)
Foreign	3.1	(10.1)	4.2	3.0	(10.1)	4.2
State and local	(19.9)	(4.4)	(1.4)	(3.9)	(4.3)	(0.9)
Total deferred tax expense	(556.5)	(32.5)	(89.2)	(170.9)	(26.6)	(71.2)
Income tax expense	$ (462.7)	$ (11.8)	$ (52.8)	$ (76.8)	$ (8.6)	$ (33.4)

The following reconciles the total income tax expense, based on the U.S. Federal statutory income tax rate of 24.5% for the year ended September 30, 2018 and 35% for the year ended September 30, 2017 and 2016, with the Company's recognized income tax expense:

	SBH			SB/RH		
(in millions)	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**
U.S. Statutory federal income tax expense	$ (8.8)	$ (9.7)	$ (2.8)	$ 31.9	$ 60.8	$ 76.9
Permanent items	7.6	4.8	10.0	(3.5)	0.8	6.2
Foreign statutory rate vs. U.S. statutory rate	3.0	(32.8)	(31.5)	3.0	(32.8)	(31.5)
State income taxes, net of federal effect	(2.9)	1.2	10.5	(1.9)	1.3	2.9
Illinois state rate change	—	(3.4)	—	—	(3.4)	—
Tax reform act - US rate change	(166.7)	—	—	(181.7)	—	—
Tax reform act - mandatory repatriation	73.1	—	—	73.1	—	—
Residual tax on foreign earnings	5.9	(36.1)	15.9	5.9	(36.1)	15.9
Benefit from adjustment to tax basis in assets	—	—	(8.5)	—	—	(8.5)
Change in valuation allowance	(365.6)	77.1	(46.3)	(0.3)	18.1	(83.3)
Unrecognized tax expense (benefit)	(0.1)	3.9	8.4	(0.1)	3.9	8.3
Foreign tax law changes	—	—	(3.7)	—	—	(3.7)
Share based compensation adjustments	(5.5)	(4.9)	(0.2)	(0.5)	(0.4)	0.4
Impact of IRC Section 9100 relief	—	—	(16.4)	—	—	(16.4)
Research and development tax credits	(1.9)	(9.3)	—	(1.9)	(9.3)	—
UK Tax refund	—	(1.5)	—	—	(1.5)	—
Outside basis difference	—	(0.8)	6.4	—	(5.4)	—
Return to provision adjustments and other, net	(0.8)	(0.3)	5.4	(0.8)	(4.6)	(0.6)
Income tax expense	$ (462.7)	$ (11.8)	$ (52.8)	$ (76.8)	$ (8.6)	$ (33.4)

NOTE 15 - INCOME TAXES (continued)

The tax effects of temporary differences that give rise to deferred tax assets and deferred tax liabilities as of September 30, 2018 and 2017 are as follows:

	SBH		SB/RH	
(in millions)	**2018**	**2017**	**2018**	**2017**
Deferred tax assets				
Employee benefits	$ 24.8	$ 57.9	$ 23.1	$ 49.9
Restructuring	0.5	0.4	0.5	0.4
Inventories and receivables	25.0	32.7	25.0	32.7
Marketing and promotional accruals	9.9	15.8	9.9	15.8
Property, plant and equipment	32.1	31.4	31.2	30.9
Unrealized losses	7.1	16.7	7.1	16.7
Intangibles	14.3	8.5	14.3	8.5
Investment in subsidiaries	16.9	49.4	0.3	0.4
Net operating loss and credit carry forwards	790.8	1,019.2	281.8	362.2
Other	30.2	37.9	44.5	25.0
Total deferred tax assets	951.6	1,269.9	437.7	542.5
Deferred tax liabilities				
Property, plant and equipment	51.4	31.4	51.4	31.4
Unrealized gains	7.3	5.7	7.3	5.7
Intangibles	416.4	580.2	416.4	580.2
Investment in partnership	52.0	91.5	52.0	91.5
Taxes on unremitted foreign earnings	6.2	2.8	6.2	2.8
Redemption of long term debt	—	8.4	—	—
Other	7.6	2.5	7.6	1.5
Total deferred tax liabilities	540.9	722.5	540.9	713.1
Net deferred tax liabilities	410.7	547.4	(103.2)	(170.6)
Valuation allowance	(282.6)	(946.4)	(178.4)	(243.5)
Net deferred tax liabilities, net valuation allowance	$ 128.1	$ (399.0)	$ (281.6)	$ (414.1)
Reported as:				
Deferred charges and other	$ 163.1	$ 16.8	$ 5.4	$ 1.7
Deferred taxes (noncurrent liability)	35.0	415.8	287.0	415.8

On December 22, 2017, the Tax Cuts and Jobs Act (the "Tax Reform Act") was signed into law. The legislation significantly changes U.S. tax law by, among other things, lowering corporate income tax rates, implementing a dividends received deduction for dividends from foreign subsidiaries and imposing a tax on deemed repatriated accumulated earnings of foreign subsidiaries. The Tax Reform Act reduces the U.S. corporate income tax rate from a maximum of 35% to a flat 21% rate, effective January 1, 2018. The Company’s applicable U.S. statutory tax rate for Fiscal 2018 is approximately 24.5%.

Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to reverse. As a result of the reduction in the U.S. corporate income tax rate from 35% to 21% under the Tax Reform Act, the Company revalued its ending net deferred tax liabilities at December 31, 2017 and recognized $166.7 million of tax benefit in the Company’s net income from continuing operations for the year ended September 30, 2018.

The Tax Reform Act provided for a one-time deemed mandatory repatriation of post-1986 undistributed foreign subsidiary earnings and profits (“E&P”). The Company had an estimated $552.2 million of undistributed foreign E&P subject to the deemed mandatory repatriation and recognized a provisional $73.1 million of income tax expense in the Company’s net income from continuing operations for the year ended September 30, 2018 The mandatory repatriation tax is payable over 8 years, with the first payment due January 2019, therefore $5.9 million of the repatriation tax liability is classified as Other Current Liabilities and $67.2 million as Other Long-Term Liabilities on the Consolidated Statements of Financial Position as of September 30, 2018. The provisional tax expense for the mandatory repatriation is based on currently available information and additional information needs to be prepared, obtained and analyzed in order to determine the final amount, including further analysis of certain foreign exchange gains or losses, earnings and profits, foreign tax credits, and estimated cash and cash equivalents as of the measurement dates in the Tax Reform Act. Tax effects for changes to these items will be recorded in a subsequent quarter, as discrete adjustments to our income tax provision, once complete.

The Tax Reform Act provides for additional limitations on the deduction of business interest expense, effective with a portion of the Company’s Fiscal 2018 tax year. Unused interest deductions can be carried forward and may be used in future years to the extent the interest limitation is not exceeded in those periods. The Company estimated $89.9 million of interest expense is nondeductible for the Fiscal 2018 tax year. The Company expects that the carryforward will be deductible as a result of the sale of the GBL business.

The Tax Reform Act also contains additional limits on deducting compensation, including performance-based compensation, in excess of $1 million paid to certain executive officers for any fiscal year, effective with the Company’s Fiscal 2019 tax year. The Company’s future compensation payments will be subject to these limits, which could impact the Company’s effective tax rate.

The Company continues to review the anticipated impacts of the global intangible low taxed income (“GILTI”) and base erosion anti-abuse tax (“BEAT”) on the Company, which are not effective until fiscal year 2019. The Company has not recorded any impact associated with either GILTI or BEAT in the tax rate for the year ended September 30, 2018. The FASB allows an accounting policy election of either recognizing deferred taxes for temporary differences expected to reverse as GILTI in future years or treating such taxes as a current-period expense when incurred. Due to the complexity of calculating GILTI under the new law, we have not determined which method we will apply.

NOTE 15 - INCOME TAXES (continued)

In response to the enactment of the Tax Reform Act, the SEC staff issued Staff Accounting Bulletin No. 118 ("SAB 118") to address the application of U.S. GAAP in situations when a registrant does not have the necessary information available, prepared, or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Tax Reform Act. SAB 118 allows registrants to record provisional amounts during a one year measurement period in a manner similar to accounting for business combinations. The Company has recognized the provisional tax impacts related to deemed repatriated earnings and included these amounts in its consolidated financial statements. The ultimate impact may differ from these provisional amounts, possibly materially, due to, among other things, additional analysis, changes in interpretations and assumptions the Company has made, additional regulatory guidance that may be issued, and actions the Company may take as a result of the Tax Reform Act.

To the extent necessary, the Company intends to utilize free cash flow from foreign subsidiaries in order to support management's plans to voluntarily accelerate pay down of U.S. debt, fund distributions to shareholders, fund U.S. acquisitions and satisfy ongoing U.S. operational cash flow requirements. The Company annually estimates the available earnings, permanent reinvestment classification and the availability of and management's intent to use alternative mechanisms for repatriation for each jurisdiction in which the Company does business. Accordingly, the Company is providing residual U.S. and foreign deferred taxes on these earnings to the extent they cannot be repatriated in a tax-free manner.

During the year ended September 30, 2018, the Company provided $3.6 million of residual foreign taxes on undistributed foreign earnings and $2.0 million in domestic tax expense on earnings deemed to be repatriated under subpart F of the US tax law.

During the year ended September 30, 2017, the Company concluded that sufficient evidence existed that substantially all of its non-US subsidiaries had invested or would invest their respective undistributed earnings indefinitely or that the earnings would be remitted in a tax-free manner. As a result, the Company recognized approximately $30.3 million in tax benefit for reducing the deferred tax liability on those earnings that had been established in prior years. The Company provided residual tax expense of $2.3 million on earnings deemed to be repatriated under U.S. tax law for the year ended September 30, 2017. The tax benefit was recognized as an addition to net operating loss and credit carryforwards deferred tax assets.

During the year ended September 30, 2016, the Company provided $30.9 million of residual taxes on undistributed foreign earnings and $1.4 million in tax expense on earnings deemed to be repatriated under subpart F of the U.S. tax law. The residual domestic taxes from foreign earnings were recognized as a reduction to net operating loss and credit carryforwards deferred tax assets.

Remaining untaxed, undistributed earnings of the Company's foreign operations are $15.6 million at September 30, 2018. $552.2 million of the Company's undistributed earnings were taxed in the U.S. as a result of the mandatory deemed repatriation that was part of the Tax Reform Act. The majority of these earnings are intended to remain permanently invested. Accordingly, no residual income taxes have been provided on those earnings that are permanently reinvested. If at some future date these earnings cease to be permanently invested, the Company may be subject to foreign income, withholding and other taxes on such amounts, which cannot be reasonably estimated at this time.

As of September 30, 2018, the Company has U.S. federal net operating loss carryforwards ("NOLs") of $2,427.2 million with a federal tax benefit of $509.7 million, tax benefits related to state NOLs of $108.3 million and capital loss carryforwards of $442.2 million with a federal and state tax benefit of $104.1 million. The Company has an additional $4.3 million of federal and state NOLs for which benefits will be recorded to Additional Paid-in Capital when these carryforwards are used. These NOLs expire through years ending in 2038. As of September 30, 2018, the Company has foreign NOLs of $122.4 million and tax benefits of $30.4 million, which will expire beginning in the Company's fiscal year ending September 30, 2019. Certain of the foreign NOLs have indefinite carryforward periods. The Company has had multiple changes of ownership, as defined under Section 382 of the Internal Revenue Code of 1986, as amended, that subject the Company's U.S. federal and state NOLs and other tax attributes to certain limitations. The annual limitation is based on a number of factors including the value of the Company's stock (as defined for tax purposes) on the date of the ownership change, its net unrealized gain position on that date, the occurrence of realized gains in years subsequent to the ownership change and the effects of subsequent ownership changes (as defined for tax purposes), if any. In addition, separate return year limitations apply to limit the Company's utilization of the acquired Russell Hobbs U.S. federal and state NOLs to future income of the Russell Hobbs subgroup. Due to these limitations, the Company estimates, as of September 30, 2018, that $661.0 million of the total U.S. federal NOLs with a federal tax benefit of $138.8 million and $16.7 million of the tax benefit related to state NOLs will expire unused even if the Company generates sufficient income to otherwise use all of its NOLs. The Company also projects, as of September 30, 2018, that $26.2 million of tax benefits related to foreign NOLs will not be used. The Company has provided a full valuation allowance against these deferred tax assets.

A valuation allowance is recorded when it is more likely than not that some portion or all of the deferred tax assets will not be realized. The ultimate realization of the deferred tax assets depends on the ability of the Company to generate sufficient taxable income of the appropriate character in the future and in the appropriate taxing jurisdictions.

As a result of the Spectrum Merger, the Company and Spectrum will join in the filing of a US consolidated tax return starting July 13, 2018. The form of the Spectrum Merger allows for the Company's capital and net operating loss carryforwards to be able to be used to offset Spectrum's future income and the US tax gain on the sale of the GBL business to Energizer. As a result, the Company released $365.3 million of valuation allowance on its U.S. federal net deferred tax assets since it is now more likely than not that the assets will be realized. The Company also recorded $12.3 million of state tax benefit related to net operating loss and credit carryforwards as a result of the Spectrum merger since it is more likely than not that those carryforwards will generate tax benefits after the Spectrum Merger.

The Company also released $4.9 million of valuation allowance against its U.S. federal and state capital losses as a result of the announced sale of the GBL business to Energizer.

The Company recorded tax expense of $14.7 million related to additional valuation allowance on state NOLs during the year ended September 30, 2017.

The Company released $111.1 million of domestic valuation allowance on Spectrum net deferred tax assets during the year ended September 30, 2016 since it concluded it was more likely than not that the assets would be realized. Approximately $25.1 million of the domestic valuation allowance release resulted from additional deferred tax assets created by the adoption of ASU No. 2016-09, effective as of October 1, 2015. In December 2015, the Company received a ruling from the Internal Revenue Service ("IRS") which resulted in $87.8 million of U.S. net operating losses being restored and a release of $16.2 million of domestic valuation allowance from additional deferred tax assets created by the IRS ruling.

NOTE 15 - INCOME TAXES (continued)

As of September 30, 2018, the valuation allowance was $282.6 million, of which $247.3 million is related to U.S. net deferred tax assets and $35.3 million is related to foreign net deferred tax assets. As of September 30, 2017, the valuation allowance was $888.3 million, of which $862.2 million is related to U.S. net deferred tax assets and $26.1 million is related to foreign net deferred tax assets. As of September 30, 2016, the valuation allowance was related to continuing operations was 485.6 million, of which $203.7 million is related to U.S. net deferred tax assets and $17.6 million is related to foreign net deferred tax assets.

During the year ended September 30, 2018, the Company decreased its valuation allowance for deferred tax assets by $605.7 million of which $614.9 million is related to a decrease in valuation allowance against U.S. net deferred tax assets and $9.2 million related to an increase in the valuation allowance against foreign net deferred tax assets. During the year ended September 30, 2017, the Company increased its valuation allowance for deferred tax assets by $402.7 million, of which $394.2 million is related to an increase in valuation allowance against U.S. net deferred tax assets and $8.5 million related to an increase in the valuation allowance against foreign net deferred tax assets.

As of September 30, 2018, the Company has recorded $61.4 million of valuation allowance against its U.S. state net operating losses. It remains unclear which of the Tax Reform Act provisions will be adopted by each of the U.S. states. State conformity to the provisions of the Tax Reform Act could have a material impact on the valuation allowance recorded on U.S. state net operating losses.

The total amount of unrecognized tax benefits at September 30, 2018 and 2017 are $15.0 million and $15.6 million, respectively. If recognized in the future, $15.0 million of the unrecognized tax benefits as of September 30, 2018 will impact the effective tax rate. The Company recognizes interest and penalties related to uncertain tax positions in income tax expense. As of September 30, 2018, and 2017 the Company had $2.8 million and $2.5 million, respectively, of accrued interest and penalties related to uncertain tax positions. The impact on income tax expense related to interest and penalties for the years ended September 30, 2018, 2017 and 2016 was a net increase of $0.3 million, a net increase of $0.5 million and a net decrease of $0.5 million, respectively. The following table summarizes the changes to the amount of unrecognized tax benefits for the years ended September 30, 2018, 2017 and 2016:

(in millions)	2018	2017	2016
Unrecognized tax benefits, beginning of year	$ 15.6	$ 11.8	$ 8.5
Gross increase – tax positions in prior period	0.9	3.4	3.2
Gross decrease – tax positions in prior period	(3.3)	(0.2)	(0.3)
Gross increase – tax positions in current period	2.4	0.9	1.1
Settlements	(0.4)	—	(0.7)
Lapse of statutes of limitations	(0.2)	(0.3)	—
Unrecognized tax benefits, end of year	$ 15.0	$ 15.6	$ 11.8

During the tax year ended September 30, 2018, the Company reduced unrecognized tax benefits recorded against its deferred tax assets by $1.9 million for the change in the U.S. tax rate from 35% to 21%.

The Company files income tax returns in the U.S. federal jurisdiction and various state, local and foreign jurisdictions and is subject to ongoing examination by the various taxing authorities. The Company's major taxing jurisdictions are the U.S., United Kingdom and Germany. In the U.S., federal tax filings for years prior to and including the Company's fiscal year ended September 30, 2014 are closed. However, the federal NOLs from the Company's fiscal years ended September 30, 2007 through September 30, 2013 are subject to Internal Revenue Service ("IRS") examination until the year that such net operating loss carryforwards are utilized and those years are closed for audit. Filings in various U.S. state and local jurisdictions are also subject to audit and to date no significant audit matters have arisen. As of September 30, 2018, certain of the Company's legal entities are undergoing income tax audits. The Company cannot predict the ultimate outcome of the examinations; however, it is reasonably possible that during the next twelve months some portion of previously unrecognized tax benefits could be recognized.

NOTE 16 - RELATED PARTIES

During the year ended September 30, 2018, the Company entered into an engagement letter with Jefferies LLC ("Jefferies"), a wholly owned subsidiary of Jefferies Financial Group (formerly Leucadia National Corporation), which through subsidiaries beneficially owns more than 10% of the outstanding common stock of the Company to act as co-advisor to the Company (with the other co-advisors acting as lead financial advisor to HRG) with respect to HRG's review of strategic alternatives. Under the Jefferies engagement letter, and effective as of the closing date of the Spectrum Merger, Jefferies received a $3.0 million transaction fee, including reimbursement for all reasonable out of pocket expenses incurred by Jefferies in connection therewith. In addition, HRG agreed to indemnify Jefferies for certain liabilities in connection with such engagement. During the year ended September 30, 2016, Jefferies acted as one of the initial purchasers for SBI's offering of €425 million of its 4.00% Notes due 2026, for which Jefferies received $0.3 million in discounts, commissions and reimbursements of expenses.

NOTE 17 – SHARE BASED COMPENSATION

HRG stockholders approved the adoption of the HRG Group, Inc. 2011 Omnibus Equity Award Plan (formerly, Harbinger Group, Inc. 2011 Omnibus Equity Award Plan), as amended (the "HRG Equity Plan"), pursuant to which incentive compensation and performance compensation awards may be provided to employees, directors, officers and consultants of HRG or of its subsidiaries or their respective affiliates. The HRG Equity Plan authorizes the issuance of up to 24 million shares of common stock of HRG. In addition, stockholders approved the adoption of the Harbinger Group, Inc. 2014 Warrant Plan (the "HRG Warrant Plan") pursuant to which the Company awarded, Philip Falcone, its former Chief Executive Officer, warrants representing the right to purchase approximately 3 million shares of common stock, at an exercise price of $13.125 per share. A portion of the warrants, representing 0.6 million shares, vested immediately upon approval of the grant, and the remainder vested in equal installments over four years, with an estimated grant date fair value of $9.6 million. As of September 30, 2018, there were no warrants outstanding and not yet vested.

