

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 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): October 22, 2012

**SPECTRUM BRANDS, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-13615**  
(Commission File No.)

**22-2423556**  
(IRS Employer  
Identification No.)

**601 Rayovac Drive**  
**Madison, Wisconsin 53711**  
(Address of principal executive offices)

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

**N/A**  
(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 (see General Instruction A.2. below):

- 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))
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## Item 2.02. Results of Operations and Financial Condition.

The following information in this Item 2.02, to the extent the information discusses financial results of Spectrum Brands, Inc. (“Spectrum Brands”) is being furnished pursuant to this Item 2.02 and 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.

Spectrum Brands estimates that for the year ended September 30, 2012, net sales were \$3.25 billion, net income was \$52.8 million and Adjusted EBITDA was \$485.7 million.

Net cash for the fiscal year ended September 30, 2012 provided from operating activities after purchases of property, plan and equipment (free cash flow) was approximately \$208 million.

### Non-GAAP Measurements

Management believes that certain non-GAAP financial measures may be useful in certain instances to provide additional meaningful comparisons between current results and results in prior operating periods. For example, excluding the impact of currency exchange rate fluctuations may provide additional meaningful reflection of underlying business trends. In addition, within this Current Report on Form 8-K, including the tables, reference is made to adjusted earnings before interest, taxes, depreciation and amortization (EBITDA). See, “Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA,” for a reconciliation of GAAP Net Income (Loss) to adjusted EBITDA for the twelve months ended September 30, 2012 on a consolidated basis and for each of Spectrum Brands’ business segments. Adjusted EBITDA is a metric used by management and frequently used by the financial community which provides insight into an organization’s operating trends 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. Adjusted EBITDA can also be a useful measure of a company’s ability to service debt and is one of the measures used for determining Spectrum Brands’ debt covenant compliance. Adjusted EBITDA excludes certain items that are unusual in nature or not comparable from period to period. Spectrum Brands’ management believes that free cash flow is useful to both management and investors in their analysis of Spectrum Brands’ ability to service and repay its debt and meet its working capital requirements. Free cash flow should not be considered in isolation or as a substitute for pretax income (loss), net income (loss), cash provided by (used in) operating activities or other statement of operations or cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and therefore, does not reflect funds available for investment or discretionary uses. Spectrum Brands provides this information to investors to assist in comparisons of past, present and future operating results and to assist in highlighting the results of on-going operations. While Spectrum Brands’ management believes that non-GAAP measurements are useful supplemental information, such

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adjusted results are not intended to replace Spectrum Brands' GAAP financial results and should be read in conjunction with those GAAP results.

**Table A**  
**SPECTRUM BRANDS, INC.**  
**Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA**  
**for the twelve months ended September 30, 2012**  
(Unaudited)  
(\$ in millions)

	Global Batteries & Appliances	Global Pet Supplies	Home & Garden	Corporate	Unallocated Items (a)	Consolidated Spectrum Brands, Inc.
Net income (loss), as adjusted (a)	\$ 221.6	\$ 69.8	\$ 70.6	\$ (56.8)	\$ (252.4)	\$ 52.8
Income tax expense	-	-	-	-	60.4	60.4
Interest expense	-	-	-	-	192.0	192.0
Acquisition and integration related charges	14.9	5.4	2.1	8.6	-	31.1
Restructuring and related charges	7.6	10.1	0.9	1.0	-	19.6
Adjusted EBIT	244.1	85.3	73.6	(47.2)	-	355.8
Depreciation and amortization (b)	63.6	27.7	13.3	25.2	-	129.8
Adjusted EBITDA	\$ 307.7	\$ 113.1	\$ 86.9	\$ (22.0)	\$ -	\$ 485.7

Note: Amounts calculated prior to rounding

- (a) It is the Company's policy to record Income tax expense and Interest expense on a consolidated basis. Accordingly, such amounts are not reflected in the results of the operating segments and presented within Unallocated Items.
- (b) Included within depreciation and amortization is amortization of unearned restricted stock compensation.

**Table B**  
**SPECTRUM BRANDS, INC.**  
**Selected Financial Data**  
(Unaudited)  
(\$ millions)

<b>for the year ended September 30, 2012</b>	
Cash	\$ 158
Total Debt	\$ 1,665
<b>for the twelve months ended September 30, 2012</b>	
Gross Profit	\$ 1,116
Capital expenditures	\$ 47
Capital interest	\$ 154

Table C  
**SPECTRUM BRANDS, INC.**  
**Reconciliation of Cash Flow from Operating Activities to Free Cash Flow**  
**for the twelve months ended September 30, 2012**  
(Unaudited)  
(\$ millions)

Net Cash provided from Operating Activities	\$	255
Purchases of property, plant and equipment		<u>(47)</u>
Free Cash Flow	\$	<u>208</u>

Spectrum Brands has not yet finalized the financial results for its fiscal year ended September 30, 2012. The preliminary estimated financial results described herein are unaudited and subject to revision pending the completion of the accounting and financial reporting processes necessary to complete Spectrum Brands' financial closing procedures and financial statements for the fiscal 2012 year. The foregoing preliminary estimates of Spectrum Brands' financial results were prepared by its management. Spectrum Brands' management believes that such preliminary estimates have been prepared on a reasonable basis, and such preliminary estimates are based upon a number of assumptions, estimates and business decisions that are inherently subject to significant business fluctuations, economic conditions and competitive uncertainties and contingencies, many of which are beyond Spectrum Brands' management's control, and represent, to the best of Spectrum Brands' management's knowledge, its expected results. However, because this information is preliminary, it should not be relied on as indicative of Spectrum Brands' future actual results. Spectrum Brands does not intend to update or otherwise revise the preliminary estimates to reflect future events.

Forward Looking Statements

Certain matters discussed in this report and other oral and written statements by representatives of Spectrum Brands regarding matters such as Spectrum Brands' estimates of its unaudited fiscal 2012 results may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995.

These statements are subject to a number of risks and uncertainties that could cause results to differ materially from those anticipated as of the date of this report. Actual results may differ materially as a result of (1) Spectrum Brands' ability to manage and otherwise comply with its covenants with respect to its significant outstanding indebtedness, (2) the inability to integrate, and to realize synergies from, the combined businesses of Spectrum Brands and its acquired companies, including HHI, FURminator, Russell Hobbs and other acquisitions, (3) changes and developments in external competitive market factors, such as introduction of new product features or technological developments, development of new competitors or competitive brands or competitive promotional activity or spending, (4) changes in consumer demand for the various types of products Spectrum Brands offers, (5) unfavorable developments in the global credit markets, (6) the impact of overall economic conditions on consumer spending, (7) fluctuations in commodities prices, the costs or availability of raw materials or terms and conditions available from suppliers, (8) changes in the general economic conditions in

countries and regions where Spectrum does business, such as stock market prices, interest rates, currency exchange rates, inflation and consumer spending, (9) Spectrum Brands' ability to successfully implement manufacturing, distribution and other cost efficiencies and to continue to benefit from its cost-cutting initiatives, (10) Spectrum Brands' ability to identify, develop and retain key employees, (11) unfavorable weather conditions and various other risks and uncertainties, including those discussed herein and those set forth in Spectrum Brands' securities filings, including the most recently filed Annual Report on Form 10-K for Spectrum or Quarterly Reports on Form 10-Q. Spectrum also cautions the reader that its estimates of trends, market share, retail consumption of its products and reasons for changes in such consumption are based solely on limited data available to Spectrum Brands and management's reasonable assumptions about market conditions, and consequently may be inaccurate, or may not reflect significant segments of the retail market.

Spectrum Brands also cautions the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this report. Spectrum Brands undertakes no duty or responsibility to update any of these forward-looking statements to reflect events or circumstances after the date of this report or to reflect actual outcomes.