Prior to the close of the Spectrum Merger, each stock option, warrant and restricted stock award granted under the HRG Equity Plan and HRG Warrant Plan that was outstanding and unvested immediately prior to the closing became fully vested, and each stock option and warrant became exercisable. Each exercisable award that was unexercised was adjusted (including to give effect to the reverse stock split) and remains outstanding, subject to the same terms and conditions as applied in the corresponding award. Each HRG restricted stock award became fully vested and treated as a share of HRG common stock for purpose of the reverse stock split and Spectrum Merger. As of September 30, 2018, there were 1.4 million shares available for issuance under the HRG Equity Plan.

The Spectrum stockholders approved the adoption of the Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Award Plan, as amended (the "Spectrum Equity Plan"), pursuant to which incentive compensation and performance compensation awards may be provided to employees, directors, officers and consultants of Spectrum or of its subsidiaries or their respective affiliates. The Spectrum Plan authorized the issuance of up to 7.1 million shares of common stock of Spectrum, net cancellations, as amended.

Further, effective as of the closing date of the Spectrum Merger, each restricted stock award, restricted stock unit and performance stock unit under the Spectrum Equity Plan, whether vested or unvested, were assumed by SBH and automatically converted into a corresponding equity-based award in SBH with the right to hold or acquire shares of common stock equal to the number of shares of Spectrum common stock previously underlying such award. Each new award is subject to the same terms and conditions as the corresponding Spectrum award. SBH will assume all rights and obligation in respect of each equity-based plan of Spectrum. As of September 30, 2018, there were 1.6 million shares available for issuance under the Spectrum Plan.

Share based compensation expense is recognized as General and Administrative Expenses on the Consolidated Statements of Income and include costs from the Spectrum Equity Plan and the HRG Equity Plan. The following is a summary of the share based compensation expense for the years ended September 30, 2018, 2017 and 2016:

(in millions)	2018	2017	2016
Spectrum equity plan	$ 10.5	$ 49.0	$ 57.5
HRG Equity Plan	1.4	5.2	13.6
SBH	$ 11.9	$ 54.2	$ 71.1
SB/RH	$ 8.8	$ 46.2	$ 52.5

Spectrum Equity Plans

Spectrum measures share based compensation expense of its Restricted Stock Units ("RSUs") based on the fair value of the awards, as determined based on the market price of the Company's shares of common stock on the grant date and recognized these costs on a straight-line basis over the requisite period of the awards. Certain RSUs are performance-based awards that are dependent upon achieving specified financial metrics over a designated period of time. The following is a summary of the RSU activity for the years ended September 30, 2018, 2017 and 2016:

	SBH			SB/RH		
(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
At September 30, 2015	0.6	$ 87.50	$ 53.2	0.5	$ 87.71	$ 42.1
Granted	0.6	94.88	56.0	0.6	95.00	54.1
Forfeited	(0.1)	92.26	(6.6)	(0.1)	92.26	(6.6)
Vested	(0.5)	86.97	(47.8)	(0.5)	86.78	(44.3)
At September 30, 2016	0.6	94.97	54.8	0.5	96.92	45.3
Granted	0.7	127.00	88.4	0.7	126.85	86.9
Forfeited	—	118.89	(1.4)	—	118.89	(1.4)
Vested	(0.5)	109.03	(54.6)	(0.5)	111.98	(48.4)
At September 30, 2017	0.8	114.67	87.2	0.7	116.32	82.4
Granted	0.4	102.96	45.9	0.4	102.92	44.4
Forfeited	(0.1)	115.08	(8.5)	(0.1)	115.08	(8.5)
Vested	(0.5)	113.07	(55.6)	(0.4)	114.07	(51.1)
At September 30, 2018	0.6	$ 107.71	$ 69.0	0.6	$ 108.75	$ 67.2

	SBH					SB/RH				
(in millions, except per share data)	Units		Weighted Average Grant Date Fair Value		Fair Value at Grant Date	Units		Weighted Average Grant Date Fair Value		Fair Value at Grant Date
Time-based grants	0.2	$	96.25	$	20.1	0.2	$	95.65	$	18.6
Performance-based grants										
Vesting in less than 24 months	0.1		108.33		13.2	0.1		108.33		13.2
Vesting in more than 24 months	0.1		109.45		12.6	0.1		109.45		12.6
Total performance-based grants	0.2	$	108.87	$	25.8	0.2	$	108.87	$	25.8
Total grants	0.4	$	102.96	$	45.9	0.4	$	102.92	$	44.4

In addition to RSUs, Spectrum also provides a portion of its annual management incentive compensation plans to be paid in common stock, in lieu of cash payment, and is considered a liability plan. Share based compensation expense associated with the annual management incentive compensation plan was $9.5 million, $13.8 million and $8.8 million for the years ended September 30, 2018, 2017 and 2016, respectively. The remaining unamortized compensation cost related to non-vested RSUs at September 30, 2018 is $8.1 million for Spectrum and SB/RH.

HRG Equity Plans

The following is a summary of HRG stock option awards and warrants during the years ended September 30, 2018, 2017 and 2016:

	Stock Options					Warrants				
(in millions, except per share data)	Options		Weighted Average Exercise Price		Weighted Average Grant Date Fair Value	Units		Weighted Average Exercise Price		Weighted Average Grant Date Fair Value
As of September 30, 2015	4.7	$	9.25	$	3.70	1.8	$	13.13	$	9.66
Granted	0.1		13.93		5.07	—		—		—
Exercised	(0.6)		7.82		3.05	(0.6)		13.13		(3.22)
As of September 30, 2016	4.2		9.48		3.80	1.2		13.13		6.44
Granted	0.3		15.39		5.96	—		—		
Exercised	(0.5)		11.28		4.48	(0.6)		13.13		(3.22)
As of September 30, 2017	4.0		9.69		3.88	0.6		13.13		3.22
Granted	—		—		—	—		—		—
Exercised	(2.5)		8.38		(3.33)	(0.6)		13.13		(3.22)
As of July 13, 2018	1.5		11.80		4.78	—	$	—	$	—
Vested and exercisable at September 30, 2018	0.2	$	73.29	$	4.78					

The fair value of stock option awards and warrants are determined using the Black-Scholes option pricing model. The following assumptions were used in the determination of these grant date fair values for options awarded using the Black-Scholes option pricing model:

	2017	2016
Risk-free interest rate	1.80% to 2.25%	1.80% to 2.25%
Assumed dividend yield	- %	- %
Expected option term	5.0 to 6.5 years	5.0 to 5.5 years
Volatility	35.1% to 37.5%	37.4% to 37.9%

During the year ended September 30, 2018, HRG stock option awards with a fair value of $0.8 million vested. The intrinsic value of HRG share options exercised during the year ended September 30, 2018 was $21.5 million which HRG received $19.9 million in cash settlement. As of September 30, 2018, there are 0.2 million vested and exercisable HRG options outstanding with a weighted average exercise price of $73.29, as converted due to the reverse stock split to facilitate the Spectrum Merger.

NOTE 17 – SHARE BASED COMPENSATION (continued)

HRG measures shared based compensation expense of its restricted stock awards based on the fair value of the awards, as determined based on the market price of the HRG shares of common stock on the grant date and recognizes these costs on a straight-line basis over the requisite period of the awards. The following is a summary of HRG restricted stock awards during the years ended September 30, 2018, 2017 and 2016:

	Restricted Stock Awards			Restricted Stock Units		
(in millions, except per share data)	Units	Weighted Average Grant Date Fair Value	Fair Value at Grant Date	Units	Weighted Average Grant Date Fair Value	Fair Value at Grant Date
As of September 30, 2015	4.3	$ 11.74	$ 50.3	0.1	$ 12.33	$ 0.5
Granted	0.1	13.93	1.4	0.1	13.93	0.1
Exercised	(2.4)	11.01	(26.5)	(0.1)	13.93	(0.1)
As of September 30, 2016	2.0	12.74	25.2	0.1	12.33	0.5
Granted	0.1	15.71	0.3	—	—	—
Exercised	(2.0)	12.73	(23.6)	(0.1)	12.33	(0.5)
As of September 30, 2017	0.1	13.36	1.9	—	—	—
Granted	0.1	16.85	0.4	—	—	—
Exercised	(0.2)	13.85	(2.3)	—	—	—
Outstanding, vested and exercisable at July 13, 2018	—	$ —	$ —	—	$ —	$ —

There is no remaining unrecognized pre-tax compensation cost associated with HRG share-based awards as of September 30, 2018.

NOTE 18 - COMMITMENTS AND CONTINGENCIES

The Company is a defendant in various litigation matters generally arising out of the ordinary course of business. The Company does not believe that any of the matters or proceedings presently pending will have a material adverse effect on its results of operations, financial condition, liquidity or cash flows.

Environmental. The Company has provided for the estimated costs of $4.0 million and $4.3 million as of September 30, 2018 and 2017, associated with environmental remediation activities at some of its current and former manufacturing sites. The Company believes that any additional liability in excess of the amounts provided that may result from resolution of these matters, will not have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company.

Product Liability. The Company may be named as a defendant in lawsuits involving product liability claims. The Company has recorded and maintains an estimated liability in the amount of management's estimate for aggregate exposure for such liabilities based upon probable loss from loss reports, individual cases, and losses incurred but not reported. As of September 30, 2018 and 2017, the Company recognized $9.8 million and $6.9 million in product liability accruals, respectively, included in Other Current Liabilities on the Consolidated Statement of Financial Position. The Company believes that any additional liability in excess of the amounts provided that may result from resolution of these matters will not have a material adverse effect on the consolidated financial condition, results of operations or cash flows of the Company.

Product Warranty. The Company recognizes an estimated liability for standard warranty on certain products when we recognize revenue on the sale of the warranted products. Estimated warranty costs incorporate replacement parts, products and delivery, and are recorded as a cost of goods sold at the time of product shipment based on historical and projected warranty claim rates, claims experience and any additional anticipated future costs on previously sold products. The Company recognized $7.8 million and $6.8 million of warranty accruals as of September 30, 2018 and 2017, respectively, included in Other Current Liabilities on the Consolidated Statement of Financial Statement.

Product Safety Recall. On June 10, 2017, the Company initiated a voluntary safety recall of various rawhide chew products for dogs sold by the Company's PET segment due to possible chemical contamination. As a result, the Company recognized a loss related to the recall of $18.9 million and $35.8 million for the year ended September 30, 2018, and 2017 which was comprised of non-cash inventory write-offs at our distribution centers and production facilities of $4.1 million and $15.0 million for the years ended September 30, 2018 and 2017, respectively; reduction in net sales for returned or disposed product held by our customers of $2.0 million and $7.1 million for the years ended September 30, 2018 and 2017, respectively; and incremental costs of disposal, operating costs during temporary shutdown of production facilities and subsequent start-up of production facilities impacted by the recall of $12.9 million and $13.7 million, respectively for the years ended September 30, 2018 and 2017, respectively. The Company suspended production at facilities impacted by the product safety recall, completed a comprehensive manufacturing review and subsequently recommenced production during the fourth quarter ended September 30, 2017. The impacted production facilities were subject to incremental costs during start-up requiring alternative treatment on affected product SKUs until appropriate regulatory approvals were received. The amounts for customer losses reflect the cost of the affected products returned to or replaced by the Company and the expected cost to reimburse customers for costs incurred by them related to the recall. The incremental costs incurred directly by the company do not include lost earnings associated with interruption of production at the Company's facilities, or the costs to put into place corrective and preventative actions at those facilities. As of September 30, 2017, the Company had an outstanding accrual of $5.8 million associated with expected customer losses and disposal costs. There have been no lawsuits or claims filed against the Company related to the recalled product.

NOTE 19 - SEGMENT INFORMATION

Spectrum identifies its segments based upon the internal organization that is used by management for making operating decisions and assessing performance as the source of the Company's reportable segments. As of the date of the merger effective July 13, 2018, the Company changed its operating and reporting segments to be consistent with the segment reporting of Spectrum. In addition, as a result of the GBL and GAC planned divestitures, and changes to the Company's plan to sell its HPC division, the manner in which management views its business activities and the reportable segments changed. Spectrum had historically recognized GBL and HPC as components to Global Batteries and Appliances (GBA) as a separate reportable segment. Effective December 29, 2017, the Company had an approved a plan to sell its GBA segment and had classified it as held for sale up and excluded it from segment reporting until November 2018, when the decision was made to change its plan to sell HPC and recognize it as a component of continuing operations. See *Note 3 – Divestitures* for further details on GBL and GAC divestitures, and the change in plan to sell HPC. HPC has been recognized as a component of continuing operations and as a separate operating and reportable segment.

Spectrum manages its continuing operations in vertically integrated, product-focused reporting segments: (i) HHI, which consists of the Spectrum's worldwide hardware, security and plumbing business; (ii) PET, which consists of the Spectrum's worldwide pet supplies business; (iii) H&G, which consists of the Spectrum's home and garden and insect control business and (iv) HPC, which consists of the Spectrum's small kitchen and personal care appliances businesses. 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 president or general manager responsible for the sales and marketing initiatives and financial results for product lines within the segment. Net sales attributable to foreign countries are determined based on the domiciled country of the customer.

Net sales relating to the segments of the Company for the years ended September 30, 2018, 2017 and 2016 are as follows:

(in millions)	2018	2017	2016
HHI	$ 1,377.7	$ 1,276.1	$ 1,241.0
HPC	1,110.4	1,132.3	1,169.6
PET	820.5	793.2	825.7
H&G	500.1	503.8	509.0
Net sales	$ 3,808.7	$ 3,705.4	$ 3,745.3

The Chief Operating Decision Maker uses Adjusted EBITDA as the primary operating metric in evaluating the business and making operating decisions. EBITDA is calculated by excluding the Company's income tax expense, interest expense, depreciation expense and amortization expense (from intangible assets) from net income. Adjusted EBITDA further excludes:

- Share based compensation expense as it is a non-cash based compensation cost, see *Note 17 - Share Based Compensation* to the Consolidated Financial Statements for further details;
- Acquisition and integration charges that consist of transaction costs from acquisition transactions during the period or subsequent integration related project costs directly associated with the acquired business, see *Note 4 – Acquisitions* to the Consolidated Financial Statements for further details;
- Restructuring and related charges, which consist of project costs associated with restructuring initiatives across the segments, see *Note 5 - Restructuring and Related Charges* to the Consolidated Financial Statements for further details;
- Non-cash purchase accounting inventory adjustments recognized in earnings subsequent to an acquisition (when applicable);
- Non-cash asset impairments or write-offs realized on goodwill, intangible assets, and property plant and equipment (when applicable). See *Note 10 – Goodwill and Intangible Assets* for further details;
- Incremental costs associated with a safety recall in PET. See *Note 18 – Commitments and Contingencies* to the Consolidated Financial Statements for further details;
- Transactions costs directly associated with the Spectrum Merger. See *Note 4 – Acquisitions* to the Consolidated Financial Statements for further details;
- Non-recurring HRG net operating costs considered to be redundant or duplicative as a result of the Spectrum Merger and not considered a component of the continuing commercial products company post-merger, including compensation and benefits, directors fees, professional fees, insurance, public company costs, amongst others, and including interest and other non-recurring income that will ultimately be eliminated following the transaction; including a one-time cost for the termination of a legacy HRG pension plan of $1.2 million and one-time lease termination cost for the HRG New York based corporate office of $3.1 million during the year ended September 30, 2018.
- Net operating results of Salus as they are not considered a component of the continuing commercial products company; and
- Other adjustments as further discussed.

During the fiscal year ended September 30, 2018, other adjustments consist of incremental costs for separation of key senior executives and costs attributable to flood damage at the Company's corporate headquarters in Wisconsin. During the fiscal year ended September 30, 2017, other adjustments consists of an adjustment for the devaluation of cash and cash equivalents denominated in Venezuelan currency. During the fiscal year ended September 30, 2016, other adjustments consist of onboarding costs of a key executive.