**Item 7.01. Regulation FD Disclosure.**

On October 22, 2012, Spectrum Brands also provided potential lenders with a presentation relating to the previously announced acquisition of the residential hardware and home improvement business from Stanley Black & Decker. A copy of the lender presentation is attached hereto as Exhibit 99.1 and incorporated by reference herein.

Spectrum Brands is furnishing the information in this Current Report on Form 8-K to comply with Regulation FD. Such information shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, and shall not be deemed to be incorporated by reference into any of Spectrum Brands, Inc.'s filings under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, whether made before or after the date hereof and regardless of any general incorporation language in such filings, except to the extent expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

- (a) Not applicable.
  - (b) Not applicable.
  - (c) Not applicable.
  - (d) Exhibits.
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The following exhibits are being filed with this Current Report on Form 8-K.

<b>Exhibit No.</b>	<b>Description</b>
99.1	<a href="#">Lender Presentation, dated October 22, 2012</a>

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report on Form 8-K to be signed on its behalf by the undersigned, thereunto duly authorized.

**SPECTRUM BRANDS, INC.**

By: /s/ Nathan E. Fagre

Name: Nathan E. Fagre

Title: Secretary and General Counsel

Dated: October 22, 2012

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October 22, 2012

**Public Lenders Presentation**



## Preliminary Nature of Results

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We have not yet finalized our financial results for our fiscal 2012 year ended September 30, 2012. The preliminary estimated financial results described herein are unaudited and subject to revision pending the completion of the accounting and financial reporting processes necessary to complete our financial closing procedures and financial statements for our fiscal 2012 year. The foregoing preliminary estimates of our financial results were prepared by management. Management believes that such preliminary estimates have been prepared on a reasonable basis, and such preliminary estimates are based upon a number of assumptions, estimates and business decisions that are inherently subject to significant business fluctuations, economic conditions and competitive uncertainties and contingencies, many of which are beyond our control, and represent, to the best of management's knowledge, our expected results. However, because this information is preliminary, it should not be relied on as indicative of our future actual results. We do not intend to update or otherwise revise the preliminary estimates to reflect future events.

## Forward-Looking Statements

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Certain matters discussed in this presentation and other oral and written statements by representatives of Spectrum Brands Holdings, Inc. ("Spectrum Brands Holdings") regarding matters such as the Spectrum Brands Holdings' estimates of its unaudited fiscal 2012 results may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. We have tried, whenever possible, to identify these statements by using words like "future," "anticipate," "intend," "plan," "estimate," "believe," "expect," "project," "forecast," "could," "would," "should," "will," "may," and similar expressions of future intent or the negative of such terms. These statements are subject to a number of risks and uncertainties that could cause results to differ materially from those anticipated as of the date of this release. Actual results may differ materially as a result of (1) Spectrum Brands Holdings' ability to manage and otherwise comply with its covenants with respect to its significant outstanding indebtedness, (2) our ability to finance, complete the acquisition of, integrate, and to realize synergies from, the combined businesses of Spectrum Brands, Inc. and the Hardware & Home Improvement Group of Stanley Black & Decker, (3) risks that changes and developments in external competitive market factors, such as introduction of new product features or technological developments, development of new competitors or competitive brands or competitive promotional activity or spending, (4) changes in consumer demand for the various types of products Spectrum Brands Holdings offers, (5) unfavorable developments in the global credit markets, (6) the impact of overall economic conditions on consumer spending, (7) fluctuations in commodities prices, the costs or availability of raw materials or terms and conditions available from suppliers, (8) changes in the general economic conditions in countries and regions where Spectrum Brands Holdings does business, such as stock market prices, interest rates, currency exchange rates, inflation and consumer spending, (9) Spectrum Brands Holdings' ability to successfully implement manufacturing, distribution and other cost efficiencies and to continue to benefit from its cost-cutting initiatives, (10) Spectrum Brands Holdings' ability to identify, develop and retain key employees, (11) unfavorable weather conditions and various other risks and uncertainties, including those discussed herein and those set forth in the securities filings of each of Spectrum Brands Holdings, Inc. and Spectrum Brands, Inc., including each of their most recently filed Annual Report on Form 10-K or Quarterly Reports on Form 10-Q.

Spectrum Brands Holdings also cautions the reader that its estimates of trends, market share, retail consumption of its products and reasons for changes in such consumption are based solely on limited data available to Spectrum Brands Holdings and management's reasonable assumptions about market conditions, and consequently may be inaccurate, or may not reflect significant segments of the retail market. Spectrum Brands Holdings also cautions the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this release. Spectrum Brands Holdings undertakes no duty or responsibility to update any of these forward-looking statements to reflect events or circumstances after the date of this report or to reflect actual outcomes.

## Agenda

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- **Transaction Overview** **Marco Habert**  
*Deutsche Bank*
- **Spectrum Brands Company Overview** **Tony Genito**  
*Chief Financial Officer*
- **HHI Overview** **Dave Lumley**  
*Chief Executive Officer*
- **Acquisition Highlights** **David Lumley**  
*Chief Executive Officer*
- **Credit Highlights** **Tony Genito**  
*Chief Financial Officer*
- **Financial Overview** **Tony Genito**  
*Chief Financial Officer*
- **Summary of Terms** **Sandeep Desai**  
*Deutsche Bank*
- **Closing Remarks and Q&A**



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## Transaction Overview

## Transaction Overview

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- On October 9, 2012, Spectrum Brands, Inc. announced that it signed a definitive agreement to acquire the Hardware & Home Improvement Group ("HHI") of Stanley Black & Decker, Inc. ("Stanley")
  - HHI is the #1 U.S. provider of residential locksets and builders' hardware, and a leading provider of faucets. Its portfolio of well-known brands include: *Kwikset, Weiser, Baldwin, Stanley / National Hardware and Pfister*
  - Transaction also includes the acquisition of certain assets of Tong Lung from Stanley, a manufacturer of residential door locks and historically one of HHI's key suppliers
- All cash transaction that values HHI and selected assets of Tong Lung at an enterprise value of \$1.4 billion (7.4x LTM 6/30/12 Adjusted EBITDA of \$188 million)<sup>(a)</sup>
- The acquisition of HHI will bring a strong portfolio of well-known consumer brands into Spectrum's existing operating structure, adding additional scale and diversification to the Company
  - Pro forma for the transaction, combined business will have \$4.2 billion in sales<sup>(b)</sup> and \$678 million in Adjusted EBITDA<sup>(c)</sup> for FY2012
- The transaction is expected to close in two stages
  - Financing and acquisition of HHI are expected to close during the Company's first quarter of fiscal 2013 (December 2012)
  - Acquisition of selected assets of Tong Lung is expected to occur during the Company's second quarter of fiscal 2013 (March 2013)
- Financing for the transaction will include:
  - New \$800 million senior secured term loans (\$700 million USD tranche and \$100 million CAD tranche)
  - New \$1,040 million senior unsecured notes

(a) LTM 6/30/12 HHI Adjusted EBITDA includes: \$181 million for HHI and \$7 million for Tong Lung. Tong Lung figures as of LTM 12/31/11.

(b) FY2012 Revenue based on FY2012 Spectrum revenue of \$3,252 million and LTM 6/30/12 HHI revenue (\$939 million HHI and \$46 million Tong Lung). Tong Lung figures as of LTM 12/31/11.

(c) FY2012 Adjusted EBITDA based on FY2012 Spectrum Adjusted EBITDA of \$485 million and LTM 6/30/12 HHI Adjusted EBITDA (\$181 million HHI and \$7 million Tong Lung). Figure includes \$5 million in synergies. Tong Lung figures as of LTM 12/31/11.



## Sources and Uses and Pro Forma Capitalization

(\$ in millions)

Sources of funds		Uses of funds	
New Term Loans	\$800	Purchase equity	\$1,394
New Senior Unsecured Notes	1,040	Repay existing Spectrum debt	370
Acquired cash	16	Estimated fees, expenses, and OID	75
		Cash to balance sheet	17
<b>Total sources</b>	<b>\$1,856</b>	<b>Total uses</b>	<b>\$1,856</b>

Pro forma capitalization					
	As of 9/30/12	Net multiple of EBITDA	Adjustments	Pro forma 9/30/12	Net multiple of EBITDA
Cash	\$158		17 <sup>(a)</sup>	\$175	
ABL revolver	--			--	
Existing Term Loan B	370		(370)	--	
New Term Loans	--		800	800	
9.5% Senior Secured Notes	950			950	
Cap leases	25			25	
<b>Total secured debt</b>	<b>\$1,345</b>	<b>2.4x</b>		<b>\$1,775</b>	<b>2.4x</b>
6.75% Senior Unsecured Notes	300			300	
New Senior Unsecured Notes	--		1,040	1,040	
Other debt	20			20	
<b>Total debt</b>	<b>\$1,665</b>	<b>3.1x</b>		<b>\$3,135</b>	<b>4.4x</b>
Equity value <sup>(b)</sup>	2,399			2,399	
<b>Total capitalization</b>	<b>\$4,065</b>	<b>8.0x</b>		<b>\$5,535</b>	<b>7.9x</b>
<i>Equity as % of total capitalization</i>	59%			43%	
FY2012 Adj. EBITDA	\$485		193 <sup>(d)</sup>	\$678	
Interest expense <sup>(c)</sup>	154		99	253	
FY2012 Capex	47		19	66	
EBITDA / interest	3.2x			2.7x	
(EBITDA-capex) / interest	2.8x			2.4x	

(a) Excludes restricted cash that will be received from the transaction.

(b) Spectrum market capitalization as of 10/19/12.

(c) Based on cash interest expense: reported interest expense of \$192 million (excluding cash tender of 12% Notes of \$25 million, non-cash amortizations of \$13 million).

(d) Adjustment reflects LTM 6/30/12 HHI Adjusted EBITDA (\$181 million HHI and \$7 million Tong Lung) and includes \$5 million synergies. Tong Lung figures as of LTM 12/31/11.



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# Spectrum Brands Company Overview

# Spectrum's Diverse Portfolio of Unrivaled Brands

<b>Global Batteries &amp; Appliances</b> FY2012 Net Sales \$2.25B; EBITDA \$308M	<b>Global Pet Supplies</b> FY2012 Net Sales \$616M; EBITDA \$113M	<b>Home &amp; Garden</b> FY2012 Net Sales \$387M; EBITDA \$87M
<p style="text-align: center;">↓</p> <p style="text-align: center;"><u>Global Batteries</u></p> <p><b>RAYOVAC</b>      <b>VARTA</b></p> <p style="text-align: center;"><u>Personal Care</u></p> <p><b>REMINGTON</b></p> <p style="text-align: center;"><u>Small Appliances</u></p> <p>Russell Hobbs...      Toastmaster</p> <p><b>FARBERWARE</b>      <b>GEORGE FOREMAN</b> HEALTHY LOOKING</p> <p><b>Juiceman</b>      Breadman</p> <p><b>BLACK+DECKER</b></p>	<p style="text-align: center;">↓</p> <p><b>Tetra</b>      <b>NATURE'S MIRACLE</b></p> <p>Instant Ocean      Perfect Coat</p> <p><b>Jungle</b>      <b>DINGO</b> Made in the Midwest</p> <p><b>MARINELAND</b>      <b>PRO-PET</b></p> <p><b>Excel</b>      <b>Lazy Pet</b></p> <p><b>WILD HARVEST</b>      <b>LITTERMÄD</b></p> <p><b>FURminator</b>      PROFESSIONAL PET PRODUCTS</p>	<p style="text-align: center;">↓</p> <p><b>Spectracide</b>      <b>REPEL</b></p> <p><b>Real-Kill</b>      <b>HOT SHOT</b>      Garden Safe</p> <p><b>SCHULTZ</b>      <b>Cutter</b> grow something</p> <p><b>BLACK FLAG</b>      <b>TAT</b> INSECTICIDES</p>

Spectrum's portfolio includes widely used, non-discretionary, replacement consumer brands

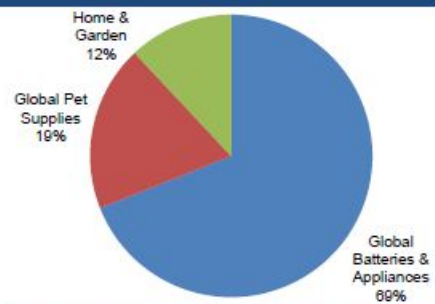
Note: Segment adjusted EBITDA excludes \$22 million of corporate / unallocated expenses.



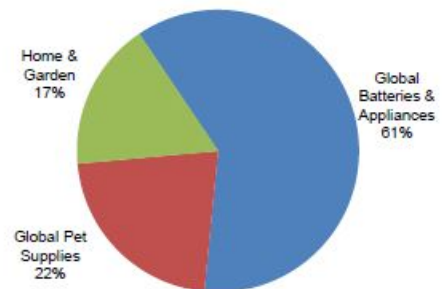
# Spectrum Brands – Providing Quality and Value to Retailers and Consumers Worldwide

- FY2012 net sales and adjusted EBITDA of \$3,252 million and \$485 million, respectively
- Spectrum's Value Model drives success of strong, well-recognized and extendable brand names
- Top 3 global market positions in all product categories
- Global footprint with presence on 6 continents and products sold in more than 140 countries
- Strong relationships with major retailers globally
- Experienced and proven management team

## Diverse Portfolio Across Attractive Categories



FY2012 Net Sales - \$3,252 million



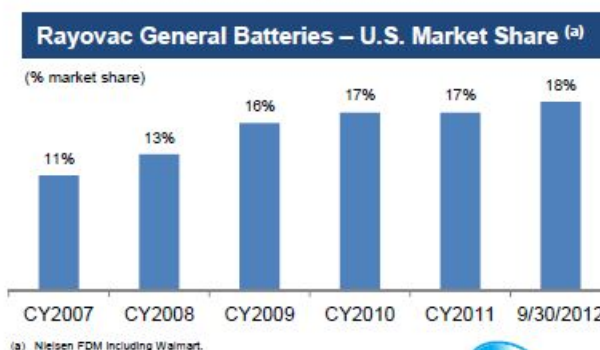
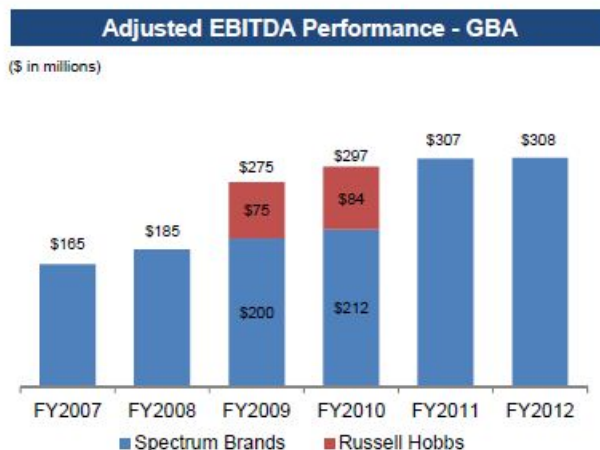
FY2012 Adjusted EBITDA - \$485 million<sup>(a)</sup>

## The "Spectrum Value Model" drives adjusted EBITDA growth

(a) Adjusted EBITDA includes \$22 million of corporate / unallocated expenses.