NOTE 19 - SEGMENT INFORMATION (continued)

Segment Adjusted EBITDA in relation to the Company's reportable segments for SBH and SB/RH for the years ended September 30, 2018, 2017 and 2016, is as follows:

SBH (in millions)	2018	2017	2016
HHI	$ 254.7	$ 254.4	$ 241.6
HPC	119.4	147.8	141.3
PET	136.7	142.7	140.1
H&G	107.5	133.0	138.3
Total Segment Adjusted EBITDA	618.3	677.9	661.3
Corporate expenses	36.3	39.3	31.9
Interest expense	264.0	310.4	336.9
Depreciation and amortization	125.3	147.3	136.7
Share-based compensation	11.9	54.2	71.1
Acquisition and integration related charges	15.3	17.7	22.1
Restructuring and related charges	75.6	37.5	10.2
HPC divestiture related charges	14.9	—	—
Write-off from impairment of intangible assets	20.3	16.3	4.7
Inventory acquisition step-up	0.8	3.3	—
Pet safety recall	18.9	35.8	—
Spectrum merger related transaction charges	45.9	7.6	—
Non-recurring HRG operating costs	20.0	36.1	55.1
Other	4.8	0.3	0.5
Loss from operations before income taxes	$ (35.7)	$ (27.9)	$ (7.9)

SB/RH (in millions)	2018	2017	2016
HHI	$ 254.7	$ 254.4	$ 241.6
PET	136.7	142.7	140.1
H&G	107.5	133.0	138.3
HPC	119.4	147.8	141.3
Total Segment Adjusted EBITDA	618.3	677.9	661.3
Corporate expenses	35.9	38.6	31.4
Interest expense	167.0	161.8	184.4
Depreciation and amortization	124.6	146.8	136.0
Share-based compensation	8.8	46.2	52.5
Acquisition and integration related charges	15.3	17.7	22.2
Restructuring and related charges	75.6	37.5	10.2
HPC divestiture related charges	14.9	—	—
Write-off from impairment of intangible assets	20.3	16.3	4.7
Inventory acquisition step-up	0.8	3.3	—
Pet safety recall	18.9	35.8	—
Other	6.1	0.3	0.3
Income from continuing operations before income taxes	$ 130.1	$ 173.6	$ 219.6

NOTE 19 - SEGMENT INFORMATION (continued)

Other financial information relating to the segments of SBH and SB/RH are as follows for the years ended September 30, 2018, 2017 and 2016 and as of September 30, 2018 and 2017:

	SBH			SB/RH		
Depreciation and amortization (in millions)	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**
HHI	40.0	38.3	35.4	40.0	38.3	35.4
PET	42.3	43.1	42.7	42.3	43.1	42.7
H&G	18.8	17.6	15.2	18.8	17.6	15.2
HPC	8.8	34.8	32.8	8.8	34.8	32.8
Total segments	109.9	133.8	126.1	109.9	133.8	126.1
Corporate	15.4	13.5	10.6	14.7	13.0	9.9
Total depreciation and amortization	$ 125.3	$ 147.3	$ 136.7	$ 124.6	$ 146.8	$ 136.0

	SBH			SB/RH		
Capital expenditures (in millions)	**2018**	**2017**	**2016**	**2018**	**2017**	**2016**
HHI	15.6	25.5	22.3	15.6	25.5	22.3
PET	24.6	20.2	14.4	24.6	20.2	14.4
H&G	6.4	6.5	6.9	6.4	6.5	6.9
HPC	14.8	15.3	12.9	14.8	15.3	12.9
Total segment capital expenditures	61.4	67.5	56.5	61.4	67.5	56.5
Corporate	14.5	14.3	17.2	14.5	14.3	17.0
Total capital expenditures	$ 75.9	$ 81.8	$ 73.7	$ 75.9	$ 81.8	$ 73.5

	SBH		SB/RH	
Segment total assets (in millions)	**2018**	**2017**	**2018**	**2017**
HHI	1,640.7	1,698.3	1,640.7	1,698.3
PET	1,367.6	1,397.5	1,367.6	1,397.5
H&G	528.4	546.7	528.4	546.7
HPC	970.9	1,003.1	970.9	1,003.1
Total segment assets	4,507.6	4,645.6	4,507.6	4,645.6
Corporate	888.8	394.4	727.2	274.8
Total assets	$ 5,396.4	$ 5,040.0	$ 5,234.8	$ 4,920.4

Net sales SBH and SB/RH for the years ended September 30, 2018, 2017 and 2016 and long-lived asset information as of September 30, 2018 and 2017 by geographic area are as follows:

	SBH/SBRH		
Net sales to external parties - Geographic Disclosure (in millions)	**2018**	**2017**	**2016**
United States	$ 2,627.2	$ 2,543.2	$ 2,523.3
Europe/MEA	669.4	653.2	703.6
Latin America	212.1	207.5	232.3
North America - Other	173.9	174.4	164.7
Asia-Pacific	126.1	127.1	121.4
Net sales	$ 3,808.7	$ 3,705.4	$ 3,745.3

	SBH		SB/RH	
Long-lived assets - Geographic Disclosure (in millions)	**2018**	**2017**	**2018**	**2017**
United States	$ 345.1	$ 335.0	$ 345.1	$ 334.2
Europe/MEA	84.3	90.6	84.3	90.6
Latin America	26.7	26.2	26.7	26.2
North America - Other	1.3	1.8	1.3	1.8
Asia-Pacific	42.6	45.4	42.6	45.4
Total long-lived assets	$ 500.0	$ 499.0	$ 500.0	$ 498.2

NOTE 20 - EARNINGS PER SHARE - SBH

Basic earnings per share is computed by dividing net income attributable to controlling interest by the weighted average number of common shares outstanding for the period. Diluted earnings per share reflects the dilution that would occur if share-based awards were converted into common shares that then shared in the net income of the entity available to common shareholders, as long as their effect is not antidilutive. In computing diluted earnings per share, basic earnings per share is adjusted for the assumed issuance of potentially diluted share-based awards. The Company uses the treasury stock method to reflect dilution of restricted stock units. Performance based restricted stock units are excluded if the performance targets upon which the issuance of the shares is contingent have not been achieved and the respective performance period has not been completed as of the end of the current period. The reconciliation of the numerator and denominator of the basic and diluted earnings per share calculation and the anti-dilutive shares for the years ended September 30, 2018, 2017 and 2016, are as follows:

(in millions, except per share amounts)	2018	2017	2016
Numerator			
Net income (loss) from continuing operations attributable to controlling interest	$ 356.5	$ (90.6)	$ (59.1)
Income (loss) from discontinued operations attributable to controlling interest	411.8	196.6	(139.7)
Net income (loss) attributable to controlling interest	$ 768.3	$ 106.0	$ (198.8)
Denominator			
Weighted average shares outstanding - basic	36.9	32.2	32.0
Dilutive shares	0.1	—	—
Weighted average shares outstanding - diluted	37.0	32.2	32.0
Earnings per share			
Basic earnings per share from continuing operations	$ 9.64	$ (2.81)	$ (1.85)
Basic earnings per share from discontinued operations	11.15	6.10	(4.36)
Basic earnings per share	$ 20.79	$ 3.29	$ (6.21)
Diluted earnings per share from continuing operations	$ 9.62	$ (2.81)	$ (1.85)
Diluted earnings per share from discontinued operations	11.12	6.10	(4.36)
Diluted earnings per share	$ 20.74	$ 3.29	$ (6.21)
Weighted average number of anti-dilutive shares excluded from denominator	—	0.4	0.5

The weighted average shares and earnings per share data on the Consolidated Statements of Income were retrospectively adjusted for all periods presented to reflect the effect of the reverse stock split on July 13, 2018, associated with the closing of the Spectrum Merger. See *Note 4 – Acquisitions* for further discussion on Spectrum Merger. Using (i) the 20-trading-day volume-weighted average price per share of Spectrum common stock ending on July 12, 2018, (ii) the number of shares of Spectrum common stock outstanding, the number of shares of Spectrum common stock held by HRG and its subsidiaries and the number of shares of Spectrum common stock outstanding as of July 12, 2018, (iii) $328.2 million of HRG net indebtedness and transaction expenses at closing, and (iv) a $200.0 million upward adjustment contemplated by the Merger Agreement, each HRG stockholder received a reverse stock split of approximately 0.1613 of each share of HRG stock. The following is a recalculation of the weighted average shares adjusted for the impact of the reverse stock split for the years ended September 30, 2017 and 2016:

(in millions, except per share amounts)	2017	2016
Basic		
HRG weighted average shares	200.0	198.4
HRG share conversion at 1 to 0.1613	32.2	32.0
Diluted		
HRG weighted average shares	200.0	198.4
HRG share conversion at 1 to 0.1613	32.2	32.2

As part of the Spectrum Merger, each share of Spectrum common stock and outstanding was converted into the right to receive one share of newly issued HRG common stock and exchange for HRG common stock. Due to the share exchange with Spectrum common stock shareholders, the total outstanding shares of the Company effectively increased 20.6 million shares in addition to the Company's outstanding shares post-reverse stock split previously discussed.

NOTE 21 – GUARANTOR STATEMENTS

Spectrum Brands, Inc. ("SBI") with SB/RH as a parent guarantor (collectively, the "Parent"), with SBI's domestic subsidiaries as subsidiary guarantors, has issued the 6.625% Notes under the 2020/22 Indenture, 6.125% Notes under the 2024 Indenture, the 5.75% Notes under the 2025 Indenture and the 4.00% Notes under the 2026 Indenture.

The following consolidating financial statements illustrate the components of the consolidated financial statements of SB/RH Holdings, LLC. The 'Parent' consists of the financial statements of Spectrum Brands, Inc. as the debt issuer, with SB/RH Holdings, LLC as a parent guarantor, without consolidated entities. SB/RH Holdings, LLC financial information is not presented separately as there are no independent assets or operations and is therefore determined not to be material. 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 September 30, 2018 (in millions)	**Parent**	**Guarantor Subsidiaries**	**Nonguarantor Subsidiaries**	**Eliminations**	**Consolidated**
Assets					
Cash and cash equivalents	$ 276.6	$ 1.8	$ 227.0	$ —	$ 505.4
Trade receivables, net	108.9	42.9	165.3	—	317.1
Intercompany receivables	—	1,648.3	283.0	(1,931.3)	—
Other receivables	65.7	1.8	27.6	—	95.1
Inventories	228.5	162.6	204.6	(12.1)	583.6
Prepaid expenses and other	35.3	4.0	23.6	—	62.9
Current assets of business held for sale	551.2	1,379.0	482.5	(10.1)	2,402.6
Total current assets	1,266.2	3,240.4	1,413.6	(1,953.5)	3,966.7
Property, plant and equipment, net	222.9	122.1	155.0	—	500.0
Long-term intercompany receivables	321.3	70.3	11.6	(403.2)	—
Deferred charges and other	200.4	0.6	68.6	(195.4)	74.2
Goodwill	557.4	611.4	285.9	—	1,454.7
Intangible assets, net	770.4	609.5	261.9	—	1,641.8
Investments in subsidiaries	4,900.7	1,262.5	(2.9)	(6,160.3)	—
Total assets	$ 8,239.3	$ 5,916.8	$ 2,193.7	$ (8,712.4)	$ 7,637.4
Liabilities and Shareholder's Equity					
Current portion of long-term debt	$ 535.0	$ 4.3	$ 7.8	$ (0.2)	$ 546.9
Accounts payable	222.4	124.2	238.1	—	584.7
Intercompany accounts payable	1,878.0	—	35.1	(1,913.1)	—
Accrued wages and salaries	24.6	1.5	29.3	—	55.4
Accrued interest	55.0	—	—	—	55.0
Other current liabilities	59.3	15.3	77.8	(0.1)	152.3
Current liabilities of business held for sale	81.7	157.8	298.1	—	537.6
Total current liabilities	2,856.0	303.1	686.2	(1,913.4)	1,931.9
Long-term debt, net of current portion	3,615.3	57.3	13.8	—	3,686.4
Long-term intercompany debt	11.6	295.0	114.8	(421.4)	—
Deferred income taxes	59.4	357.6	70.6	(200.6)	287.0
Other long-term liabilities	71.5	3.1	45.8	—	120.4
Total liabilities	6,613.8	1,016.1	931.2	(2,535.4)	6,025.7
Shareholder's equity:					
Other capital	2,096.8	803.7	(1,361.9)	534.4	2,073.0
Accumulated (deficit) earnings	(235.6)	4,303.0	2,814.5	(7,117.4)	(235.5)
Accumulated other comprehensive loss	(235.7)	(206.0)	(200.0)	406.0	(235.7)
Total shareholder's equity	1,625.5	4,900.7	1,252.6	(6,177.0)	1,601.8
Non-controlling interest	—	—	9.9	—	9.9
Total equity	1,625.5	4,900.7	1,262.5	(6,177.0)	1,611.7
Total liabilities and equity	$ 8,239.3	$ 5,916.8	$ 2,193.7	$ (8,712.4)	$ 7,637.4

Statement of Financial Position As of September 30, 2017 (in millions)	**Parent**	**Guarantor Subsidiaries**	**Nonguarantor Subsidiaries**	**Eliminations**	**Consolidated**
Assets					
Cash and cash equivalents	$ 6.0	$ 4.8	$ 157.4	$ —	$ 168.2
Trade receivables, net	146.2	61.2	158.0	—	365.4
Intercompany receivables	0.7	1,288.1	335.4	(1,624.2)	—
Other receivables	7.7	2.3	18.9	(1.0)	27.9
Inventories	256.7	144.6	198.3	(11.8)	587.8
Prepaid expenses and other	33.8	5.0	23.0	0.1	61.9
Current assets of business held for sale	576.9	1,487.5	445.6	(12.9)	2,497.1
Total current assets	1,028.0	2,993.5	1,336.6	(1,649.8)	3,708.3
Property, plant and equipment, net	210.1	124.1	164.0	—	498.2
Long-term intercompany receivables	317.3	96.6	12.5	(426.4)	—
Deferred charges and other	245.3	0.7	40.2	(256.4)	29.8
Goodwill	502.4	650.2	309.2	—	1,461.8
Intangible assets, net	765.8	658.9	294.7	—	1,719.4
Investments in subsidiaries	4,730.1	1,290.3	—	(6,020.4)	—
Total assets	$ 7,799.0	$ 5,814.3	$ 2,157.2	$ (8,353.0)	$ 7,417.5
Liabilities and Shareholder's Equity					
Current portion of long-term debt	$ 13.9	$ 4.2	$ 13.6	$ (3.9)	$ 27.8
Accounts payable	224.1	79.2	253.5	—	556.8
Intercompany accounts payable	1,629.6	—	—	(1,629.6)	—
Accrued wages and salaries	26.3	1.6	32.6	—	60.5
Accrued interest	48.5	—	0.1	—	48.6
Other current liabilities	66.0	20.5	80.8	(1.0)	166.3
Current liabilities of business held for sale	92.4	181.5	236.7	—	510.6
Total current liabilities	2,100.8	287.0	617.3	(1,634.5)	1,370.6
Long-term debt, net of current portion	3,652.8	61.1	17.4	—	3,731.3
Long-term intercompany debt	12.6	302.1	102.4	(417.1)	—
Deferred income taxes	160.2	431.0	86.7	(262.1)	415.8
Other long-term liabilities	18.4	3.0	43.0	—	64.4
Total liabilities	5,944.8	1,084.2	866.8	(2,313.7)	5,582.1
Shareholder's equity:					
Other capital	2,107.1	1,089.9	(1,074.9)	(43.1)	2,079.0
Accumulated (deficit) earnings	(42.8)	3,814.1	2,521.7	(6,335.8)	(42.8)
Accumulated other comprehensive loss	(210.1)	(173.9)	(165.2)	339.6	(209.6)
Total shareholder's equity	1,854.2	4,730.1	1,281.6	(6,039.3)	1,826.6
Non-controlling interest	—	—	8.8	—	8.8
Total equity	1,854.2	4,730.1	1,290.4	(6,039.3)	1,835.4
Total liabilities and equity	$ 7,799.0	$ 5,814.3	$ 2,157.2	$ (8,353.0)	$ 7,417.5

Statement of Income Year Ended September 30, 2018 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ 1,839.8	$ 1,363.1	$ 1,960.2	$ (1,354.4)	$ 3,808.7
Cost of goods sold	1,336.8	998.8	1,489.2	(1,354.0)	2,470.8
Restructuring and related charges	—	0.1	3.5	—	3.6
Gross profit	503.0	364.2	467.5	(0.4)	1,334.3
Selling	239.1	122.0	246.3	(0.2)	607.2
General and administrative	123.0	88.0	62.1	(0.5)	272.6
Research and development	23.3	8.9	12.4	—	44.6
Acquisition and integration related charges	8.7	4.1	2.5	—	15.3
Restructuring and related charges	59.7	1.6	10.7	—	72.0
Impairment of intangible assets	—	20.3	—	—	20.3
Total operating expense	453.8	244.9	334.0	(0.7)	1,032.0
Operating income	49.2	119.3	133.5	0.3	302.3
Interest expense	145.2	18.8	2.9	0.1	167.0
Other non-operating (income) expense, net	(208.3)	21.1	1.5	190.9	5.2
Income from operations before income taxes	112.3	79.4	129.1	(190.7)	130.1
Income tax benefit	(99.2)	(131.3)	149.3	4.4	(76.8)
Net income (loss) from continuing operations	211.5	210.7	(20.2)	(195.1)	206.9
(Loss) income from discontinued operations, net of tax	(30.7)	124.2	177.4	(294.9)	(24.0)
Net income	180.8	334.9	157.2	(490.0)	182.9
Net income attributable to non-controlling interest	—	—	1.4	—	1.4
Net income attributable to controlling interest	$ 180.8	$ 334.9	$ 155.8	$ (490.0)	$ 181.5

Statement of Income Year Ended September 30, 2017 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ 1,662.9	$ 1,002.1	$ 1,830.9	$ (790.5)	$ 3,705.4
Cost of goods sold	1,132.3	649.6	1,376.8	(789.1)	2,369.6
Restructuring and related charges	—	0.5	—	—	0.5
Gross profit	530.6	352.0	454.1	(1.4)	1,335.3
Selling	226.3	119.2	232.7	(0.2)	578.0
General and administrative	195.4	66.2	39.0	(0.1)	300.5
Research and development	23.5	10.0	11.1	—	44.6
Acquisition and integration related charges	14.3	0.5	2.9	—	17.7
Restructuring and related charges	28.1	1.2	7.7	—	37.0
Write-off from impairment of intangible assets	—	16.3	—	—	16.3
Total operating expense	487.6	213.4	293.4	(0.3)	994.1
Operating income	43.0	138.6	160.7	(1.1)	341.2
Interest expense	138.0	17.3	6.5	—	161.8
Other non-operating (income) expense, net	(231.2)	(133.6)	1.0	369.6	5.8
Income from operations before income taxes	136.2	254.9	153.2	(370.7)	173.6
Income tax (benefit) expense	(48.3)	22.7	15.8	1.2	(8.6)
Net income from continuing operations	184.5	232.2	137.4	(371.9)	182.2
Income from discontinued operations, net of tax	123.0	132.3	58.4	(194.7)	119.0
Net income	307.5	364.5	195.8	(566.6)	301.2
Net loss attributable to non-controlling interest	(0.3)	—	1.6	—	1.3
Net income attributable to controlling interest	$ 307.8	$ 364.5	$ 194.2	$ (566.6)	$ 299.9

Statement of Income Year ended September 30, 2016 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net sales	$ 1,601.1	$ 1,022.3	$ 1,860.4	$ (738.5)	$ 3,745.3
Cost of goods sold	1,086.3	644.1	1,389.0	(738.6)	2,380.8
Restructuring and related charges	—	—	0.4	—	0.4
Gross profit	514.8	378.2	471.0	0.1	1,364.1
Selling	217.5	124.0	240.3	(0.1)	581.7
General and administrative	177.8	73.2	40.5	(0.1)	291.4
Research and development	22.8	10.4	10.9	—	44.1
Acquisition and integration related charges	14.3	1.5	6.4	—	22.2
Restructuring and related charges	0.5	4.8	4.5	—	9.8
Write-off from impairment of intangible assets	—	4.7	—	—	4.7
Total operating expense	432.9	218.6	302.6	(0.2)	953.9
Operating income	81.9	159.6	168.4	0.3	410.2
Interest expense	151.2	19.8	13.3	0.1	184.4
Other non-operating (income) expense, net	(323.3)	(157.8)	6.3	481.0	6.2
Income from operations before income taxes	254.0	297.6	148.8	(480.8)	219.6
Income tax expense (benefit)	3.6	(25.1)	(9.5)	(2.4)	(33.4)
Net income from continuing operations	250.4	322.7	158.3	(478.4)	253.0
Income from discontinued operations, net of tax	99.7	111.2	39.7	(151.3)	99.3
Net income	350.1	433.9	198.0	(629.7)	352.3
Net loss attributable to non-controlling interest	(0.7)	—	1.1	—	0.4
Net income attributable to controlling interest	$ 350.8	$ 433.9	$ 196.9	$ (629.7)	$ 351.9

Statement of Comprehensive Income Year Ended September 30, 2018 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net income	$ 180.8	$ 334.9	$ 157.2	$ (490.0)	$ 182.9
Other comprehensive income, net of tax:					
Foreign currency translation loss	(44.3)	(43.6)	(46.2)	89.8	(44.3)
Unrealized gain on derivative instruments	16.2	13.3	13.3	(26.6)	16.2
Defined benefit pension gain (loss)	1.7	(2.6)	(2.6)	5.2	1.7
Other comprehensive loss	(26.4)	(32.9)	(35.5)	68.4	(26.4)
Comprehensive income	154.4	302.0	121.7	(421.6)	156.5
Comprehensive loss attributable to non-controlling interest	—	—	(0.3)	—	(0.3)
Comprehensive income attributable to controlling interest	$ 154.4	$ 302.0	$ 122.0	$ (421.6)	$ 156.8