## Global Batteries & Appliances Segment

- Operating results driven by Spectrum Value Model
  - Same quality / performance at a lower price
  - Global battery business is growing market share / fastest growth in U.S.
  - Battery industry is stable and expected to continue to see annual growth in cell units
  - Device population has stabilized and resumed growth
  - Appliances business holds market-leading positions in 6 key categories
- Consumers are switching to value brands
  - Experiencing market share gains in many categories around the world
- Large customers gaining share of total market, helping propel our share gains
  - Driving foot traffic into big-box retailers
  - Renewed focus on “one-stop shopping”
- Company is capitalizing on its platform with innovation and new product launches (e.g., women’s hair care accessories)
- Strong adjusted EBITDA growth despite soft economy, rising costs from Asian suppliers and volatile FX
- Battery businesses better by \$13 million FX adjusted in FY12; Appliances \$7 million of FX

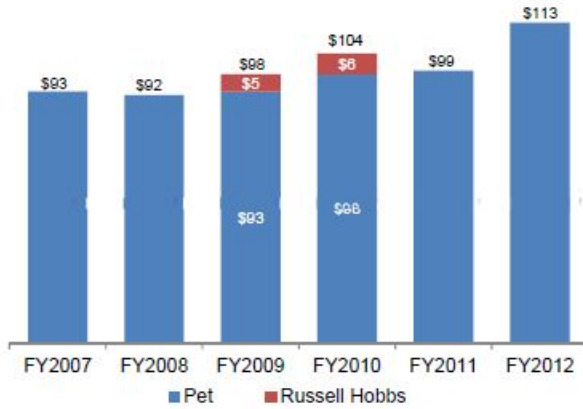


# Global Pet Supplies Segment

## Sole Player with Global Platform and Presence

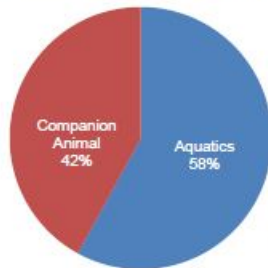
### Adjusted EBITDA Performance

(\$ in millions)

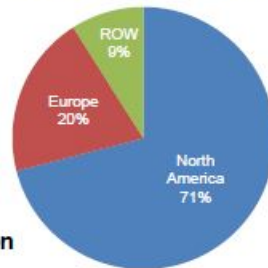


- Attractive industry trends (e.g., increasing pet ownership / spending per pet, low seasonality)
- North American aquatics business showing continued improvement / positive P.O.S.
- Strong new product pipeline in FY'12 in both aquatics and companion animals
- \$10-\$15 million of cost-cutting opportunities achieved in FY'11-'12
- Seeking acquisitive, "tuck-in" growth opportunities in companion animals (e.g., FURminator)

### Net Sales by Category



### Net Sales by Geography

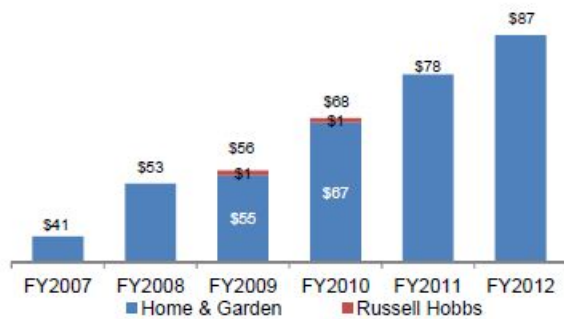


FY'12 net sales: \$616 million

# Home & Garden Segment Delivering Robust Growth

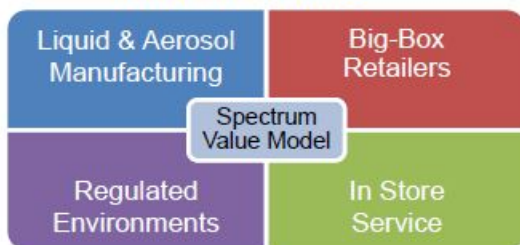
## Adjusted EBITDA Performance<sup>(a)</sup>

(\$ in millions)



(a) Adj. EBITDA excludes impact of Growing Products division (shut down in Q2 FY09).

### Drivers of Success



## Home and Garden

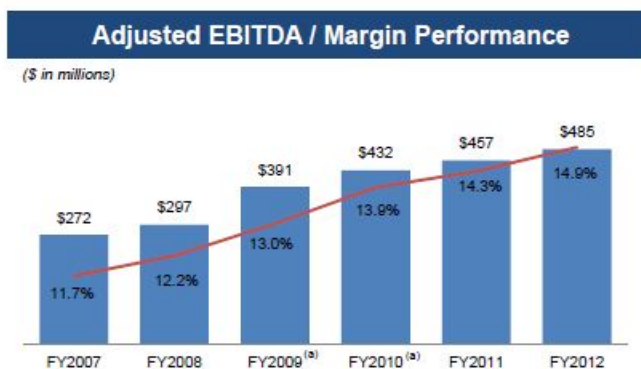
- Strong financial results
  - Attractive margins
  - Low CapEx requirements
- Attractive industry trends
  - Outdoor living explosion
  - Strong underlying demographic patterns
- Unique competitive environment
  - Few large competitors
  - High entrance barriers
- Solid retail relationships
  - Retail sales team
  - Customer-focused platform sales teams
- Strong operations platform
  - Innovative R&D
  - Low-cost product provider

Committed to value model of providing same performance at less price



## Strong Financial Performance Despite a Challenged Consumer

- Quarter-over-quarter net sales and adjusted EBITDA growth virtually without exception since FY2009
- Personal Care, Home & Garden and Pet Supplies leading the adjusted EBITDA improvements
- Drivers of solid financial performance include:
  - Resilient demand for Spectrum products across categories with “superior value” brand positioning
  - Increased distribution/market share in key product segments worldwide
  - Ongoing emphasis on continuous improvement processes, global new product development, efficient operating culture, and strong expense controls
  - Cost-saving initiatives at Spectrum, Russell Hobbs and Global Pet from SKU / brand rationalization and plant / distribution center consolidations
  - Leveraging infrastructure to reduce production expense through facility closures / SAP
  - Focus on non-discretionary, non-premium priced, consumer replacement products
- Capex focus on product development / cost reductions



**Spectrum has generated robust sales and adjusted EBITDA growth, both organically and through acquisitions**

(a) Reflects pro forma as if Russell Hobbs merger completed at beginning of respective period.



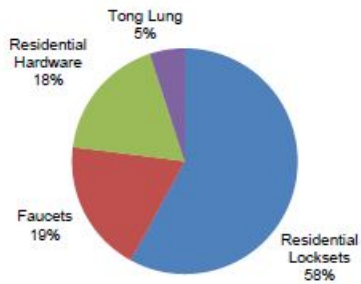
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## HHI Overview

# HHI Group Overview

<b>Kwikset</b>	<b>WEISER</b>	BALDWIN	<b>STANLEY</b> Hardware	<b>National</b> Hardware	<b>FANAL</b>	PfISTER
Est. 1946	Est. 1904	Est. 1946	Est. 1843	Est. 1901	Est. 1947	Est. 1910

## Revenue by Segment (LTM 6/30)



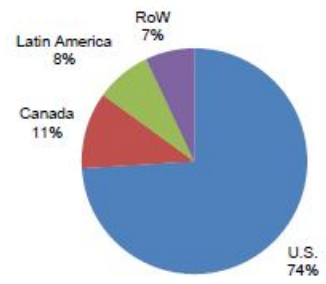
## Financial Highlights (LTM 6/30)

Net Sales: \$985 million

Adjusted EBITDA: \$188 million

Adjusted EBITDA Margin: 19.1%

## Revenue by Geography (LTM 6/30)



Note: Results based on LTM 6/30/12 for HHI. Tong Lung figures as of LTM 12/31/11.

# Introduction to HHI

## Business Description

- HHI is a leading provider of residential locksets, builders' hardware, and faucets
  - #1 U.S. lockset and #1 Canadian lockset, #1 U.S. luxury hardware, #1 U.S. builders' hardware, # 4 U.S. faucets
  - Largest global tubular lock manufacturer (~50 million units / year)
- Diversified product portfolio with well-recognized brands, characterized by outstanding new product innovation and execution
- Large install base, ~900 million locks / 66 million households
- Long-standing and highly collaborative relationships with customers across all channels
- In process of acquiring certain assets of Tong Lung, a Taiwan-based private label lock manufacturer and historically a key supplier to HHI

## Product Overview

### Residential Locksets



### Builders' Hardware



### Faucets





## Recognized and Established Brands

	Residential Locksets			Builders' Hardware		Plumbing
Brand	<b>Kwikset</b>	<b>WEISER</b>	BALDWIN	<b>STANLEY</b> National Hardware	<b>FANAL</b>	<b>Pfister</b>
Established	1946	1904	1946	1843 / 1901	1947	1910
Market Position	#1 in U.S. Locksets	#1 in Canada Locksets	#1 in U.S. Luxury Locksets	#1 in U.S. Builders' Hardware	#2 in Mexico Hardware	#4 U.S. in Faucets (#3 in U.S. Retail Channel)
Key Products						
Features	Style, Finish, Innovation, Security, Affordable	Architecturally Influenced Style, Finish, Security, Innovation	Luxury and Quality Leader, Solid Construction, Broad Styles, Functions and Finishes	Broadest Offering, Durable and Consumer Friendly, Superior Sales Replenishment Service Model	Broad Offering, Durable, Security, Affordable	Industry-leading Designs and Styles, Affordable

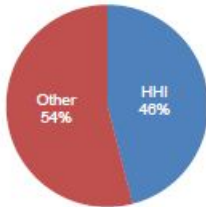
# Strong Distribution and Channel Penetration



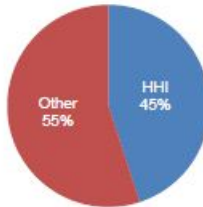
# Leading Market Position

## HHI Market Shares

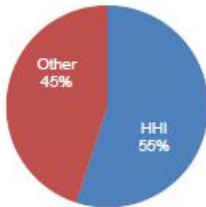
U.S. Residential Lockset Market



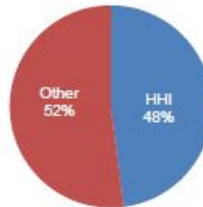
Canada Residential Lockset Market



U.S. Builders Hardware Market



U.S. Luxury Lockset Market



- Largest tubular lock manufacturer globally

- #1 U.S. lockset

- #1 Canadian lockset

- #1 U.S. luxury hardware

- #1 U.S. builders' hardware






- #4 U.S. faucets

Large scale and excellent channel management leading to #1 position with major retailers and top home builders

Source: Management estimates

# Excellent Customer Relationships

Dedicated national sales force with robust customer relationships across all distribution channels

Customer	Description of Relationship	Value Proposition
 	<ul style="list-style-type: none"> <li>▪ Won Home Depot Vendor of the Year in 2011</li> <li>▪ Supply chain and fill rate management</li> <li>▪ Mix management and merchandising</li> <li>▪ In-store support and training</li> <li>▪ Wins during recent line reviews</li> </ul>	<ul style="list-style-type: none"> <li>▪ Install base</li> <li>▪ Brand strength</li> <li>▪ Relevant and valued technology</li> <li>▪ Cost competitive</li> <li>▪ Category management</li> <li>▪ Strong OPEX</li> </ul>
 	<ul style="list-style-type: none"> <li>▪ Co-op affiliated independent hardware stores</li> <li>▪ Supply chain and fill rate management</li> <li>▪ Manage hardware shelf stock inventory and replenishment orders with industry-leading direct sales force</li> </ul>	<ul style="list-style-type: none"> <li>▪ Breadth of offering</li> <li>▪ Direct sales</li> <li>▪ Automated fulfillment model</li> </ul>
   	<ul style="list-style-type: none"> <li>▪ Regional and large builder account management and selling</li> <li>▪ Contractual agreements with large accounts</li> <li>▪ Continuing to gain market share</li> <li>▪ Primary supplier to top U.S. home builders for several decades</li> </ul>	<ul style="list-style-type: none"> <li>▪ Brand strength</li> <li>▪ Style and finish breadth</li> <li>▪ Technology</li> <li>▪ Cost competitive</li> <li>▪ Tiered upgrade options</li> </ul>

# Investment in Innovation

## Recent Industry Recognition



New Product Vitality <sup>(a)</sup>			
Year	2009	2010	2011
Index %	34%	36%	32%

- Group New Product Introduction (NPI) vitality 30% plus
- 2008 investment in advanced technology group
- Global 24 / 7 engineering with Low Cost Country (LCC) support
- Industry recognition for innovation
  - KB home innovation award
  - Smartkey Home Depot innovation award
  - Pfister Elevate innovation award
  - Pfister Adex design awards
- Electronics NPI to serve emerging home automation megatrend
- Disciplined NPI milestone process drives consistent approach

**Track record of NPI success with new focus on functional innovation delivering market share gains and profit improvement**

(a) Current year's sales from products launched in the last 3 years except SmartKey which includes sales from products launched in the last 5 years.



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## Acquisition Highlights



## Transaction Rationale

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- ✓ Transaction significantly increases Spectrum's scale, product breadth and geographic diversification
- ✓ HHI adds a portfolio of well-known brands to Spectrum's existing strong and attractive brand line-up
- ✓ Spectrum has the ability to grow HHI by leveraging the Company's global infrastructure and business model
- ✓ The acquisition improves customer mix and provides deeper penetration in key home center accounts
- ✓ HHI brings excellent additional growth opportunities including entry into the integrated residential security, lighting and fire categories, as well as the light commercial business
- ✓ Robust combined business with solid free cash flow profile and enhanced margins
- ✓ Spectrum and HHI will continue to achieve meaningful cost improvements through Spectrum's efficient global supply chain and continuous improvement program
- ✓ Despite size, a true bolt-on with limited integration risk

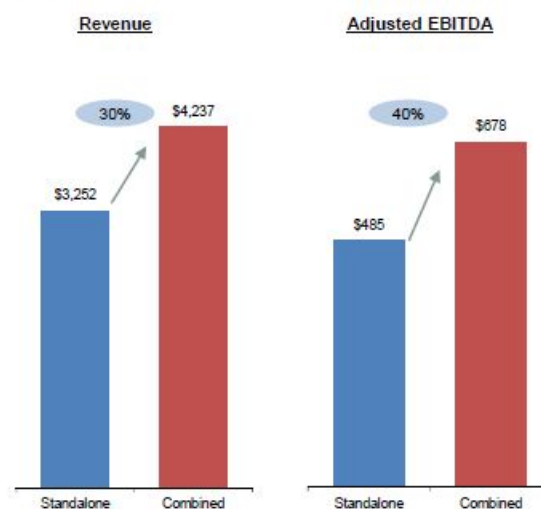
## Transaction Significantly Increases Scale...