Statement of Comprehensive Income Year Ended September 30, 2017 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net income	$ 307.5	$ 364.5	$ 195.8	$ (566.6)	$ 301.2
Other comprehensive income, net of tax:					
Net unrealized gain on foreign currency translation	29.1	32.0	34.3	(66.3)	29.1
Unrealized loss on hedging derivative instruments	(29.1)	(15.1)	(15.1)	30.2	(29.1)
Defined benefit pension gain	19.6	14.6	14.7	(29.3)	19.6
Other comprehensive income	19.6	31.5	33.9	(65.4)	19.6
Comprehensive income	327.1	396.0	229.7	(632.0)	320.8
Comprehensive loss attributable to non-controlling interest	—	—	(0.2)	—	(0.2)
Comprehensive income attributable to controlling interest	$ 327.1	$ 396.0	$ 229.9	$ (632.0)	$ 321.0

Statement of Comprehensive Income Year ended September 30, 2016 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net income	$ 350.1	$ 433.9	$ 198.0	$ (629.7)	$ 352.3
Other comprehensive income, net of tax:					
Foreign currency translation loss	(8.5)	(8.3)	(6.1)	14.4	(8.5)
Unrealized gain on derivative instruments	7.0	3.2	3.2	(6.3)	7.1
Defined benefit pension loss	(28.2)	(25.4)	(25.4)	50.8	(28.2)
Other comprehensive loss	(29.7)	(30.5)	(28.3)	58.9	(29.6)
Comprehensive income	320.4	403.4	169.7	(570.8)	322.7
Comprehensive loss attributable to non-controlling interest	—	—	(0.3)	—	(0.3)
Comprehensive income attributable to controlling interest	$ 320.4	$ 403.4	$ 170.0	$ (570.8)	$ 323.0

Statement of Cash Flows Year Ended September 30, 2018 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net cash (used) provided by operating activities from continuing operations	$ (312.9)	$ 43.5	$ 809.9	$ (316.8)	$ 223.7
Net cash provided by operating activities from discontinued operations	3.6	5.6	22.5	97.1	128.8
Net cash (used) provided by operating activities	(309.3)	49.1	832.4	(219.7)	352.5
Cash flows from investing activities					
Purchases of property, plant and equipment	(35.6)	(13.0)	(27.3)	—	(75.9)
Proceeds from sales of property, plant and equipment	0.7	0.1	3.4	—	4.2
Other investing activity	—	(0.2)	(0.3)	—	(0.5)
Net cash used by investing activities from continuing operations	(34.9)	(13.1)	(24.2)	—	(72.2)
Net cash used by investing activities from discontinued operations	(6.0)	(5.6)	(15.4)	—	(27.0)
Net cash used by investing activities	(40.9)	(18.7)	(39.6)	—	(99.2)
Cash flows from financing activities					
Proceeds from issuance of debt	520.0	—	19.6	—	539.6
Payment of debt	(52.3)	—	(17.0)	—	(69.3)
Payment of debt issuance costs	(0.4)	—	—	—	(0.4)
Payment of cash dividends to parent	(374.2)	—	—	—	(374.2)
Advances related to intercompany transactions	527.7	(33.4)	(714.1)	219.8	—
Net cash provided (used) by financing activities from continuing operations	620.8	(33.4)	(711.5)	219.8	95.7
Net cash used by financing activities from discontinued operations	—	—	(4.7)	(0.1)	(4.8)
Net cash provided (used) by financing activities	620.8	(33.4)	(716.2)	219.7	90.9
Effect of exchange rate changes on cash and cash equivalents	—	—	(7.0)	—	(7.0)
Net increase (decrease) in cash, cash equivalents and restricted cash	270.6	(3.0)	69.6	—	337.2
Cash, cash equivalents and restricted cash, beginning of period	6.0	4.8	157.4	—	168.2
Cash, cash equivalents and restricted cash, end of period	$ 276.6	$ 1.8	$ 227.0	$ —	$ 505.4

Statement of Cash Flows Year Ended September 30, 2017 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net cash provided (used) by operating activities from continuing operations	$ 638.2	$ 149.0	$ (140.7)	$ (202.5)	$ 444.0
Net cash provided by operating activities from discontinued operations	8.8	15.5	11.1	168.2	203.6
Net cash provided (used) by operating activities	647.0	164.5	(129.6)	(34.3)	647.6
Cash flows from investing activities					
Purchases of property, plant and equipment	(38.7)	(11.7)	(31.4)	—	(81.8)
Proceeds from sales of property, plant and equipment	0.2	0.3	4.1	—	4.6
Business acquisitions, net of cash acquired	(304.7)	—	—	—	(304.7)
Other investing activity	—	(2.5)	(0.3)	—	(2.8)
Net cash used by investing activities from continuing operations	(343.2)	(13.9)	(27.6)	—	(384.7)
Net cash used by investing activities from discontinued operations	(8.8)	(12.4)	(10.7)	—	(31.9)
Net cash used by investing activities	(352.0)	(26.3)	(38.3)	—	(416.6)
Cash flows from financing activities					
Proceeds from issuance of debt	250.0	—	15.6	—	265.6
Payment of debt	(214.9)	0.3	(14.6)	—	(229.2)
Payment of debt issuance costs	(5.9)	—	—	—	(5.9)
Payment of cash dividends to parent	(350.8)	—	—	—	(350.8)
Advances related to intercompany transactions	(54.2)	(135.9)	155.8	34.3	—
Purchase of non-controlling interest	(12.6)	—	—	—	(12.6)
Net cash (used) provided by financing activities from continuing operations	(388.4)	(135.6)	156.8	34.3	(332.9)
Net cash used by financing activities from discontinued operations	—	(0.3)	(3.1)	—	(3.4)
Net cash (used) provided by financing activities	(388.4)	(135.9)	153.7	34.3	(336.3)
Effect of exchange rate changes on cash and cash equivalents on Venezuela devaluation	—	—	(0.4)	—	(0.4)
Effect of exchange rate changes on cash and cash equivalents	—	—	3.1	—	3.1
Net (decrease) increase in cash, cash equivalents and restricted cash	(93.4)	2.3	(11.5)	—	(102.6)
Cash, cash equivalents and restricted cash, beginning of period	99.4	2.5	168.9	—	270.8
Cash, cash equivalents and restricted cash, end of period	$ 6.0	$ 4.8	$ 157.4	$ —	$ 168.2

Statement of Cash Flows Year ended September 30, 2016 (in millions)	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated
Net cash (used) provided by operating activities from continuing operations	$ (380.3)	$ 408.4	$ (123.1)	$ 489.0	$ 394.0
Net cash provided by operating activities from discontinued operations	9.7	4.3	7.8	185.8	207.6
Net cash (used) provided by operating activities	(370.6)	412.7	(115.3)	674.8	601.6
Cash flows from investing activities					
Purchases of property, plant and equipment	(35.6)	(11.3)	(26.6)	—	(73.5)
Proceeds from sales of property, plant and equipment	0.1	—	0.9	(0.1)	0.9
Other investing activity, net	(1.0)	(0.3)	—	—	(1.3)
Net cash used by investing activities from continuing operations	(36.5)	(11.6)	(25.7)	(0.1)	(73.9)
Net cash used by investing activities from discontinued operations	(9.7)	(4.3)	(10.6)	0.1	(24.5)
Net cash used by investing activities	(46.2)	(15.9)	(36.3)	—	(98.4)
Cash flows from financing activities					
Proceeds from issuance of debt	491.5	—	7.4	—	498.9
Payment of debt	(863.8)	—	(7.2)	—	(871.0)
Payment of debt issuance costs	(9.3)	—	—	—	(9.3)
Payment of cash dividends to parent	(97.2)	—	—	—	(97.2)
Advances related to intercompany transactions	985.1	(402.9)	92.6	(674.8)	—
Payment of contingent consideration	(3.1)	—	—	—	(3.1)
Net cash provided (used) by financing activities from continuing operations	503.2	(402.9)	92.8	(674.8)	(481.7)
Net cash provided by financing activities from discontinued operations	—	—	2.8	—	2.8
Net cash provided (used) by financing activities	503.2	(402.9)	95.6	(674.8)	(478.9)
Effect of exchange rate changes on cash and cash equivalents	—	—	(1.4)	—	(1.4)
Net increase (decrease) in cash and cash equivalents	86.4	(6.1)	(57.4)	—	22.9
Cash and cash equivalents, beginning of period	13.0	8.6	226.3	—	247.9
Cash and cash equivalents, end of period	$ 99.4	$ 2.5	$ 168.9	$ —	$ 270.8

NOTE 22 - QUARTERLY RESULTS (UNAUDITED)

	Quarter Ended			
SBH 2018 (in millions, except per share)	**September 30, 2018**	**June 30, 2018**	**March 31, 2018**	**December 31, 2017**
Revenue	$ 974.4	$ 1,029.4	$ 882.6	$ 922.2
Gross profit	346.9	362.7	306.0	318.5
Net (loss) income attributable to controlling interest from continuing operations	(34.0)	382.9	(32.6)	40.2
Net (loss) income attributable to controlling interest from discontinued operations	(81.9)	22.7	3.7	467.3
Net (loss) income attributable to controlling interest	$ (115.9)	$ 405.6	$ (28.9)	$ 507.5
Basic earnings per share from continuing operations	$ (0.68)	$ 11.69	$ (1.00)	$ 1.24
Basic earnings per share from discontinued operations	(1.63)	0.69	0.11	14.45
Basic earnings per share	$ (2.31)	$ 12.38	$ (0.89)	$ 15.69
Diluted earnings per share from continuing operations	$ (0.68)	$ 11.68	$ (1.00)	$ 1.23
Diluted earnings per share from discontinued operations	(1.63)	0.69	0.11	14.32
Diluted earnings per share	$ (2.31)	$ 12.37	$ (0.89)	$ 15.55

	Quarter Ended			
SBH 2017 (in millions, except per share)	**September 30, 2017**	**June 30, 2017**	**March 31, 2017**	**December 31, 2016**
Revenue	$ 987.4	$ 966.9	$ 869.0	$ 882.1
Gross profit	359.2	338.4	321.5	317.4
Net (loss) income attributable to controlling interest from continuing operations	(4.8)	(21.0)	(30.6)	(34.2)
Net (loss) income attributable to controlling interest from discontinued operations	(21.5)	23.1	(51.4)	246.4
Net income attributable to controlling interest	$ (26.3)	$ 2.1	$ (82.0)	$ 212.2
Basic earnings per share from continuing operations	$ (0.14)	$ (0.65)	$ (0.95)—	$ (1.05)
Basic earnings per share from discontinued operations	(0.67)	0.72	(1.59)	7.62
Basic earnings per share	$ (0.81)	$ 0.07	$ (2.54)	$ 6.57
Diluted earnings per share from continuing operations	$ (0.14)	$ (0.65)	$ (0.95)	$ (1.05)
Diluted earnings per share from discontinued operations	(0.67)	0.72	(1.59)	7.62
Diluted earnings per share	$ (0.81)	$ 0.07	$ (2.54)	$ 6.57

The earnings per share data was retrospectively adjusted for all periods presented to reflect the effect of the reverse stock split on July 13, 2018, associated with the closing of the Spectrum Merger. See *Note 4 – Acquisitions* for further discussion on Spectrum Merger. Using (i) the 20-trading-day volume-weighted average price per share of Spectrum common stock ending on July 12, 2018, (ii) the number of shares of Spectrum common stock outstanding, the number of shares of Spectrum common stock held by HRG and its subsidiaries and the number of shares of Spectrum common stock outstanding as of July 12, 2018, (iii) $328.2 million of HRG net indebtedness and transaction expenses at closing, and (iv) a $200.0 million upward adjustment contemplated by the Merger Agreement, each HRG stockholder received a reverse stock split of approximately 0.1613 of each share of HRG stock.

	Quarter Ended			
SB/RH 2018 (in millions)	**September 30, 2018**	**July 1, 2018**	**April 1, 2018**	**December 31, 2017**
Revenue	$ 974.4	$ 1,029.4	$ 882.6	$ 922.2
Gross profit	346.9	362.7	306.0	318.5
Net (loss) income attributable to controlling interest from continuing operations	(34.9)	78.6	14.8	147.0
Net (loss) income attributable to controlling interest from discontinued operations	(61.4)	4.6	11.3	21.5
Net (loss) income attributable to controlling interest	$ (96.3)	$ 83.2	$ 26.1	$ 168.5

	Quarter Ended			
SB/RH 2017 (in millions)	**September 30, 2017**	**July 2, 2017**	**April 2, 2017**	**January 1, 2017**
Net sales	$ 987.4	$ 966.9	$ 869.0	$ 882.1
Gross profit	359.2	338.2	320.5	317.4
Net income attributable to controlling interest from continuing operations	70.1	44.9	30.7	35.4
Net income attributable to controlling interest from discontinued operations	26.1	32.8	30.3	29.6
Net income attributable to controlling interest	$ 96.2	$ 77.7	$ 61.0	$ 65.0

NOTE 23 – SUBSEQUENT EVENTS

GBL Divestiture

On November 15, 2018, subsequent to the year ended September 30, 2018, the Company entered into an amended acquisition agreement (the "GBL Amended Acquisition Agreement") to address a proposed remedy submitted by Energizer to the European Commission, which provided for conditional approval from the commission provided the Varta® consumer battery, chargers, portable power and portable lighting business in the EMEA region be divested by Energizer subsequent to the GBL acquisition, including manufacturing and distribution facilities in Germany. Approval from the commission was received on December 11, 2018. The GBL Amended Acquisition Agreement provides for a purchase price adjustment that is contingent upon the completion of the divestiture by Energizer, including a potential downward adjustment equal to 75% of the difference between the divestiture sale price and the target sale price of $600 million, not to exceed $200 million; or a potential upward adjustment equal to 25% of the excess purchase price. Energizer has advised SBH that it anticipates that it will complete the divestiture in the 2019 fiscal year. SBH's divestiture of the GBL business to Energizer closed on January 2, 2019. See *Note 3 – Divestitures* for further detail.

HPC Divestiture

On November 15, 2018, subsequent to the year ended September 30, 2018, the Company announced a strategic decision to cease marketing the HPC Division as held for sale, which was recognized as a component of discontinued operations. As of September 30, 2018, HPC met the criteria for recognition of assets held for sale in accordance with ASC 360 as the Company was actively marketing and was in active discussions with third parties for the potential sale of the HPC business. Due to the subsequent change in plan, the Company has updated its consolidated financial statements to reflect the net assets as held for use and its operations as a component of continuing operations for all periods presented. See *Note 3 – Divestitures* for further detail.

GAC Divestiture

On November 15, 2018, subsequent to the year ended September 30, 2018, the Company entered into a definitive Acquisition Agreement (the "GAC Acquisition Agreement") with Energizer who will acquire from the Company its GAC business for an aggregate purchase price of $1.25 billion, consisting of $937.5 million in cash, plus stock consideration of 5.3 million shares of Energizer common stock with an approximate value of $312.5 million, subject to working capital and other typical closing adjustments. The GAC Acquisition Agreement provides that Energizer will purchase the equity of certain subsidiaries and acquire certain assets and assume certain liabilities of other subsidiaries used or held for the purpose of the GAC business. As of September 30, 2018, GAC did not meet the criteria for recognition of assets held for sale in accordance with ASC 360. The consolidated financial statements have been updated to reflect the net assets of GAC as held for sale and discontinued operations in all periods presented. See *Note 3 – Divestitures* for further detail. During the three month period ended December 30, 2018, subsequent to September 30, 2018, the Company recognized a write-down of the GAC net assets of $107.2 million attributable to the remeasurement of net assets to fair value, less cost of sale, when the operations met the recognition criteria as held for sale.

Exhibit 99.7

Spectrum Brands Holdings, Inc.
Quarterly Condensed Consolidated Statements of Income
Fiscal Year Ended September 30, 2018
(unaudited)

	Quarter Ended			
(in millions)	**Sept. 30, 2018**	**Jun. 30, 2018**	**Mar. 31, 2018**	**Dec. 31, 2017**
Net sales	$ 974.4	$ 1,029.4	$ 882.6	$ 922.2
Cost of goods sold	627.4	665.2	574.9	603.4
Restructuring and related charges	0.1	1.5	1.7	0.3
Gross profit	346.9	362.7	306.0	318.5
Selling	153.9	147.1	152.4	153.8
General and administrative	104.5	78.5	88.0	79.6
Research and development	10.8	10.8	11.5	11.5
Acquisition and integration related charges	2.6	3.1	4.2	5.3
Restructuring and related charges	20.2	16.4	18.6	16.8
Write-off from impairment of intangible assets	20.3	—	—	—
Total operating expenses	312.3	255.9	274.7	267.0
Operating income	34.6	106.8	31.3	51.5
Interest expense	57.7	63.3	67.7	75.3
Other non-operating (income) expense, net	(2.1)	(1.2)	—	(0.8)
Income from continuing operations before income taxes	(21.0)	44.7	(36.4)	(23.0)
Income tax expense (benefit)	13.7	(354.2)	(1.7)	(120.5)
Net (loss) income from continuing operations	(34.7)	398.9	(34.7)	97.5
(Loss) income from discontinued operations, net of tax	(81.5)	33.8	11.3	481.4
Net (loss) income	(116.2)	432.7	(23.4)	578.9
Net (loss) income attributable to non-controlling interest	(0.3)	27.1	5.5	71.4
Net (loss) income attributable to controlling interest	$ (115.9)	$ 405.6	$ (28.9)	$ 507.5
Amounts attributable to controlling interest				
Net (loss) income from continuing operations attributable to controlling interest	$ (34.0)	$ 382.9	$ (32.6)	$ 40.2
Net (loss) income from discontinued operations attributable to controlling interest	(81.9)	22.7	3.7	467.3
Net (loss) income attributable to controlling interest	$ (115.9)	$ 405.6	$ (28.9)	$ 507.5

Exhibit 99.7

Spectrum Brands Holdings, Inc.
Quarterly Condensed Consolidated Statements of Income
Fiscal Year Ended September 30, 2017
(unaudited)

	Quarter Ended			
(in millions)	**Sept. 30, 2017**	**Jun. 30, 2017**	**Mar. 31, 2017**	**Dec. 31, 2016**
Net sales	$ 987.4	$ 966.9	$ 869.0	$ 882.1
Investment income	—	0.1	1.0	—
Revenue	987.4	967.0	870.0	882.1
Cost of goods sold	628.2	628.4	548.2	564.7
Restructuring and related charges	—	0.2	0.3	—
Gross profit	359.2	338.4	321.5	317.4
Selling	150.1	146.3	140.9	140.7
General and administrative	98.7	78.5	87.8	90.2
Research and development	12.3	10.6	11.1	10.6
Acquisition and integration related charges	5.6	5.2	4.4	2.5
Restructuring and related charges	25.1	8.2	2.4	1.3
Write-off from impairment of intangible assets	16.3	—	—	—
Total operating expenses	308.1	248.8	246.6	245.3
Operating income	51.1	89.6	74.9	72.1
Interest expense	77.6	76.0	77.6	79.2
Other non-operating expense (income), net	2.8	1.7	1.3	(0.9)
Income (loss) from continuing operations before income taxes	(29.3)	11.9	(4.0)	(6.2)
Income tax (benefit) expense	(52.3)	12.6	15.0	13.0
Net income (loss) from continuing operations	23.0	(0.7)	(19.0)	(19.2)
Income (loss) from discontinued operations, net of tax	1.1	40.5	(32.4)	280.0
Net income (loss)	24.1	39.8	(51.4)	260.8
Net income attributable to non-controlling interest	50.4	37.7	30.6	48.6
Net (loss) income attributable to controlling interest	$ (26.3)	$ 2.1	$ (82.0)	$ 212.2
Amounts attributable to controlling interest				
Net (loss) income from continuing operations attributable to controlling interest	$ (4.8)	$ (21.0)	$ (30.6)	$ (34.2)
Net (loss) income from discontinued operations attributable to controlling interest	(21.5)	23.1	(51.4)	246.4
Net (loss) income attributable to controlling interest	$ (26.3)	$ 2.1	$ (82.0)	$ 212.2