### Combined Company

- The transaction adds an established, growing and profitable hardware and home products business dedicated to innovative product design and technology
- HHI adds approximately \$1 billion of sales, and almost \$200 million of incremental adjusted EBITDA to Spectrum's existing business
- The acquisition adds another platform for global growth using Spectrum's existing international infrastructure

### Financial Scale – FY2012<sup>(a)</sup>

(\$ in millions)



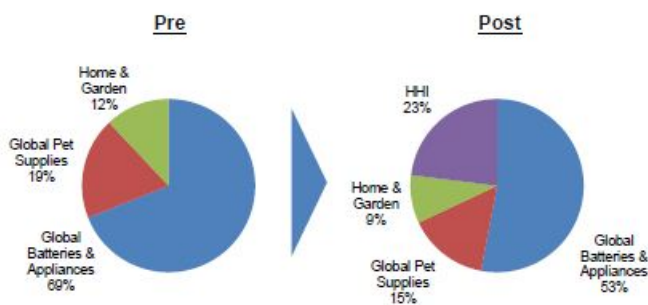
(a) FY2012 Revenue based on FY2012 Spectrum revenue of \$3,252 million and LTM 6/30/12 HHI revenue (\$939 million HHI and \$46 million Tong Lung). FY2012 Adjusted EBITDA based on FY2012 Spectrum Adjusted EBITDA of \$485 million, LTM 6/30/12 HHI Adjusted EBITDA (\$181 million HHI and \$7 million Tong Lung) and \$5 million in synergies. Tong Lung figures as of LTM 12/31/11.



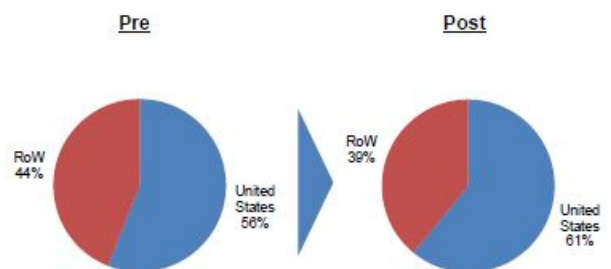
## ...Product Breadth and Geographic Diversification

- Diversifies product portfolio with addition of attractive building products segment
  - Expands product portfolio, new product pipeline and brands, presence in Home Centers
  - Adds market leader in residential locksets and builders hardware plus top 5 player in US faucets
- Maintains a diversified mix of sales in the US and across the rest of the world

### Broadens Product Diversification



### Maintains Geographic Diversification



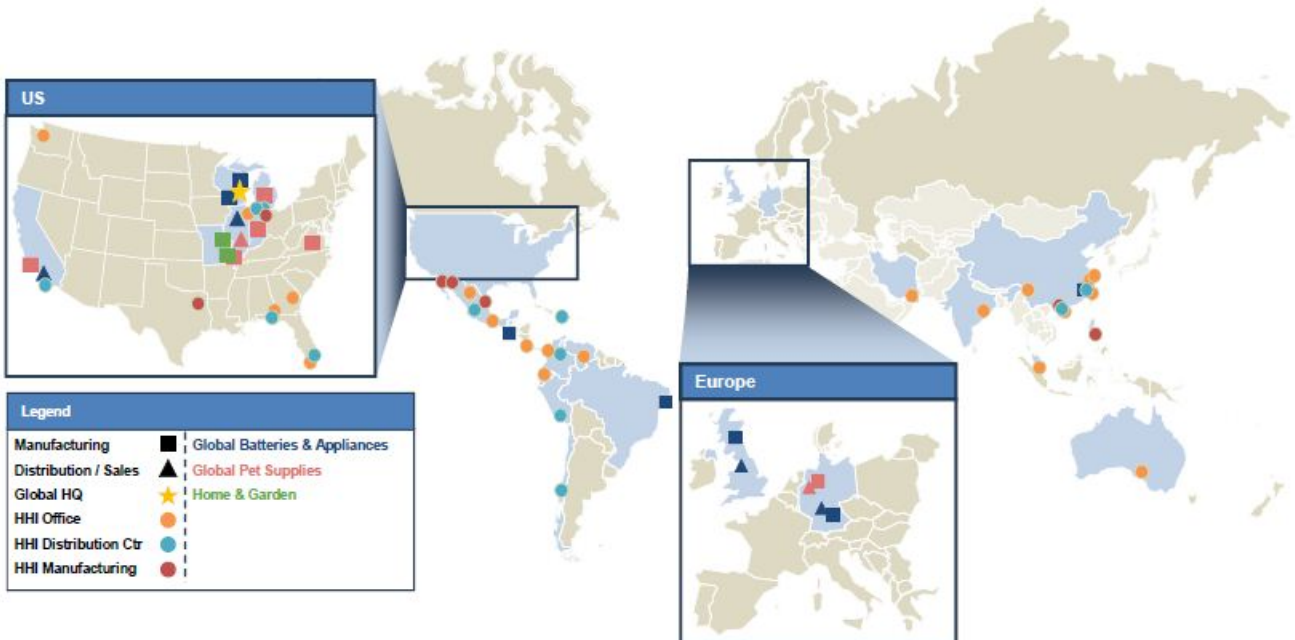
# HHI Adds a Portfolio of Well-known Brands to an Already Strong and Attractive Lineup

## Spectrum's additions to its diverse brand portfolio

Segment	Brands	Highlights
Residential locksets	<b>Kwikset</b> <b>WEISER</b> BALDWIN	<ul style="list-style-type: none"> <li>#1 U.S. lockset</li> <li>#1 Canadian lockset</li> <li>Total security solutions across price points and channels</li> <li>Dominant installed base that drives future demand (66 million homes in U.S., 900 million locks)</li> </ul>
Builders' hardware	BALDWIN <b>STANLEY</b> Hardware <i>National</i> Hardware <b>FANAL</b>	<ul style="list-style-type: none"> <li>#1 U.S. luxury hardware</li> <li>#1 U.S. builders' hardware</li> <li>#2 Mexico hardware</li> <li>Direct sales force to manage shelf stocking inventory and replenishment orders for two-step and co-op retailers</li> <li>Breadth of line and high product quality</li> <li>Close and collaborative relationships with Big Box and national retailers</li> </ul>
Faucets	<b>Pfister</b>  <b>FORTIS</b>	<ul style="list-style-type: none"> <li>#4 U.S. faucets</li> <li>Broad range of products tailored to meet customer uses across a variety of price points, geographies, and channels</li> <li>Leading edge design capability including custom designs for the hospitality market</li> <li>\$4.0 billion served market poised for growth over the next 5 years</li> </ul>

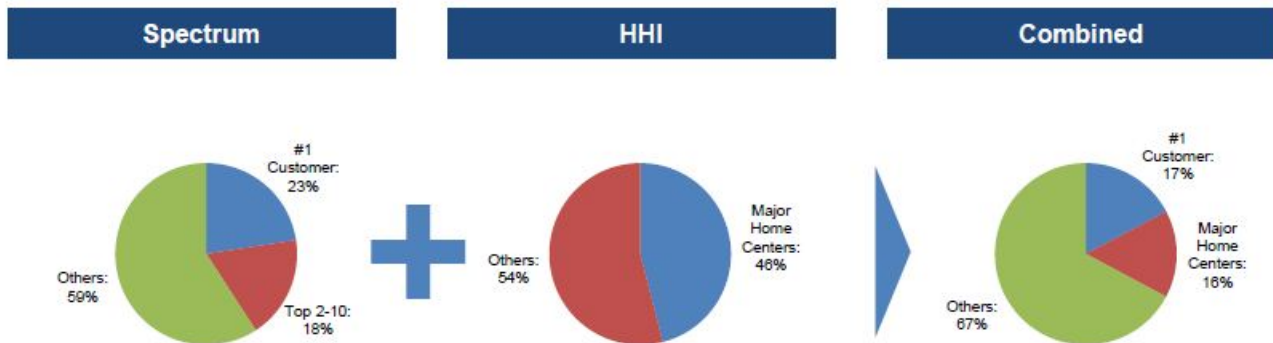
# Spectrum has the Ability to Grow HHI Internationally by Leveraging the Company's Global Infrastructure and Business Model

- Revenue opportunities to cross-sell each others' products
  - Utilize one company's particular strengths (brand awareness, distribution capabilities) to market the others' products



Note: Locations consist of sales, administrative and regional offices, warehouses, manufacturing and distribution centers (not all offices are reflected).

# The Acquisition Improves Customer Mix and Provides Deeper Penetration in Key Home Center Accounts



- The addition of HHI will expand Spectrum's relationships with major retailers such as home center customers
- Reduces reliance on #1 customer

Note: Figures based on FY2012 revenues for Spectrum and FY2011 revenues for HHI.

# HHI Brings Excellent Global Growth Opportunities and Entry Into the Residential and Light Commercial Businesses

- HHI has a diversified existing product portfolio that is complemented by outstanding new product innovation and execution
- Opportunity to grow market share in the mechanical security market globally

### HHI's Three Segments

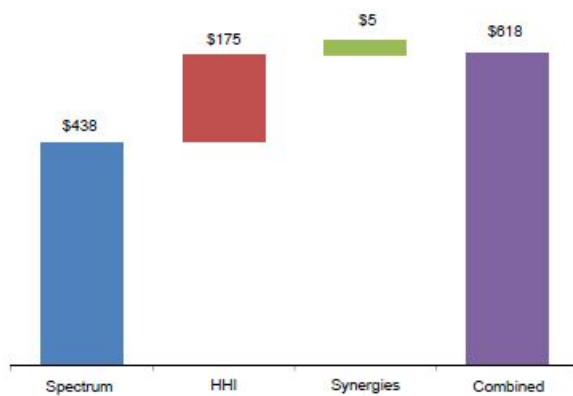
Segment	Products	Highlights
Residential locksets		<ul style="list-style-type: none"> <li>▪ Industry-leading functional and style innovation and attractive price point</li> <li>▪ Expanded sales and lock platform capabilities available through Tong Lung acquisition, allowing for accelerated expansion in international markets</li> </ul>
Builders' hardware		<ul style="list-style-type: none"> <li>▪ High volume order fulfillment capability and supply chain management</li> <li>▪ Well positioned to benefit from trends in home automation and a recovery in the residential construction market</li> </ul>
Faucets		<ul style="list-style-type: none"> <li>▪ \$200 million business within attractive \$12.2 billion global market</li> <li>▪ Trusted brand and products, that deliver a remarkable customer experience: style, innovation, at competitive price points</li> </ul>

# Robust Combined Business with Solid Free Cash Flow Profile and Enhanced Margins

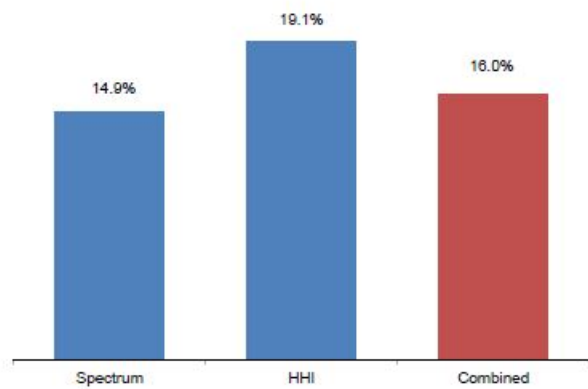
- Transaction immediately increases Spectrum margins to 16% with further expansion expected
- Adds \$90m in incremental free cash flow in first two years and also accelerates Spectrum's ability to recognize benefits from existing NOLs

## FY2012 Combined Adjusted EBITDA - Capex<sup>(a)</sup>

(\$ in millions)



## FY2012 Adjusted EBITDA Margin



Note: Spectrum as of FY2012, HHI as of LTM 6/30/12 including Tong Lung as of LTM 12/31/2011.  
 (a) FY2012 capex of \$47 million for Spectrum and LTM 6/30/12 capex of \$13 million for HHI.





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## Credit Highlights

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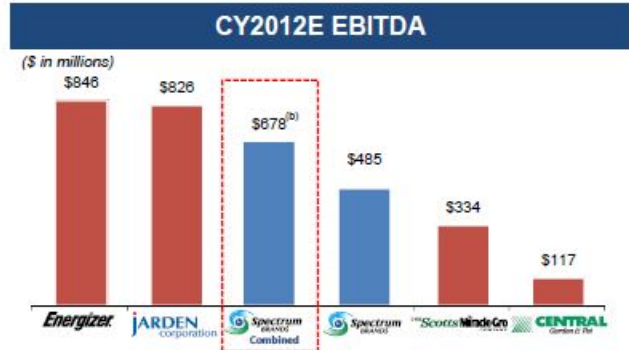
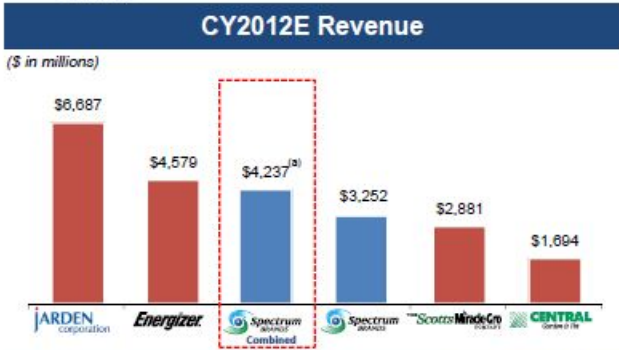
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- ✓ Large, market leading, well positioned product portfolio
- ✓ Leading market share and competitive brands
- ✓ Strong performance throughout recent business cycle
- ✓ Robust free cash flow profile with enhanced EBITDA margins
- ✓ Diverse and loyal customer base
- ✓ Focus on providing innovative products and leading retailer metrics
- ✓ Successful track record of acquisition integration and deleveraging
- ✓ Experienced and proven management team



# Large, Market Leading, Well Positioned Product Portfolio

- Spectrum currently offers products in 140 countries, and pro forma for the acquisition, will have net sales and adjusted EBITDA of \$4.2 billion and \$678 million, respectively
- Diversified portfolio further enhanced by the addition of HHI household names Kwikset, Weiser, Baldwin, National and Stanley



## Broadened Product Diversification



(a) FY2012 Revenue based on FY2012 Spectrum revenue of \$3,252 million and LTM 6/30/12 HHI revenue (\$939 million HHI and \$46 million Tong Lung). Tong Lung figures as of LTM 12/31/11.  
 (b) FY2012 Adjusted EBITDA based on FY2012 Spectrum Adjusted EBITDA of \$485 million and LTM 6/30/12 HHI Adjusted EBITDA (\$181 million HHI and \$7 million Tong Lung). Spectrum Brands Combined EBITDA includes \$5 million of synergies. Tong Lung figures as of LTM 12/31/11.  
 Source: Peers CY2012E estimates from Factset

## Leading Market Share and Competitive Brands

Category	Select Key Brands	Market Position
Consumer Batteries	 	#3 (North America / fast growing) #2 (Europe) #1 (Latin America)
Electric shaving and grooming	REMINGTON 	#2 (North America, UK, Australia) #2 / #3 (Continental Europe)
Electrical personal care products	REMINGTON 	#1 (Australia) #2 (Europe) #3 (North America)
Portable lighting	 	#2 (North America, Europe, Latin America)
Kitchen & home products	FARBERWARE  Russell Hobbs  GEORGE FOREMAN  BLACK & DECKER 	#2 (U.S. kitchen products) #1 (U.S. hand-held irons) #1 (UK kitchen / home products)
Pet supplies	Tetra  8 in 1  NATURE'S MIRACLE  DINGO  FURMINATOR 	#2 (Global pet supplies) #1 (Global aquatics)
Home & garden control products	Spectracide  Cutter  REPEL  HOT SHOT  	#2 (U.S.)
Residential locksets	Kwikset  WEISER  BALDWIN 	#1 in U.S. Locksets #1 in Canada Locksets #1 in U.S. Luxury Locksets
Builders' hardware	STANLEY  National Hardware  FANAL  BALDWIN 	#1 in U.S. Builders' Hardware #2 in Mexico Hardware
Faucets	Pfister 	#4 / #3 in U.S. Retail Channel

Legend:  HHI category and brands.