Exhibit 99.7

SB/RH Holdings, LLC
Quarterly Condensed Consolidated Statements of Income
Fiscal Year Ended September 30, 2018
(unaudited)

	Quarter Ended			
(in millions)	**Sept. 30, 2018**	**July 1, 2018**	**April 1, 2018**	**Dec. 31, 2017**
Net sales	$ 974.4	$ 1,029.4	$ 882.6	$ 922.2
Cost of goods sold	627.4	665.2	574.9	603.4
Restructuring and related charges	0.1	1.5	1.7	0.3
Gross profit	346.9	362.7	306.0	318.5
Selling	153.9	147.1	152.4	153.8
General and administrative	72.7	69.3	61.6	69.0
Research and development	10.8	10.8	11.5	11.5
Acquisition and integration related charges	2.7	3.1	4.2	5.3
Restructuring and related charges	20.2	16.4	18.6	16.8
Write-off from impairment of intangible assets	20.3	—	—	—
Total operating expenses	280.6	246.7	248.3	256.4
Operating income	66.3	116.0	57.7	62.1
Interest expense	43.0	43.4	42.0	38.5
Other non-operating (income) expense, net	(0.9)	2.9	1.6	1.4
Income from continuing operations before income taxes	24.2	69.7	14.1	22.2
Income tax expense (benefit)	58.8	(9.1)	(0.8)	(125.7)
Net (Loss) income from continuing operations	(34.6)	78.8	14.9	147.9
(Loss) income from discontinued operations, net of tax	(61.4)	4.6	11.3	21.5
Net income	(96.0)	83.4	26.2	169.4
Net income attributable to non-controlling interest	0.3	0.2	0.1	0.9
Net (loss) income attributable to controlling interest	$ (96.3)	$ 83.2	$ 26.1	$ 168.5
Amounts attributable to controlling interest				
Net (loss) income from continuing operations attributable to controlling interest	$ (34.9)	$ 78.6	$ 14.8	$ 147.0
Net (loss) income from discontinued operations attributable to controlling interest	(61.4)	4.6	11.3	21.5
Net (loss) income attributable to controlling interest	$ (96.3)	$ 83.2	$ 26.1	$ 168.5

Exhibit 99.7

SB/RH Holdings, LLC
Quarterly Condensed Consolidated Statements of Income
Fiscal Year Ended September 30, 2017
(unaudited)

	Quarter Ended			
(in millions)	**Sept. 30, 2017**	**July 2, 2017**	**April 2, 2017**	**Jan. 1, 2017**
Revenue	$ 987.4	$ 966.9	$ 869.0	$ 882.1
Cost of goods sold	628.2	628.5	548.2	564.7
Restructuring and related charges	—	0.2	0.3	—
Gross profit	359.2	338.2	320.5	317.4
Selling	150.1	146.3	140.9	140.7
General and administrative	91.0	67.0	73.8	68.8
Research and development	12.3	10.6	11.1	10.6
Acquisition and integration related charges	5.6	5.2	4.4	2.5
Restructuring and related charges	25.1	8.2	2.4	1.3
Write-off from impairment of intangible assets	16.3	—	—	—
Total operating expenses	300.4	237.3	232.6	223.9
Operating income	58.8	100.9	87.9	93.5
Interest expense	39.4	39.7	38.9	43.8
Other non-operating expense (income), net	2.9	1.8	1.9	(0.9)
Income from continuing operations before income taxes	16.5	59.4	47.1	50.6
Income tax (benefit) expense	(53.4)	12.8	16.5	15.3
Net income from continuing operations	69.9	46.6	30.6	35.3
Income from discontinued operations, net of tax	26.1	32.8	30.3	29.6
Net income	96.0	79.4	60.9	64.9
Net (loss) income attributable to non-controlling interest	(0.2)	1.7	(0.1)	(0.1)
Net income attributable to controlling interest	$ 96.2	$ 77.7	$ 61.0	$ 65.0
Amounts attributable to controlling interest				
Net income from continuing operations attributable to controlling interest	$ 70.1	$ 44.9	$ 30.7	$ 35.4
Net income from discontinued operations attributable to controlling interest	26.1	32.8	30.3	29.6
Net Income attributable to controlling interest	$ 96.2	$ 77.7	$ 61.0	$ 65.0

Exhibit 99.7

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three Month Periods Ended December 30, 2018, and December 31, 2017 and 2016
(unaudited)

NET SALES AND ORGANIC NET SALES

The following is a summary of net sales by segment for the three month periods ended December 30, 2018, and December 31, 2017 and 2016, respectively.

	Three Month Periods Ended				Three Month Periods Ended			
(in millions, except %)	Dec. 30, 2018	Dec. 31, 2017	Variance		Dec. 31, 2017	Dec. 31, 2016	Variance	
HHI	$ 305.1	$ 325.9	(20.8)	(6.4%)	$ 325.9	$ 288.8	37.1	12.8%
HPC	317.2	342.0	(24.8)	(7.3%)	342.0	349.0	(7.0)	(2.0%)
PET	204.7	202.4	2.3	1.1%	202.4	194.2	8.2	4.2%
H&G	53.3	51.9	1.4	2.7%	51.9	50.1	1.8	3.6%
Net Sales	$ 880.3	$ 922.2	(41.9)	(4.5%)	$ 922.2	$ 882.1	40.1	4.5%

We define organic net sales as reported net sales excluding the effect of changes in foreign currency exchange rates and acquisitions. We believe this non-GAAP measure provides useful information to investors because it reflects regional and operating segment performance from our activities without the effect of changes in currency exchange rate and/or acquisitions. We use organic net sales as one measure to monitor and evaluate our regional and segment performance. Organic growth is calculated by comparing organic net sales to reported net sales in the prior year. The effect of changes in currency exchange rates is determined by translating the period's net sales using the currency exchange rates that were in effect during the prior period. Net sales are attributed to the geographic regions based on the country of destination. We exclude net sales from acquired businesses in the current year for which there are no comparable sales in the prior period. The following is a reconciliation of reported net sales to organic net sales for the three month periods ended December 30, 2018 and December 31, 2017 compared to reported net sales for the three month period ended December 31, 2017 and 2016, respectively.

	December 30, 2018							
Three Month Periods Ended (in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales Dec. 31, 2017	Variance	
HHI	305.1	1.6	306.7	—	306.7	325.9	(19.2)	(5.9%)
HPC	317.2	10.2	327.4	—	327.4	342.0	(14.6)	(4.3%)
PET	204.7	1.8	206.5	—	206.5	202.4	4.1	2.0%
H&G	53.3	—	53.3	—	53.3	51.9	1.4	2.7%
Net Sales	$ 880.3	$ 13.6	$ 893.9	$ —	$ 893.9	$ 922.2	(28.3)	(3.1%)

	December 31, 2017							
Three Month Periods Ended (in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales Dec. 31, 2016	Variance	
HHI	325.9	(2.1)	323.8	—	323.8	288.8	35.0	12.1%
HPC	342.0	(12.0)	330.0	—	330.0	349.0	(19.0)	(5.4%)
PET	202.4	(4.8)	197.6	(24.8)	172.8	194.2	(21.4)	(11.0%)
H&G	51.9	—	51.9	—	51.9	50.1	1.8	3.6%
Net Sales	$ 922.2	$ (18.9)	$ 903.3	$ (24.8)	$ 878.5	$ 882.1	(3.6)	(0.4%)

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three Month Periods Ended December 30, 2018, and December 31, 2017 and 2016
(unaudited)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

EBITDA (Earnings Before Interest, Taxes, Depreciation, Amortization) is a non-GAAP metric used by management that we believe provides useful information to investors because it reflects ongoing operating performance and trends of our segments excluding certain non-cash based expenses and/or non-recurring items during each of the comparable periods and facilitates comparisons between peer companies since interest, taxes, depreciation and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies. Further, adjusted EBITDA is a measure used for determining compliance with the Company's debt covenants. EBITDA is calculated by excluding the Company's income tax expense, interest expense, depreciation expense and amortization expense (from intangible assets) from net income. Adjusted EBITDA further excludes the following:

· Stock based and other incentive compensation costs that consist of costs associated with long-term compensation arrangements and other equity based compensation based upon achievement of long-term performance metrics; and generally consist of non-cash, stock-based compensation. During the three month period ended December 30, 2018, the Company issued certain incentive bridge awards due to changes in the Company's long-term incentive compensation plans that allow for cash based payment upon employee election, which are included in the adjustment, but would not qualify for shared-based compensation;
· Acquisition and integration related charges that consist of transaction costs from qualifying acquisition transactions during the period, or subsequent integration related project costs directly associated with an acquired business;
· Divestiture related transaction costs that are recognized in continuing operations due to the change in plan to cease marketing and selling of the HPC business;
· Restructuring and related charges, which consist of project costs associated with restructuring initiatives across the segments;
· Non-cash purchase accounting inventory adjustments recognized in earnings from continuing operations subsequent to an acquisition (when applicable);
· Non-cash asset impairments or write-offs realized and recognized in earnings from continuing operations (when applicable);
· Incremental costs associated with a safety recall in the PET segment.
· Transactions costs directly associated with the merger of Spectrum Brands Legacy, Inc. ("Spectrum", formerly Spectrum Brands Holdings, Inc.) and Spectrum Brands Holdings, Inc. ("HRG", formerly HRG Group, Inc.) that closed on July 13, 2018 (collectively referred to as the "Spectrum Merger");
· Non-recurring HRG net operating costs, considered to be redundant or duplicative due to the Spectrum Merger and not considered a component of the continuing commercial products company after completion of the Spectrum Merger, including compensation and benefits, directors fees, professional fees, insurance, public company costs, amongst others; and including interest and other non-recurring income that will ultimately be eliminated following the transaction; and
· Other adjustments primarily consisting of incremental costs for separation of key senior executives, costs attributable to flood damage at the Company's facilities in Middleton, Wisconsin, and certain fines and penalties from customers for delayed shipments following the completion of a PET distribution center consolidation in EMEA for the three month period ended December 30, 2018; including the operating margin on H&G sales to GAC discontinued operations for the three month periods ended December 30, 2018, and December 31, 2017 and 2016, respectively.

Adjusted EBITDA margin is calculated as adjusted EBITDA as a percentage of reported net sales for the respective period.

The following is a summary of Adjusted EBITDA by segment for the three month periods ended December 30, 2018, and December 31, 2017 and 2016.

	Three Month Periods Ended				Three Month Periods Ended			
(in millions, except %)	**Dec. 30, 2018**	**Dec. 31, 2017**	**Variance**		**Dec. 31, 2017**	**Dec. 31, 2016**	**Variance**	
HHI	$ 55.6	$ 60.0	(4.4)	(7.3%)	$ 60.0	$ 59.2	0.8	1.4%
HPC	35.0	41.7	(6.7)	(16.1%)	41.7	54.1	(12.4)	(22.9%)
PET	29.1	34.1	(5.0)	(14.7%)	34.1	30.7	3.4	11.1%
H&G	3.1	5.4	(2.3)	(42.6%)	5.4	5.7	(0.3)	(5.3%)
Corporate	(7.5)	(8.5)	1.0	(11.8%)	(8.5)	(10.2)	1.7	(16.7%)
Adjusted EBITDA	$ 115.3	$ 132.7	(18.4)	(13.9%)	$ 132.7	$ 139.5	(8.5)	(6.1%)

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three Month Periods Ended December 30, 2018, and December 31, 2017 and 2016
(unaudited)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN (continued)

The following is the reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin for the three month periods ended December 30, 2018, December 31, 2017 and 2016.

Three Month Period Ended Dec. 30, 2018 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income (loss) from continuing operations	$ 43.7	$ (8.1)	$ 11.8	$ (2.0)	$ (74.5)	$ (29.1)
Income tax benefit	—	—	—	—	(3.4)	(3.4)
Interest expense	—	—	—	—	57.0	57.0
Depreciation and amortization	8.6	38.1	10.6	4.8	3.9	66.0
EBITDA	52.3	30.0	22.4	2.8	(17.0)	90.5
Share based compensation	—	—	—	—	6.0	6.0
Acquisition and integration related charges	0.5	—	0.7	—	0.4	1.6
Restructuring and related charges	2.8	0.2	2.6	0.7	2.8	9.1
HPC divestiture related charges	—	4.7	—	—	—	4.7
Pet safety recall	—	—	0.6	—	—	0.6
Other	—	0.1	2.8	(0.4)	0.3	2.8
Adjusted EBITDA	$ 55.6	$ 35.0	$ 29.1	$ 3.1	$ (7.5)	$ 115.3
Net Sales	$ 305.1	$ 317.2	$ 204.7	$ 53.3	$ —	$ 880.3
Adjusted EBITDA Margin	18.2%	11.0%	14.2%	5.8%	—	13.1%

Three Month Period Ended Dec. 31, 2017 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income from continuing operations	$ 31.1	$ 32.6	$ 12.9	$ 0.9	$ 20.0	$ 97.5
Income tax benefit	—	—	—	—	(120.5)	(120.5)
Interest expense	—	—	—	—	75.3	75.3
Depreciation and amortization	11.0	8.8	10.4	4.7	3.6	38.5
EBITDA	42.1	41.4	23.3	5.6	(21.6)	90.8
Share based compensation	—	—	—	—	4.5	4.5
Acquisition and integration related charges	2.7	0.3	2.1	—	0.2	5.3
Restructuring and related charges	15.2	—	0.6	—	1.3	17.1
Inventory acquisition step-up	—	—	0.8	—	—	0.8
Pet safety recall	—	—	7.3	—	—	7.3
Spectrum merger related transaction charges	—	—	—	—	2.8	2.8
Non-recurring HRG operating costs and interest income	—	—	—	—	4.3	4.3
Other	—	—	—	(0.2)	—	(0.2)
Adjusted EBITDA	$ 60.0	$ 41.7	$ 34.1	$ 5.4	$ (8.5)	$ 132.7
Net Sales	$ 325.9	$ 342.0	$ 202.4	$ 51.9	$ —	$ 922.2
Adjusted EBITDA Margin	18.4%	12.2%	16.8%	10.4%	—	14.4%

Three Month Period Ended Dec. 31, 2016 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income (loss) from continuing operations	$ 48.4	$ 45.8	$ 19.4	$ 1.5	$ (134.3)	$ (19.2)
Income tax expense	—	—	—	—	13.0	13.0
Interest expense	—	—	—	—	79.2	79.2
Depreciation and amortization	8.9	8.3	10.6	4.1	3.1	35.0
EBITDA	57.3	54.1	30.0	5.6	(39.0)	108.0
Share based compensation	—	—	—	—	9.9	9.9
Acquisition and integration related charges	1.8	—	0.1	—	0.6	2.5
Restructuring and related charges	0.1	—	0.6	—	0.6	1.3
Non-recurring HRG operating costs and interest income	—	—	—	—	17.7	17.7
Other	—	—	—	0.1	—	0.1
Adjusted EBITDA	$ 59.2	$ 54.1	$ 30.7	$ 5.7	$ (10.2)	$ 139.5
Net Sales	$ 288.8	$ 349.0	$ 194.2	$ 50.1	$ —	$ 882.1
Adjusted EBITDA Margin	20.5%	15.5%	15.8%	11.4%	—	15.8%

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three Month Periods Ended December 30, 2018, and December 31, 2017 and 2016
(unaudited)

ADJUSTED EPS

We define adjusted diluted EPS as reported diluted EPS excluding the effect of one-time, non-recurring activity and volatility associated with our income tax expense. The Company believes that adjusted diluted EPS provides further insight and comparability in operating performance as it eliminates the effects of certain items that are not comparable from one period to the next. Adjustments to diluted EPS include the following:

- Proforma adjustment associated with the per share impact from the Spectrum Merger, including the change in weighted average shares from the incremental shares issued to execute the Spectrum Merger share exchange with Spectrum's non-controlling interest, plus the inclusion of income attributable to non-controlling interest in Spectrum recognized by HRG prior to the consolidation of the shareholder groups and recognition of Spectrum as a wholly-owned business after completion of the Spectrum Merger;
- Acquisition and integration related charges that consist of transaction costs from qualifying acquisition transactions during the period, or subsequent integration related project costs directly associated with an acquired business;
- Divestiture related transaction costs that are recognized in continuing operations due to the change in plan to cease marketing and selling of the HPC business;
- Restructuring and related charges, which consist of project costs associated with restructuring initiatives across the segments;
- Non-cash purchase accounting inventory adjustments recognized in earnings from continuing operations subsequent to an acquisition (when applicable);
- Non-cash asset impairments or write-offs realized and recognized in earnings from continuing operations (when applicable);
- Incremental costs associated with a safety recall in the PET segment.
- Transactions costs directly associated with the merger of Spectrum Brands Legacy, Inc. ("Spectrum", formerly Spectrum Brands Holdings, Inc.) and Spectrum Brands Holdings, Inc. ("HRG", formerly HRG Group, Inc.) that closed on July 13, 2018 (collectively referred to as the "Spectrum Merger");
- Non-recurring HRG net operating costs, considered to be redundant or duplicative due to the Spectrum Merger and not considered a component of the continuing commercial products company after completion of the Spectrum Merger, including compensation and benefits, directors fees, professional fees, insurance, public company costs, amongst others; and including interest and other non-recurring income that will ultimately be eliminated following the transaction;
- Interest costs associated with HRG-originated debt;
- Reversal of depreciation and amortization true-up on long-lived assets from HPC recognized during the three month period ended December 30, 2018 that was previously deferred while considered held for sale (effective December 27, 2017) and subsequently reclassified as held for use during the three month period ended December 30, 2018.
- Other adjustments primarily consisting of incremental costs for separation of key senior executives, costs attributable to flood damage at the Company's facilities in Middleton, Wisconsin, and certain fines and penalties from customers for delayed shipments following the completion of a PET distribution center consolidation in EMEA for the three month period ended December 30, 2018; including the operating margin on H&G sales to GAC discontinued operations for the three month periods ended December 30, 2018, and December 31, 2017 and 2016, respectively.

Income tax adjustment to diluted EPS is to exclude the impact of adjusting the valuation allowance against deferred taxes and other tax related items in order to reflect a normalized ongoing effective tax rate of 25.0%, 24.5% and 35.0% for the three month periods ended December 30, 2018 and December 31, 2017 and 2016, respectively, net of adjustments made to diluted EPS, based upon enacted corporate tax rate in the United States.

	Three Months Periods Ended		
	Dec. 30, 2018	**Dec. 31, 2017**	**Dec. 31, 2016**
Diluted earnings per share from continuing operations, as reported	$ (0.56)	$ 1.23	$ (1.05)
Adjustments:			
Spectrum Merger share exchange proforma adjustment	—	0.49	0.71
Acquisition, divestiture and integration related charges	0.12	0.09	0.04
Restructuring and related charges	0.17	0.31	0.02
Purchase accounting inventory adjustment	—	0.01	0.11
Pet safety recall	0.01	0.13	—
Spectrum merger related transaction costs	—	0.05	—
Non-recurring HRG net operating costs	—	0.09	0.35
Interest cost on HRG debt	—	0.66	0.63
Depreciation & amortization on HPC long-lived assets	0.54	—	—
Other	0.06	—	—
Income tax adjustment	(0.13)	(2.38)	(0.13)
Total adjustments	0.77	(0.55)	1.73
Diluted earnings per share from continuing operations, as adjusted	$ 0.21	$ 0.68	$ 0.68

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three Month Periods Ended December 30, 2018, and December 31, 2017 and 2016
(unaudited)

ADJUSTED EPS (continued)

The weighted average shares and adjusted earnings per share data are adjusted for the three month periods ended December 31, 2017 and 2016, to reflect the reverse stock split and share exchange because of the HRG Merger, which closed on July 13, 2018. For the three month periods ended December 31, 2017 and 2016, the weighted average shares was adjusted using (i) the 20-trading-day volume-weighted average price per share of Spectrum common stock ending on July 12, 2018, (ii) the number of shares of Spectrum common stock outstanding, the number of shares of Spectrum common stock held by HRG and its subsidiaries and the number of shares of Spectrum common stock outstanding as of July 12, 2018, (iii) $328.2 million of HRG net indebtedness and transaction expense at closing, and (iv) a $200.0 million upward adjustment contemplated by the Merger Agreement, each HRG stockholder received approximately 0.1613 of a share of the post-Merger combined company stock for each share of pre-Merger common stock. The following is a recalculation of the weighted average shares adjusted for the impact of the reverse stock split and share exchange for the three month periods ended December 31, 2017 and 2016.

	Three Months Periods Ended	
(in millions, except per share amounts)	**Dec. 31, 2017**	**Dec. 31, 2016**
Spectrum weighted average shares	57.7	59.3
Spectrum weighted average shares owned by HRG	34.3	34.4
Spectrum weighted average shares owned by third parties (A)	23.4	24.9
HRG weighted average shares	200.3	199.2
HRG share conversion at 1 to 0.1613 (B)	32.6	32.2
Total weighted average shares (A + B)	56.0	57.1

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three and Six Month Periods Ended March 31, 2018 and 2017
(unaudited)

SALES AND ORGANIC SALES

The following is a summary of net sales by segment for the three and six month periods ended March 31, 2018 and 2017.

	Three Month Periods Ended				Six Month Periods Ended			
(in millions, except %)	March 31, 2018	March 31, 2017	Variance		March 31, 2018	March 31, 2017	Variance	
HHI	$ 318.5	$ 313.7	4.8	1.5%	$ 644.4	$ 602.5	41.9	7.0%
HPC	231.1	228.3	2.8	1.2%	573.1	577.3	(4.2)	(0.7%)
PET	211.2	191.8	19.4	10.1%	413.6	386.0	27.6	7.2%
H&G	121.8	135.2	(13.4)	(9.9%)	173.7	185.3	(11.6)	(6.3%)
Net Sales	$ 882.6	$ 869.0	13.6	1.6%	$ 1,804.8	$ 1,751.1	53.7	3.1%

We define organic net sales as reported net sales excluding the effect of changes in foreign currency exchange rates and acquisitions. We believe this non-GAAP measure provides useful information to investors because it reflects regional and operating segment performance from our activities without the effect of changes in currency exchange rate and/or acquisitions. We use organic net sales as one measure to monitor and evaluate our regional and segment performance. Organic growth is calculated by comparing organic net sales to reported net sales in the prior year. The effect of changes in currency exchange rates is determined by translating the period's net sales using the currency exchange rates that were in effect during the prior period. Net sales are attributed to the geographic regions based on the country of destination. We exclude net sales from acquired businesses in the current year for which there are no comparable sales in the prior period. The following is a reconciliation of reported net sales to organic net sales for the three and six month periods ended March 31, 2018 compared to reported net sales for the three and six month periods ended March 31, 2017.

	March 31, 2018							
Three Month Periods Ended (in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales March 31, 2017	Variance	
HHI	$ 318.5	$ (2.5)	316.0	—	$ 316.0	$ 313.7	2.3	0.7%
HPC	231.1	(12.4)	218.7	—	218.7	228.3	(9.6)	(4.2%)
PET	211.2	(8.5)	202.7	(25.2)	177.5	191.8	(14.3)	(7.5%)
H&G	121.8	—	121.8	—	121.8	135.2	(13.4)	(9.9%)
Net Sales	$ 882.6	$ (23.4)	$ 859.2	$ (25.2)	$ 834.0	$ 869.0	(35.0)	(4.0%)

	March 31, 2018							
Six Month Periods Ended (in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales March 31, 2017	Variance	
HHI	644.4	(4.6)	639.8	—	639.8	602.5	37.3	6.2%
HPC	573.1	(24.4)	548.7	—	548.7	577.3	(28.6)	(5.0%)
PET	413.6	(13.3)	400.3	(50.0)	350.3	386.0	(35.7)	(9.2%)
H&G	173.7	—	173.7	—	173.7	185.3	(11.6)	(6.3%)
Net Sales	$ 1,804.8	$ (42.3)	$ 1,762.5	$ (50.0)	$ 1,712.5	$ 1,751.1	(38.6)	(2.2%)

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three and Six Month Periods Ended March 31, 2018 and 2017
(unaudited)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

EBITDA (Earnings Before Interest, Taxes, Depreciation, Amortization) is a non-GAAP metric used by management that we believe provides useful information to investors because it reflects ongoing operating performance and trends of our segments excluding certain non-cash based expenses and/or non-recurring items during each of the comparable periods and facilitates comparisons between peer companies since interest, taxes, depreciation and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies. Further, adjusted EBITDA is a measure used for determining the Company's debt covenant. EBITDA is calculated by excluding the Company's income tax expense, interest expense, depreciation expense and amortization expense (from intangible assets) from net income. Adjusted EBITDA further excludes the following:

- Stock based and other incentive compensation costs that consist of costs associated with long-term compensation arrangements and other equity based compensation based upon achievement of long-term performance metrics; and consist of non-cash, stock-based compensation;
- Acquisition and integration related charges that consist of transaction costs from qualifying acquisition transactions during the period, or subsequent integration related project costs directly associated with an acquired business;
- Divestiture related transaction costs that are recognized in continuing operations due to the change in plan to cease marketing and selling of the HPC business;
- Restructuring and related charges, which consist of project costs associated with restructuring initiatives across the segments;
- Non-cash purchase accounting inventory adjustments recognized in earnings from continuing operations subsequent to an acquisition (when applicable);
- Non-cash asset impairments or write-offs realized and recognized in earnings from continuing operations (when applicable);
- Incremental costs associated with a safety recall in the PET segment.
- Transactions costs directly associated with the merger of Spectrum Brands Legacy, Inc. ("Spectrum", formerly Spectrum Brands Holdings, Inc.) and Spectrum Brands Holdings, Inc. ("HRG", formerly HRG Group, Inc.) that closed on July 13, 2018 (collectively referred to as the "Spectrum Merger");
- Non-recurring HRG net operating costs, considered to be redundant or duplicative due to the Spectrum Merger and not considered a component of the continuing commercial products company after completion of the Spectrum Merger, including compensation and benefits, directors fees, professional fees, insurance, public company costs, amongst others; and including interest and other non-recurring income that will ultimately be eliminated following the transaction;
- Other adjustments primarily consist of the operating margin on H&G sales to GAC discontinued operations for the three and six month periods ended March 31, 2018 and 2017.

Adjusted EBITDA margin is calculated as adjusted EBITDA as a percentage of reported net sales for the respective period.

The following is a summary of Adjusted EBITDA by segment for the three and six month periods ended March 31, 2018 and 2017.

	Three Month Periods Ended				Six Month Periods Ended			
(in millions, except %)	**March 31, 2018**	**March 31, 2017**	**Variance**		**March 31, 2018**	**March 31, 2017**	**Variance**	
HHI	$ 45.5	$ 56.6	(11.1)	(19.6%)	$ 105.5	$ 115.8	(10.3)	(8.9%)
HPC	20.1	25.1	(5.0)	(19.9%)	61.8	79.1	(17.3)	(21.9%)
PET	35.7	31.9	3.8	11.9%	69.7	62.7	7.0	11.2%
H&G	25.3	35.6	(10.3)	(28.9%)	30.7	41.3	(10.6)	(25.7%)
Corporate	(10.7)	(9.3)	(1.4)	15.1%	(19.1)	(19.6)	0.5	(2.6%)
Adjusted EBITDA	$ 115.9	$ 139.9	(22.6)	(16.2%)	$ 248.6	$ 279.3	(31.2)	(11.2%)

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three and Six Month Periods Ended March 31, 2018 and 2017
(unaudited)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN (continued)

The following is the reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin for the three month periods ended March 31, 2018 and 2017.

Three Month Period Ended March 31, 2018 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income (loss) from continuing operations	$ 18.5	$ 14.6	$ 15.2	$ 20.5	$ (103.5)	$ (34.7)
Income tax benefit	—	—	—	—	(1.7)	(1.7)
Interest expense	—	—	—	—	67.7	67.7
Depreciation and amortization	11.5	—	10.7	4.7	3.3	30.2
EBITDA	30.0	14.6	25.9	25.2	(34.2)	61.5
Share based compensation	—	—	—	—	(3.1)	(3.1)
Acquisition and integration related charges	1.9	(0.1)	2.1	—	0.3	4.2
Restructuring and related charges	13.6	0.2	3.8	0.2	2.5	20.3
HPC divestiture related charges	—	5.4	—	—	—	5.4
Pet safety recall	—	—	3.9	—	—	3.9
Spectrum merger related transaction charges	—	—	—	—	16.1	16.1
Non-recurring HRG operating costs and interest income	—	—	—	—	7.7	7.7
Other	—	—	—	(0.1)	—	(0.1)
Adjusted EBITDA	$ 45.5	$ 20.1	$ 35.7	$ 25.3	$ (10.7)	$ 115.9
Net Sales	$ 318.5	$ 231.1	$ 211.2	$ 121.8	$ —	$ 882.6
Adjusted EBITDA Margin	14.3%	8.7%	16.9%	20.8%	—	13.1%

Three Month Period Ended March 31, 2017 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income (loss) from continuing operations	$ 44.0	$ 16.7	$ 20.2	$ 31.4	$ (131.3)	$ (19.0)
Income tax expense	—	—	—	—	15.0	15.0
Interest expense	—	—	—	—	77.6	77.6
Depreciation and amortization	9.2	8.4	10.2	4.2	3.1	35.1
EBITDA	53.2	25.1	30.4	35.6	(35.6)	108.7
Share based compensation	—	—	—	—	14.1	14.1
Acquisition and integration related charges	2.0	—	0.5	—	1.9	4.4
Restructuring and related charges	1.4	—	1.0	—	0.3	2.7
Spectrum merger related transaction charges	—	—	—	—	2.5	2.5
Non-recurring HRG operating costs and interest income	—	—	—	—	7.5	7.5
Adjusted EBITDA	$ 56.6	$ 25.1	$ 31.9	$ 35.6	$ (9.3)	$ 139.9
Net Sales	$ 313.7	$ 228.3	$ 191.8	$ 135.2	$ —	$ 869.0
Adjusted EBITDA Margin	18.0%	11.0%	16.6%	26.3%	—	16.1%

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three and Six Month Periods Ended March 31, 2018 and 2017
(unaudited)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN (continued)

The following is the reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin for the six month periods ended March 31, 2018 and 2017.

Six Month Period Ended March 31, 2018 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income from continuing operations	$ 49.7	$ 47.2	$ 28.1	$ 21.4	$ (83.6)	$ 62.8
Income tax benefit	—	—	—	—	(122.2)	(122.2)
Interest expense	—	—	—	—	143.0	143.0
Depreciation and amortization	22.4	8.8	21.1	9.4	7.0	68.7
EBITDA	72.1	56.0	49.2	30.8	(55.8)	152.3
Share based compensation	—	—	—	—	1.3	1.3
Acquisition and integration related charges	4.6	0.2	4.2	—	0.5	9.5
Restructuring and related charges	28.8	0.2	4.4	0.2	3.8	37.4
HPC divestiture related charges	—	5.4	—	—	—	5.4
Inventory acquisition step-up	—	—	0.8	—	—	0.8
Pet safety recall	—	—	11.1	—	—	11.1
Spectrum merger related transaction charges	—	—	—	—	18.9	18.9
Non-recurring HRG operating costs and interest income	—	—	—	—	12.2	12.2
Other	—	—	—	(0.3)	—	(0.3)
Adjusted EBITDA	$ 105.5	$ 61.8	$ 69.7	$ 30.7	$ (19.1)	$ 248.6
Net Sales	$ 644.4	$ 573.1	$ 413.6	$ 173.7	$ —	$ 1,804.8
Adjusted EBITDA Margin	16.4%	10.8%	16.9%	17.7%	—	13.8%

Six Month Period Ended March 31, 2017 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income (loss) from continuing operations	$ 92.4	$ 62.4	$ 39.6	$ 32.9	$ (265.6)	$ (38.3)
Income tax expense	—	—	—	—	28.0	28.0
Interest expense	—	—	—	—	156.8	156.8
Depreciation and amortization	18.1	16.7	20.9	8.2	6.3	70.2
EBITDA	110.5	79.1	60.5	41.1	(74.5)	216.7
Share based compensation	—	—	—	—	24.0	24.0
Acquisition and integration related charges	3.7	—	0.6	—	2.6	6.9
Restructuring and related charges	1.6	—	1.6	—	0.8	4.0
Spectrum merger related transaction charges	—	—	—	—	2.5	2.5
Non-recurring HRG operating costs and interest income	—	—	—	—	25.0	25.0
Other	—	—	—	0.2	—	0.2
Adjusted EBITDA	$ 115.8	$ 79.1	$ 62.7	$ 41.3	$ (19.6)	$ 279.3
Net Sales	$ 602.5	$ 577.3	$ 386.0	$ 185.3	$ —	$ 1,751.1
Adjusted EBITDA Margin	19.2%	13.7%	16.2%	22.3%	—	15.9%

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three and Six Month Periods Ended March 31, 2018 and 2017
(unaudited)

ADJUSTED EPS

We define adjusted diluted EPS as reported diluted EPS excluding the effect of one-time, non-recurring activity and volatility associated with our income tax expense. The Company believes that adjusted diluted EPS provides further insight and comparability in operating performance as it eliminates the effects of certain items that are not comparable from one period to the next. Adjustments to diluted EPS include the following:

- Proforma adjustment associated with the per share impact from the Spectrum Merger, including the change in weighted average shares from the incremental shares issued to execute the Spectrum Merger share exchange with Spectrum's non-controlling interest, plus the inclusion of income attributable to non-controlling interest in Spectrum recognized by HRG prior to the consolidation of the shareholder groups and recognition of Spectrum as a wholly-owned business after completion of the Spectrum Merger;
- Acquisition and integration related charges that consist of transaction costs from qualifying acquisition transactions during the period, or subsequent integration related project costs directly associated with an acquired business;
- Divestiture related transaction costs that are recognized in continuing operations due to the change in plan to cease marketing and selling of the HPC business;
- Restructuring and related charges, which consist of project costs associated with restructuring initiatives across the segments;
- Non-cash purchase accounting inventory adjustments recognized in earnings from continuing operations subsequent to an acquisition (when applicable);
- Non-cash asset impairments or write-offs realized and recognized in earnings from continuing operations (when applicable);
- Incremental costs associated with a safety recall in the PET segment.
- Transactions costs directly associated with the merger of Spectrum Brands Legacy, Inc. ("Spectrum", formerly Spectrum Brands Holdings, Inc.) and Spectrum Brands Holdings, Inc. ("HRG", formerly HRG Group, Inc.) that closed on July 13, 2018 (collectively referred to as the "Spectrum Merger");
- Non-recurring HRG net operating costs, considered to be redundant or duplicative due to the Spectrum Merger and not considered a component of the continuing commercial products company after completion of the Spectrum Merger, including compensation and benefits, directors fees, professional fees, insurance, public company costs, amongst others; and including interest and other non-recurring income that will ultimately be eliminated following the transaction;
- Non-cash debt refinancing charges;
- Interest costs associated with HRG-originated debt;
- Depreciation and amortization on long-lived assets from HPC that was deferred during the three and six month periods ended March 31, 2018 while considered held for sale (effective December 27, 2017) and subsequently reclassified as held for use during the three month period ended December 30, 2018, resulting in the recognition of a cumulative true-up of amounts previously deferred; and
- Other adjustments primarily consist of the operating margin on H&G sales to GAC discontinued operations for the three and six month periods ended March 31, 2018 and 2017.

Income tax adjustment to diluted EPS is to exclude the impact of adjusting the valuation allowance against deferred taxes and other tax related items in order to reflect a normalized ongoing effective tax rate of 24.5% and 35.0% for the three and six month periods ended March 31, 2018 and 2017, respectively, net of adjustments made to diluted EPS, based upon enacted corporate tax rate in the United States.

	Three Month Periods Ended		Six Month Periods Ended	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Diluted earnings per share, as reported	$ (1.01)	$ (0.95)	$ 0.23	$ (2.01)
Adjustments:				
Spectrum Merger share exchange proforma adjustment	0.38	0.62	0.88	1.34
Acquisition and integration related charges	0.17	0.08	0.27	0.12
Restructuring and related charges	0.37	0.05	0.67	0.07
Debt refinancing costs	—	—	—	0.11
Purchase accounting inventory adjustment	—	—	0.01	—
Pet safety recall	0.07	—	0.20	—
Spectrum merger related transaction costs	0.29	0.05	0.34	0.04
Non-recurring HRG net operating costs	0.15	0.16	0.24	0.51
Interest cost on HRG debt	0.46	0.68	1.13	1.31
Depreciation & amortization on HPC long-lived assets	(0.21)	—	(0.21)	—
Income tax adjustment	(0.18)	(0.07)	(2.58)	(0.19)
Total Adjustments	1.50	1.57	0.95	3.31
Diluted earnings per share, as adjusted	$ 0.49	$ 0.62	$ 1.18	$ 1.30

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three and Six Month Periods Ended March 31, 2018 and 2017
(unaudited)

ADJUSTED EPS (continued)

The weighted average shares and adjusted earnings per share data are adjusted for the three and six month periods ended March 31, 2018 and 2017, to reflect the reverse stock split and share exchange because of the HRG Merger, which closed on July 13, 2018. For the three and six month periods ended March 31, 2018 and 2017, the weighted average shares was adjusted using (i) the 20-trading-day volume-weighted average price per share of Spectrum common stock ending on July 12, 2018, (ii) the number of shares of Spectrum common stock outstanding, the number of shares of Spectrum common stock held by HRG and its subsidiaries and the number of shares of Spectrum common stock outstanding as of July 12, 2018, (iii) $328.2 million of HRG net indebtedness and transaction expense at closing, and (iv) a $200.0 million upward adjustment contemplated by the Merger Agreement, each HRG stockholder received approximately 0.1613 of a share of the post-Merger combined company stock for each share of pre-Merger common stock. The following is a recalculation of the weighted average shares adjusted for the impact of the reverse stock split and share exchange for the three and six month periods ended March 31, 2018 and 2017.

	Three Month Periods Ended		Six Month Periods Ended	
(in millions, except per share amounts)	**March 31, 2018**	**March 31, 2017**	**March 31, 2018**	**March 31, 2017**
Spectrum weighted average shares	57.1	58.8	57.4	59.1
Spectrum weighted average shares owned by HRG	34.3	34.3	34.3	34.3
Spectrum weighted average shares owned by third parties (A)	22.8	24.5	23.1	24.7
HRG weighted average shares	201.6	200.0	201.1	199.6
HRG share conversion at 1 to 0.1613 (B)	32.5	32.2	32.4	32.2
Total weighted average shares (A + B)	55.3	56.7	55.5	56.9

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three and Nine Month Periods Ended June 30, 2018 and 2017
(unaudited)

SALES AND ORGANIC SALES

The following is a summary of net sales by segment for the three and nine month periods ended June 30, 2018 and 2017.

	Three Month Periods Ended				Nine Month Periods Ended			
(in millions, except %)	June 30, 2018	June 30, 2017	Variance		June 30, 2018	June 30, 2017	Variance	
HHI	$ 372.4	$ 324.7	47.7	14.7%	$ 1,016.8	$ 927.2	89.6	9.7%
HPC	254.4	256.3	(1.9)	(0.7%)	827.5	833.5	(6.0)	(0.7%)
PET	194.7	190.0	4.7	2.5%	608.3	576.0	32.3	5.6%
H&G	207.9	195.9	12.0	6.1%	381.6	381.3	0.3	0.1%
Net Sales	$ 1,029.4	$ 966.9	62.5	6.5%	$ 2,834.2	$ 2,718.0	116.2	4.3%

We define organic net sales as reported net sales excluding the effect of changes in foreign currency exchange rates and acquisitions. We believe this non-GAAP measure provides useful information to investors because it reflects regional and operating segment performance from our activities without the effect of changes in currency exchange rate and/or acquisitions. We use organic net sales as one measure to monitor and evaluate our regional and segment performance. Organic growth is calculated by comparing organic net sales to reported net sales in the prior year. The effect of changes in currency exchange rates is determined by translating the period's net sales using the currency exchange rates that were in effect during the prior period. Net sales are attributed to the geographic regions based on the country of destination. We exclude net sales from acquired businesses in the current year for which there are no comparable sales in the prior period. The following is a reconciliation of reported net sales to organic net sales for the three and nine month periods ended June 30, 2018 compared to reported net sales for the three and nine month periods ended June 30, 2017.

	June 30, 2018							
Three Month Periods Ended (in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales June 30, 2017	Variance	
HHI	$ 372.4	$ (1.3)	371.1	—	$ 371.1	$ 324.7	46.4	14.3%
HPC	254.4	(5.0)	249.4	—	249.4	256.3	(6.9)	(2.7%)
PET	194.7	(2.9)	191.8	(14.5)	177.3	190.0	(12.7)	(6.7%)
H&G	207.9	—	207.9	—	207.9	195.9	12.0	6.1%
Net Sales	$ 1,029.4	$ (9.2)	$ 1,020.2	$ (14.5)	$ 1,005.7	$ 966.9	38.8	4.0%

	June 30, 2018							
Nine Month Periods Ended (in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales June 30, 2017	Variance	
HHI	1,016.8	(5.9)	1,010.9	—	1,010.9	927.2	83.7	9.0%
HPC	827.5	(29.4)	798.1	—	798.1	833.5	(35.4)	(4.2%)
PET	608.3	(16.3)	592.0	(64.5)	527.5	576.0	(48.5)	(8.4%)
H&G	381.6	—	381.6	—	381.6	381.3	0.3	0.1%
Net Sales	$ 2,834.2	$ (51.6)	$ 2,782.6	$ (64.5)	$ 2,718.1	$ 2,718.0	0.1	0.0%

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three and Nine Month Periods Ended June 30, 2018 and 2017
(unaudited)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

EBITDA (Earnings Before Interest, Taxes, Depreciation, Amortization) is a non-GAAP metric used by management that we believe provides useful information to investors because it reflects ongoing operating performance and trends of our segments excluding certain non-cash based expenses and/or non-recurring items during each of the comparable periods and facilitates comparisons between peer companies since interest, taxes, depreciation and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies. Further, adjusted EBITDA is a measure used for determining the Company's debt covenant. EBITDA is calculated by excluding the Company's income tax expense, interest expense, depreciation expense and amortization expense (from intangible assets) from net income. Adjusted EBITDA further excludes the following:

- Stock based and other incentive compensation costs that consist of costs associated with long-term compensation arrangements and other equity based compensation based upon achievement of long-term performance metrics; and consist of non-cash, stock-based compensation;
- Acquisition and integration related charges that consist of transaction costs from qualifying acquisition transactions during the period, or subsequent integration related project costs directly associated with an acquired business;
- Divestiture related transaction costs that are recognized in continuing operations due to the change in plan to cease marketing and selling of the HPC business;
- Restructuring and related charges, which consist of project costs associated with restructuring initiatives across the segments;
- Non-cash purchase accounting inventory adjustments recognized in earnings from continuing operations subsequent to an acquisition (when applicable);
- Non-cash asset impairments or write-offs realized and recognized in earnings from continuing operations (when applicable);
- Incremental costs associated with a safety recall in the PET segment.
- Transactions costs directly associated with the merger of Spectrum Brands Legacy, Inc. ("Spectrum", formerly Spectrum Brands Holdings, Inc.) and Spectrum Brands Holdings, Inc. ("HRG", formerly HRG Group, Inc.) that closed on July 13, 2018 (collectively referred to as the "Spectrum Merger");
- Non-recurring HRG net operating costs, considered to be redundant or duplicative due to the Spectrum Merger and not considered a component of the continuing commercial products company after completion of the Spectrum Merger, including compensation and benefits, directors fees, professional fees, insurance, public company costs, amongst others; and including interest and other non-recurring income that will ultimately be eliminated following the transaction;
- Other adjustments primarily consisting of incremental costs for separation of key senior executives for the three and nine month periods ended June 30, 2018; including the operating margin on H&G sales to GAC discontinued operations for the three and nine month periods ended June 30, 2018 and 2017.

Adjusted EBITDA margin is calculated as adjusted EBITDA as a percentage of reported net sales for the respective period.

The following is a summary of Adjusted EBITDA by segment for the three and nine month periods ended June 30, 2018 and 2017.

	Three Month Periods Ended				Nine Month Periods Ended			
(in millions, except %)	June 30, 2018	June 30, 2017	Variance		June 30, 2018	June 30, 2017	Variance	
HHI	$ 73.9	$ 62.2	11.7	18.8%	$ 179.5	$ 178.0	1.5	0.8%
HPC	21.4	30.6	(9.2)	(30.1%)	83.3	109.7	(26.4)	(24.1%)
PET	34.9	36.1	(1.2)	(3.3%)	104.6	98.7	5.9	6.0%
H&G	57.0	59.5	(2.5)	(4.2%)	87.7	100.8	(13.1)	(13.0%)
Corporate	(9.5)	(9.2)	(0.3)	3.3%	(28.8)	(28.7)	(0.1)	0.3%
Adjusted EBITDA	$ 177.7	$ 179.2	(1.2)	(0.7%)	$ 426.3	$ 458.5	(32.1)	(7.0%)

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three and Nine Month Periods Ended June 30, 2018 and 2017
(unaudited)

ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN (continued)

The following is the reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin for the three month periods ended June 30, 2018 and 2017.

Three Month Period Ended June 30, 2018 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income from continuing operations	$ 52.1	$ 18.8	$ 14.4	$ 52.1	$ 261.5	$ 398.9
Income tax benefit	—	—	—	—	(354.2)	(354.2)
Interest expense	—	—	—	—	63.3	63.3
Depreciation and amortization	8.9	—	10.6	4.7	3.7	27.9
EBITDA	61.0	18.8	25.0	56.8	(25.7)	135.9
Share based compensation	—	—	—	—	5.7	5.7
Acquisition and integration related charges	0.9	—	1.1	—	1.1	3.1
Restructuring and related charges	12.0	0.2	3.7	0.1	1.9	17.9
HPC divestiture related charges	—	2.4	—	—	—	2.4
Pet safety recall	—	—	5.1	—	—	5.1
Spectrum merger related transaction charges	—	—	—	—	3.1	3.1
Non-recurring HRG operating costs and interest income	—	—	—	—	1.1	1.1
Other	—	—	—	0.1	3.3	3.4
Adjusted EBITDA	$ 73.9	$ 21.4	$ 34.9	$ 57.0	$ (9.5)	$ 177.7
Net Sales	$ 372.4	$ 254.4	$ 194.7	$ 207.9	$ —	$ 1,029.4
Adjusted EBITDA Margin	19.8%	8.4%	17.9%	27.4%	—	17.3%

Three Month Period Ended June 30, 2017 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income (loss) from continuing operations	$ 44.4	$ 21.6	$ (5.4)	$ 55.3	$ (116.6)	$ (0.7)
Income tax expense	—	—	—	—	12.6	12.6
Interest expense	—	—	—	—	76.0	76.0
Depreciation and amortization	9.8	8.7	10.8	4.2	3.4	36.9
EBITDA	54.2	30.3	5.4	59.5	(24.6)	124.8
Share based compensation	—	—	—	—	5.2	5.2
Acquisition and integration related charges	1.8	0.3	3.0	—	0.1	5.2
Restructuring and related charges	6.2	—	2.0	—	0.2	8.4
Inventory acquisition step-up	—	—	0.8	—	—	0.8
Pet safety recall	—	—	24.9	—	—	24.9
Spectrum merger related transaction charges	—	—	—	—	1.6	1.6
Non-recurring HRG operating costs and interest income	—	—	—	—	8.3	8.3
Adjusted EBITDA	$ 62.2	$ 30.6	$ 36.1	$ 59.5	$ (9.2)	$ 179.2
Net Sales	$ 324.7	$ 256.3	$ 190.0	$ 195.9	$ —	$ 966.9
Adjusted EBITDA Margin	19.2%	11.9%	19.0%	30.4%	—	18.5%

Spectrum Brands Holdings, Inc.
Other Supplemental Information
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ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN (continued)

The following is the reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin for the nine month periods ended June 30, 2018 and 2017.

Nine Month Period Ended June 30, 2018 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income from continuing operations	$ 101.8	$ 65.9	$ 42.5	$ 73.5	$ 178.0	$ 461.7
Income tax benefit	—	—	—	—	(476.4)	(476.4)
Interest expense	—	—	—	—	206.3	206.3
Depreciation and amortization	31.4	8.8	31.7	14.0	10.7	96.6
EBITDA	133.2	74.7	74.2	87.5	(81.4)	288.2
Share based compensation	—	—	—	—	7.0	7.0
Acquisition and integration related charges	5.5	0.3	5.2	—	1.6	12.6
Restructuring and related charges	40.8	0.5	8.1	0.3	5.7	55.4
HPC divestiture related charges	—	7.8	—	—	—	7.8
Inventory acquisition step-up	—	—	0.8	—	—	0.8
Pet safety recall	—	—	16.3	—	—	16.3
Spectrum merger related transaction charges	—	—	—	—	22.0	22.0
Non-recurring HRG operating costs and interest income	—	—	—	—	13.0	13.0
Other	—	—	—	(0.1)	3.3	3.2
Adjusted EBITDA	$ 179.5	$ 83.3	$ 104.6	$ 87.7	$ (28.8)	$ 426.3
Net Sales	$ 1,016.8	$ 827.5	$ 608.3	$ 381.6	$ —	$ 2,834.2
Adjusted EBITDA Margin	17.7%	10.1%	17.2%	23.0%	—	15.0%

Nine Month Period Ended June 30, 2017 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income (loss) from continuing operations	$ 136.7	$ 84.1	$ 34.1	$ 88.2	$ (382.0)	$ (38.9)
Income tax expense	—	—	—	—	40.5	40.5
Interest expense	—	—	—	—	232.8	232.8
Depreciation and amortization	28.0	25.4	31.6	12.4	9.5	106.9
EBITDA	164.7	109.5	65.7	100.6	(99.2)	341.3
Share based compensation	—	—	—	—	29.2	29.2
Acquisition and integration related charges	5.6	0.2	3.6	—	2.7	12.1
Restructuring and related charges	7.7	—	3.7	—	1.0	12.4
Inventory acquisition step-up	—	—	0.8	—	—	0.8
Pet safety recall	—	—	24.9	—	—	24.9
Spectrum merger related transaction charges	—	—	—	—	4.2	4.2
Non-recurring HRG operating costs and interest income	—	—	—	—	33.4	33.4
Other	—	—	—	0.2	—	0.2
Adjusted EBITDA	$ 178.0	$ 109.7	$ 98.7	$ 100.8	$ (28.7)	$ 458.5
Net Sales	$ 927.2	$ 833.5	$ 576.0	$ 381.3	$ —	$ 2,718.0
Adjusted EBITDA Margin	19.2%	13.2%	17.1%	26.4%	—	16.9%

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ADJUSTED EPS

We define adjusted diluted EPS as reported diluted EPS excluding the effect of one-time, non-recurring activity and volatility associated with our income tax expense. The Company believes that adjusted diluted EPS provides further insight and comparability in operating performance as it eliminates the effects of certain items that are not comparable from one period to the next. Adjustments to diluted EPS include the following:

- Proforma adjustment associated with the per share impact from the Spectrum Merger, including the change in weighted average shares from the incremental shares issued to execute the Spectrum Merger share exchange with Spectrum's non-controlling interest, plus the inclusion of income attributable to non-controlling interest in Spectrum recognized by HRG prior to the consolidation of the shareholder groups and recognition of Spectrum as a wholly-owned business after completion of the Spectrum Merger;
- Acquisition and integration related charges that consist of transaction costs from qualifying acquisition transactions during the period, or subsequent integration related project costs directly associated with an acquired business;
- Divestiture related transaction costs that are recognized in continuing operations due to the change in plan to cease marketing and selling of the HPC business;
- Restructuring and related charges, which consist of project costs associated with restructuring initiatives across the segments;
- Non-cash purchase accounting inventory adjustments recognized in earnings from continuing operations subsequent to an acquisition (when applicable);
- Non-cash asset impairments or write-offs realized and recognized in earnings from continuing operations (when applicable);
- Incremental costs associated with a safety recall in the PET segment.
- Transactions costs directly associated with the merger of Spectrum Brands Legacy, Inc. ("Spectrum", formerly Spectrum Brands Holdings, Inc.) and Spectrum Brands Holdings, Inc. ("HRG", formerly HRG Group, Inc.) that closed on July 13, 2018 (collectively referred to as the "Spectrum Merger");
- Non-recurring HRG net operating costs, considered to be redundant or duplicative due to the Spectrum Merger and not considered a component of the continuing commercial products company after completion of the Spectrum Merger, including compensation and benefits, directors fees, professional fees, insurance, public company costs, amongst others; and including interest and other non-recurring income that will ultimately be eliminated following the transaction;
- Non-cash debt refinancing costs;
- Interest costs associated with HRG-originated debt;
- Depreciation and amortization on long-lived assets from HPC that was deferred during the thee and nine month periods ended June 30, 2018 while considered held for sale (effective December 27, 2017) and subsequently reclassified as held for use during the three month period ended December 30, 2018, resulting in the recognition of a cumulative true-up of amounts previously deferred; and
- Other adjustments primarily consisting of incremental costs for separation of key senior executives for the three and nine month periods ended June 30, 2018; including the operating margin on H&G sales to GAC discontinued operations for the three and nine month periods ended June 30, 2018 and 2017.

Income tax adjustment to diluted EPS is to exclude the impact of adjusting the valuation allowance against deferred taxes and other tax related items in order to reflect a normalized ongoing effective tax rate of 24.5% and 35.0% for the three and nine month periods ended June 30, 2018 and 2017, respectively, net of adjustments made to diluted EPS, based upon enacted corporate tax rate in the United States.

	Three Month Periods Ended		Nine Month Periods Ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Diluted earnings per share, as reported	$ 11.68	$ (0.93)	$ 11.94	$ (2.66)
Adjustments:				
Spectrum Merger share exchange proforma adjustment	(4.27)	0.89	(3.58)	1.95
Acquisition and integration related charges	0.48	0.10	1.09	0.23
Restructuring and related charges	(0.05)	0.14	0.29	0.20
Debt refinancing costs	—	—	—	0.11
Purchase accounting inventory adjustment	—	0.01	0.01	0.01
Pet safety recall	0.10	0.44	0.29	0.44
Spectrum merger related transaction costs	0.06	0.02	0.40	0.07
Non-recurring HRG net operating costs	0.03	0.16	0.26	0.67
Interest cost on HRG debt	0.37	0.64	1.50	1.95
Depreciation & amortization on HPC long-lived assets	(0.20)	—	(0.40)	—
Other	0.06	—	0.06	—
Income tax adjustment	(7.00)	(0.37)	(9.44)	(0.58)
Total Adjustments	(10.42)	2.03	(9.52)	5.05
Diluted earnings per share, as adjusted	$ 1.26	$ 1.10	$ 2.42	$ 2.39

Spectrum Brands Holdings, Inc.
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ADJUSTED EPS (continued)

The weighted average shares and adjusted earnings per share data are adjusted for the three and nine month periods ended June 30, 2018 and 2017, to reflect the reverse stock split and share exchange because of the HRG Merger, which closed on July 13, 2018. For the three and nine month periods ended June 30, 2018 and 2017, the weighted average shares was adjusted using (i) the 20-trading-day volume-weighted average price per share of Spectrum common stock ending on July 12, 2018, (ii) the number of shares of Spectrum common stock outstanding, the number of shares of Spectrum common stock held by HRG and its subsidiaries and the number of shares of Spectrum common stock outstanding as of July 12, 2018, (iii) $328.2 million of HRG net indebtedness and transaction expense at closing, and (iv) a $200.0 million upward adjustment contemplated by the Merger Agreement, each HRG stockholder received approximately 0.1613 of a share of the post-Merger combined company stock for each share of pre-Merger common stock. The following is a recalculation of the weighted average shares adjusted for the impact of the reverse stock split and share exchange for the three and nine month periods ended June 30, 2018 and 2017.

	Three Month Periods Ended		Nine Month Periods Ended	
(in millions, except per share amounts)	**June 30, 2018**	**June 30, 2017**	**June 30, 2018**	**June 30, 2017**
Spectrum weighted average shares	55.4	58.7	56.7	58.9
Spectrum weighted average shares owned by HRG	34.3	34.3	34.3	34.3
Spectrum weighted average shares owned by third parties (A)	21.1	24.3	22.4	24.6
HRG weighted average shares	203.3	200.4	202.7	199.8
HRG share conversion at 1 to 0.1613 (B)	32.7	32.3	32.7	32.2
Total weighted average shares (A + B)	53.8	56.6	55.1	56.8

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SALES AND ORGANIC SALES

The following is a summary of net sales by segment for the three month periods and year ended September 30, 2018 and 2017.

	Three Month Periods Ended				Year Ended			
(in millions, except %)	Sept. 30, 2018	Sept. 30, 2017	Variance		Sept. 30, 2018	Sept. 30, 2017	Variance	
HHI	$ 360.9	$ 348.9	12.0	3.4%	$ 1,377.7	$ 1,276.1	101.6	8.0%
HPC	282.9	298.8	(15.9)	(5.3%)	1,110.4	1,132.3	(21.9)	(1.9%)
PET	212.1	217.2	(5.1)	(2.3%)	820.5	793.2	27.3	3.4%
H&G	118.5	122.5	(4.0)	(3.3%)	500.1	503.8	(3.7)	(0.7%)
Net Sales	$ 974.4	$ 987.4	(13.0)	(1.3%)	$ 3,808.7	$ 3,705.4	103.3	2.8%

We define organic net sales as reported net sales excluding the effect of changes in foreign currency exchange rates and acquisitions. We believe this non-GAAP measure provides useful information to investors because it reflects regional and operating segment performance from our activities without the effect of changes in currency exchange rate and/or acquisitions. We use organic net sales as one measure to monitor and evaluate our regional and segment performance. Organic growth is calculated by comparing organic net sales to reported net sales in the prior year. The effect of changes in currency exchange rates is determined by translating the period's net sales using the currency exchange rates that were in effect during the prior period. Net sales are attributed to the geographic regions based on the country of destination. We exclude net sales from acquired businesses in the current year for which there are no comparable sales in the prior period. The following is a reconciliation of reported net sales to organic net sales for the three month period and year ended September 30, 2018 compared to reported net sales for the three month period and year ended September 30, 2017.

	September 30, 2018							
Three Month Periods Ended (in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales Sept. 30, 2017	Variance	
HHI	$ 360.9	$ 1.6	362.5	—	$ 362.5	$ 348.9	13.6	3.9%
HPC	282.9	6.6	289.5	—	289.5	298.8	(9.3)	(3.1%)
PET	212.1	0.9	213.0	—	213.0	217.2	(4.2)	(1.9%)
H&G	118.5	—	118.5	—	118.5	122.5	(4.0)	(3.3%)
Net Sales	$ 974.4	$ 9.1	$ 983.5	$ —	$ 983.5	$ 987.4	(3.9)	(0.4%)

	September 30, 2018							
Year Ended (in millions, except %)	Net Sales	Effect of Changes in Currency	Net Sales Excluding Effect of Changes in Currency	Effect of Acquisitions	Organic Net Sales	Net Sales Sept. 30, 2017	Variance	
HHI	1,377.7	(4.3)	1,373.4	—	1,373.4	1,276.1	97.3	7.6%
HPC	1,110.4	(22.8)	1,087.6	—	1,087.6	1,132.3	(44.7)	(3.9%)
PET	820.5	(15.4)	805.1	(64.5)	740.6	793.2	(52.6)	(6.6%)
H&G	500.1	—	500.1	—	500.1	503.8	(3.7)	(0.7%)
Net Sales	$ 3,808.7	$ (42.5)	$ 3,766.2	$ (64.5)	$ 3,701.7	$ 3,705.4	(3.7)	(0.1%)

Exhibit 99.7

Spectrum Brands Holdings, Inc.
Other Supplemental Information
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ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN

EBITDA (Earnings Before Interest, Taxes, Depreciation, Amortization) is a non-GAAP metric used by management that we believe provides useful information to investors because it reflects ongoing operating performance and trends of our segments excluding certain non-cash based expenses and/or non-recurring items during each of the comparable periods and facilitates comparisons between peer companies since interest, taxes, depreciation and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies. Further, adjusted EBITDA is a measure used for determining the Company's debt covenant. EBITDA is calculated by excluding the Company's income tax expense, interest expense, depreciation expense and amortization expense (from intangible assets) from net income. Adjusted EBITDA further excludes the following:

- Stock based and other incentive compensation costs that consist of costs associated with long-term compensation arrangements and other equity based compensation based upon achievement of long-term performance metrics; and consist of non-cash, stock-based compensation;
- Acquisition and integration related charges that consist of transaction costs from qualifying acquisition transactions during the period, or subsequent integration related project costs directly associated with an acquired business;
- Divestiture related transaction costs that are recognized in continuing operations due to the change in plan to cease marketing and selling of the HPC business;
- Restructuring and related charges, which consist of project costs associated with restructuring initiatives across the segments;
- Non-cash purchase accounting inventory adjustments recognized in earnings from continuing operations subsequent to an acquisition (when applicable);
- Non-cash asset impairments or write-offs realized and recognized in earnings from continuing operations (when applicable);
- Incremental costs associated with a safety recall in the PET segment.
- Transactions costs directly associated with the merger of Spectrum Brands Legacy, Inc. ("Spectrum", formerly Spectrum Brands Holdings, Inc.) and Spectrum Brands Holdings, Inc. ("HRG", formerly HRG Group, Inc.) that closed on July 13, 2018 (collectively referred to as the "Spectrum Merger");
- Non-recurring HRG net operating costs, considered to be redundant or duplicative due to the Spectrum Merger and not considered a component of the continuing commercial products company after completion of the Spectrum Merger, including compensation and benefits, directors fees, professional fees, insurance, public company costs, amongst others; and including interest and other non-recurring income that will ultimately be eliminated following the transaction;
- Other adjustments primarily consisting of incremental costs for separation of key senior executives, costs attributable to flood damage at the Company's facilities in Middleton, Wisconsin, for the three month periods and year ended September 30, 2018; including the operating margin on H&G sales to GAC discontinued operations for the three month period and year ended September 30, 2018 and 2017.

Adjusted EBITDA margin is calculated as adjusted EBITDA as a percentage of reported net sales for the respective periods.

The following is a summary of Adjusted EBITDA by segment for the three month periods and year ended September 30, 2018 and 2017.

	Three Month Periods Ended				Year Ended			
(in millions, except %)	**Sept. 30, 2018**	**Sept. 30, 2017**	**Variance**		**Sept. 30, 2018**	**Sept. 30, 2017**	**Variance**	
HHI	$ 75.2	$ 76.4	(1.2)	(1.6%)	$ 254.7	$ 254.4	0.3	0.1%
HPC	36.2	38.1	(1.9)	(5.0%)	119.4	147.8	(28.4)	(19.2%)
PET	32.0	44.0	(12.0)	(27.3%)	136.7	142.7	(6.0)	(4.2%)
H&G	19.8	32.2	(12.4)	(38.5%)	107.5	133.0	(25.5)	(19.2%)
Corporate	(7.6)	(10.6)	3.0	(28.3%)	(36.3)	(39.3)	3.0	(7.6%)
Adjusted EBITDA	$ 155.6	$ 180.1	(27.5)	(15.3%)	$ 582.0	$ 638.6	(59.6)	(9.3%)

Spectrum Brands Holdings, Inc.
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ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN (continued)

The following is the reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin for the three month periods ended September 30, 2018 and 2017.

Three Month Period Ended Sept. 30, 2018 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income (loss) from continuing operations	$ 54.1	$ 28.4	$ (7.6)	$ 14.5	$ (124.1)	$ (34.7)
Income tax expense	—	—	—	—	13.7	13.7
Interest expense	—	—	—	—	57.7	57.7
Depreciation and amortization	8.6	—	10.6	4.8	4.6	28.6
EBITDA	62.7	28.4	3.0	19.3	(48.1)	65.3
Share based compensation	—	—	—	—	5.0	5.0
Acquisition and integration related charges	0.5	—	1.0	—	1.1	2.6
Restructuring and related charges	12.0	0.3	5.1	0.5	2.4	20.3
HPC divestiture related costs	—	7.1	—	—	—	7.1
Write-off from impairment of intangible assets	—	—	20.3	—	—	20.3
Pet safety recall	—	—	2.6	—	—	2.6
Spectrum merger related transaction charges	—	—	—	—	23.8	23.8
Non-recurring HRG operating costs and interest income	—	—	—	—	7.0	7.0
Other	—	0.4	—	—	1.2	1.6
Adjusted EBITDA	$ 75.2	$ 36.2	$ 32.0	$ 19.8	$ (7.6)	$ 155.6
Net Sales	$ 360.9	$ 282.9	$ 212.1	$ 118.5	$ —	$ 974.4
Adjusted EBITDA Margin	20.8%	12.8%	15.1%	16.7%	—	16.0%

Three Month Period Ended Sept. 30, 2017 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income (loss) from continuing operations	$ 47.3	$ 27.7	$ (5.3)	$ 26.2	$ (72.9)	$ 23.0
Income tax benefit	—	—	—	—	(52.3)	(52.3)
Interest expense	—	—	—	—	77.6	77.6
Depreciation and amortization	10.3	9.5	11.5	5.2	4.0	40.5
EBITDA	57.6	37.2	6.2	31.4	(43.6)	88.8
Share based compensation	—	—	—	—	25.0	25.0
Acquisition and integration related charges	(0.1)	0.6	3.7	—	1.4	5.6
Restructuring and related charges	18.9	—	5.4	—	0.8	25.1
Write-off from impairment of intangible assets	—	—	15.3	1.0	—	16.3
Inventory acquisition step-up	—	—	2.5	—	—	2.5
Pet safety recall	—	—	10.9	—	—	10.9
Venezuela devaluation	—	0.3	—	—	—	0.3
Spectrum merger related transaction charges	—	—	—	—	4.5	4.5
Non-recurring HRG operating costs and interest income	—	—	—	—	1.3	1.3
Other	—	—	—	(0.2)	—	(0.2)
Adjusted EBITDA	$ 76.4	$ 38.1	$ 44.0	$ 32.2	$ (10.6)	$ 180.1
Net Sales	$ 348.9	$ 298.8	$ 217.2	$ 122.5	$ —	$ 987.4
Adjusted EBITDA Margin	21.9%	12.8%	20.3%	26.3%	—	18.2%

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ADJUSTED EBITDA AND ADJUSTED EBITDA MARGIN (continued)

The following is the reconciliation of Adjusted EBITDA and Adjusted EBITDA Margin for the year ended September 30, 2018 and 2017.

Year Ended Sept. 30, 2018 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income from continuing operations	$ 155.9	$ 94.3	$ 35.0	$ 88.0	$ 53.8	$ 427.0
Income tax benefit	—	—	—	—	(462.7)	(462.7)
Interest expense	—	—	—	—	264.0	264.0
Depreciation and amortization	40.0	8.8	42.3	18.8	15.4	125.3
EBITDA	195.9	103.1	77.3	106.8	(129.5)	353.6
Share based compensation	—	—	—	—	11.9	11.9
Acquisition and integration related charges	6.0	0.3	6.2	—	2.8	15.3
Restructuring and related charges	52.8	0.7	13.2	0.8	8.1	75.6
HPC divestiture related costs	—	14.9	—	—	—	14.9
Write-off from impairment of intangible assets	—	—	20.3	—	—	20.3
Inventory acquisition step-up	—	—	0.8	—	—	0.8
Pet safety recall	—	—	18.9	—	—	18.9
Spectrum merger related transaction charges	—	—	—	—	45.9	45.9
Non-recurring HRG operating costs and interest income	—	—	—	—	20.0	20.0
Other	—	0.4	—	(0.1)	4.5	4.8
Adjusted EBITDA	$ 254.7	$ 119.4	$ 136.7	$ 107.5	$ (36.3)	$ 582.0
Net Sales	$ 1,377.7	$ 1,110.4	$ 820.5	$ 500.1	$ —	$ 3,808.7
Adjusted EBITDA Margin	18.5%	10.8%	16.7%	21.5%	—	15.3%

Year Ended Sept. 30, 2017 (in millions, except %)	HHI	HPC	PET	H&G	Corporate	Consolidated
Net income (loss) from continuing operations	$ 184.0	$ 111.8	$ 28.8	$ 114.4	$ (455.0)	$ (16.0)
Income tax expense	—	—	—	—	(11.8)	(11.8)
Interest expense	—	—	—	—	310.4	310.4
Depreciation and amortization	38.3	34.8	43.1	17.6	13.5	147.3
EBITDA	222.3	146.6	71.9	132.0	(142.9)	429.9
Share based compensation	—	—	—	—	54.2	54.2
Acquisition and integration related charges	5.5	0.9	7.3	—	4.0	17.7
Restructuring and related charges	26.6	—	9.1	1.0	1.8	38.5
Write-off from impairment of intangible assets	—	—	15.3	—	—	15.3
Inventory acquisition step-up	—	—	3.3	—	—	3.3
Pet safety recall	—	—	35.8	—	—	35.8
Venezuela devaluation	—	0.3	—	—	—	0.3
Spectrum merger related transaction charges	—	—	—	—	7.6	7.6
Non-recurring HRG operating costs and interest income	—	—	—	—	36.0	36.0
Adjusted EBITDA	$ 254.4	$ 147.8	$ 142.7	$ 133.0	$ (39.3)	$ 638.6
Net Sales	$ 1,276.1	$ 1,132.3	$ 793.2	$ 503.8	$ —	$ 3,705.4
Adjusted EBITDA Margin	19.9%	13.1%	18.0%	26.4%	—	17.2%

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ADJUSTED EPS

We define adjusted diluted EPS as reported diluted EPS excluding the effect of one-time, non-recurring activity and volatility associated with our income tax expense. The Company believes that adjusted diluted EPS provides further insight and comparability in operating performance as it eliminates the effects of certain items that are not comparable from one period to the next. Adjustments to diluted EPS include the following:

- Proforma adjustment associated with the per share impact from the Spectrum Merger, including the change in weighted average shares from the incremental shares issued to execute the Spectrum Merger share exchange with Spectrum's non-controlling interest, plus the inclusion of income attributable to non-controlling interest in Spectrum recognized by HRG prior to the consolidation of the shareholder groups and recognition of Spectrum as a wholly-owned business after completion of the Spectrum Merger;
- Acquisition and integration related charges that consist of transaction costs from qualifying acquisition transactions during the period, or subsequent integration related project costs directly associated with an acquired business;
- Divestiture related transaction costs that are recognized in continuing operations due to the change in plan to cease marketing and selling of the HPC business;
- Restructuring and related charges, which consist of project costs associated with restructuring initiatives across the segments;
- Non-cash purchase accounting inventory adjustments recognized in earnings from continuing operations subsequent to an acquisition (when applicable);
- Non-cash asset impairments or write-offs realized and recognized in earnings from continuing operations (when applicable);
- Incremental costs associated with a safety recall in the PET segment.
- Transactions costs directly associated with the merger of Spectrum Brands Legacy, Inc. ("Spectrum", formerly Spectrum Brands Holdings, Inc.) and Spectrum Brands Holdings, Inc. ("HRG", formerly HRG Group, Inc.) that closed on July 13, 2018 (collectively referred to as the "Spectrum Merger");
- Non-recurring HRG net operating costs, considered to be redundant or duplicative due to the Spectrum Merger and not considered a component of the continuing commercial products company after completion of the Spectrum Merger, including compensation and benefits, directors fees, professional fees, insurance, public company costs, amongst others; and including interest and other non-recurring income that will ultimately be eliminated following the transaction;
- Non-cash debt refinancing costs;
- Interest costs associated with HRG-originated debt;
- Depreciation and amortization on long-lived assets from HPC that was deferred during the three month period and year ended September 30, 2018 while considered held for sale (effective December 27, 2017) and subsequently reclassified as held for use during the three month period ended December 30, 2018, resulting in the recognition of a cumulative true-up of amounts previously deferred.
- Other adjustments primarily consisting of incremental costs for separation of key senior executives, costs attributable to flood damage at the Company's facilities in Middleton, Wisconsin, for the three month period and year ended September 30, 2018; including the operating margin on H&G sales to GAC discontinued operations for the three month periods and year ended September 30, 2018 and 2017.

Income tax adjustment to diluted EPS is to exclude the impact of adjusting the valuation allowance against deferred taxes and other tax related items in order to reflect a normalized ongoing effective tax rate of 24.5% and 35.0% for the three month periods and year ended September 30, 2018 and 2017, respectively, net of adjustments made to diluted EPS, based upon enacted corporate tax rate in the United States.

	Three Month Periods Ended		Year Ended	
	Sept. 30, 2018	Sept. 30, 2017	Sept. 30, 2018	Sept. 30, 2017
Diluted earnings per share, as reported	$ (0.68)	$ (0.14)	$ 9.62	$ (2.81)
Adjustments:				
Spectrum Merger share exchange proforma adjustment	0.02	0.56	(1.76)	2.51
Acquisition and integration related charges	0.44	0.10	1.54	0.33
Restructuring and related charges	0.12	0.45	0.41	0.65
Debt refinancing costs	—	—	—	0.11
Purchase accounting inventory adjustment	—	0.04	0.02	0.06
Pet safety recall	0.05	0.19	0.35	0.63
Write off from impairment of intangible assets	0.38	0.29	0.37	0.29
Spectrum merger related transaction costs	0.45	0.04	0.85	0.22
Non-recurring HRG net operating costs	0.11	0.07	0.37	0.32
Interest cost on HRG debt	0.36	0.69	1.88	2.63
Depreciation & amortization on HPC long-lived assets	(0.19)	—	(0.59)	—
Other	0.04	0.01	0.10	0.01
Income tax adjustment	(0.08)	(1.42)	(9.69)	(1.88)
Total Adjustments	1.70	1.02	(6.15)	5.88
Diluted earnings per share, as adjusted	$ 1.02	$ 0.88	$ 3.47	$ 3.07

Spectrum Brands Holdings, Inc.
Other Supplemental Information
For the Three Month Period and Year Ended September 30, 2018 and 2017
(unaudited)

ADJUSTED EPS (continued)

The weighted average shares and adjusted earnings per share data are adjusted for the three month period and year ended September 30, 2017, to reflect the reverse stock split and share exchange because of the HRG Merger, which closed on July 13, 2018. For the three month period and year ended September 30, 2017, the weighted average shares was adjusted using (i) the 20-trading-day volume-weighted average price per share of Spectrum common stock ending on July 12, 2018, (ii) the number of shares of Spectrum common stock outstanding, the number of shares of Spectrum common stock held by HRG and its subsidiaries and the number of shares of Spectrum common stock outstanding as of July 12, 2018, (iii) $328.2 million of HRG net indebtedness and transaction expense at closing, and (iv) a $200.0 million upward adjustment contemplated by the Merger Agreement, each HRG stockholder received approximately 0.1613 of a share of the post-Merger combined company stock for each share of pre-Merger common stock. The following is a recalculation of the weighted average shares adjusted for the impact of the reverse stock split and share exchange for the three month period and year ended September 30, 2017.

(in millions, except per share amounts)	Three month period ended Sept. 30, 2017	Year Ended Sept. 30, 2017
Spectrum weighted average shares	57.8	58.6
Spectrum weighted average shares owned by HRG	34.3	34.3
Spectrum weighted average shares owned by third parties (A)	23.4	24.3
HRG weighted average shares	200.4	200.0
HRG share conversion at 1 to 0.1613 (B)	32.3	32.2
Total weighted average shares (A + B)	55.8	56.6