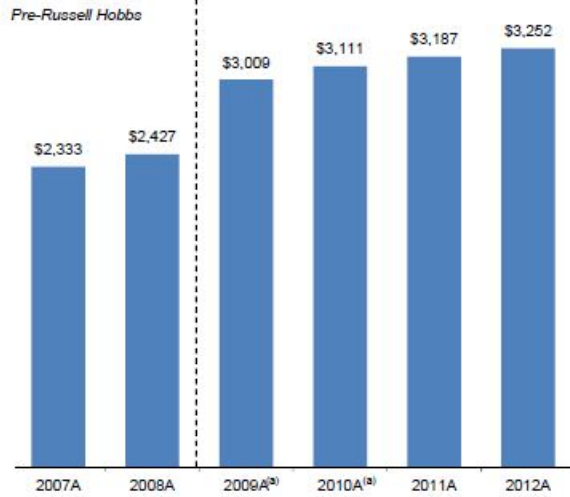
Note: All market size and market position information is per Company estimates and industry data.

## Strong Performance Throughout Recent Business Cycle

- Resilient sector, combined with strong execution have resulted in impressive adjusted EBITDA margin expansion of over ~200 bps since 2009
- Spectrum has reduced costs and executed on the synergies from the June 2010 Russell Hobbs merger

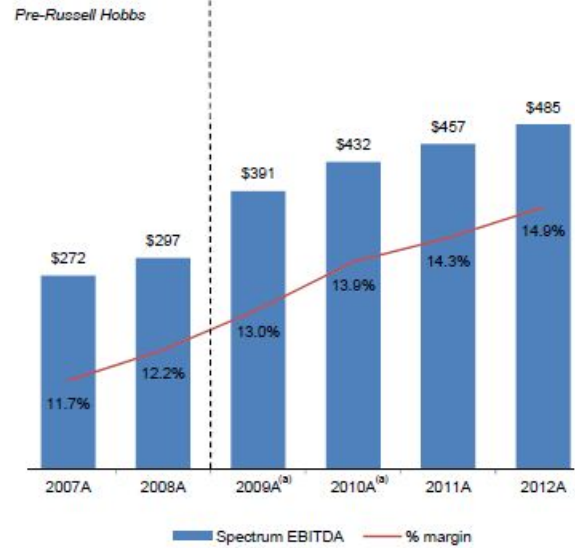
### Combined Net Sales Performance

(\$ in millions)



### Adjusted EBITDA and Margin Performance

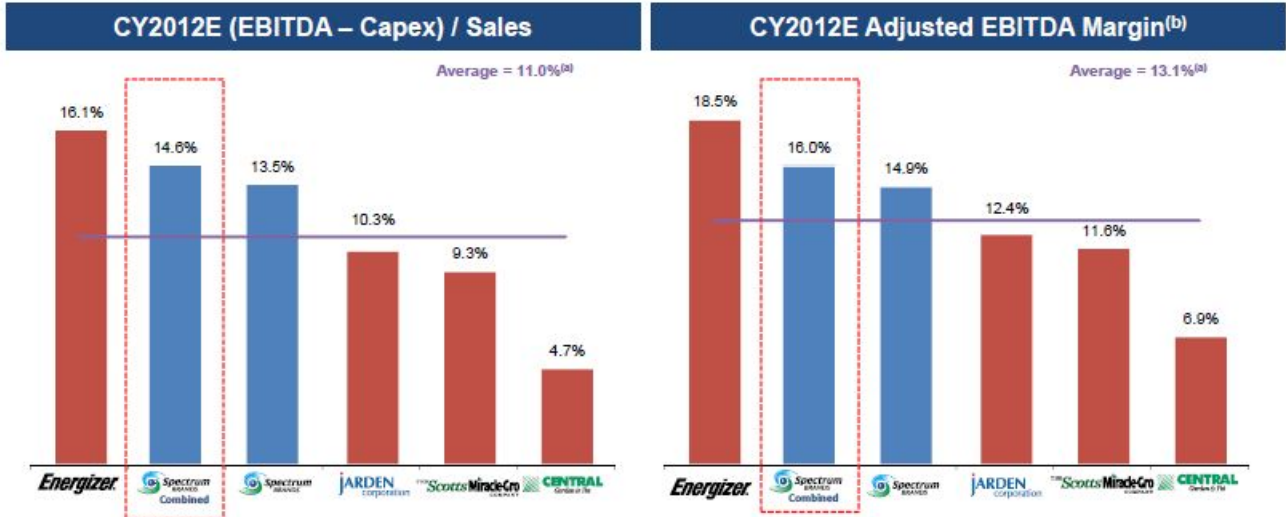
(\$ in millions)



(a) Reflects pro forma as if Russell Hobbs merger completed at beginning of respective period.

# Robust Free Cash Flow Profile with Enhanced EBITDA margins

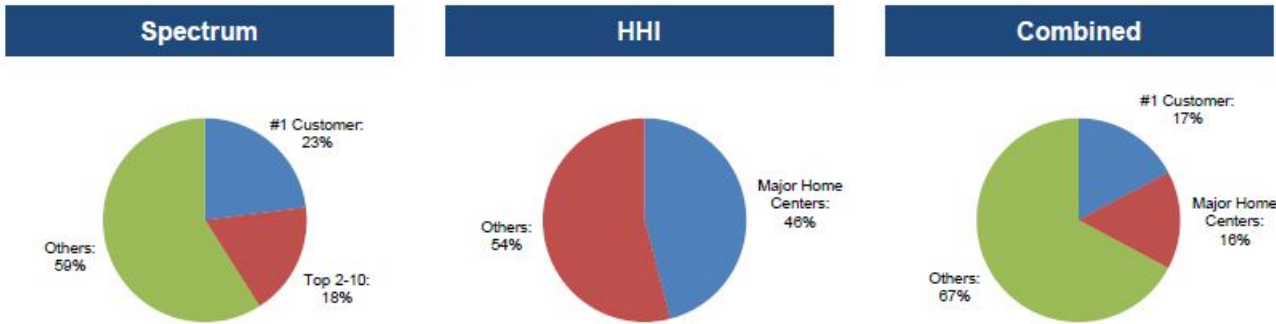
- The acquisition of HHI adds a higher adjusted EBITDA margin (~19%) segment to Spectrum's existing business
- Acquisition will bolster the Company's margin profile while Spectrum continues to focus on prudent cost management
- Efficient capital spending will continue to positively impact financial performance
- Accelerates Spectrum's ability to recognize benefit of NOLs, the majority of HHI's EBT will benefit from Spectrum's existing NOLs



Note: Spectrum as of FY2012, HHI as of LTM 6/30/12 including Tong Lung as of LTM 12/31/11. Including \$5 million in synergies.  
 (a) Average excludes Spectrum standalone.  
 (b) FY2012 capex of \$47 million for Spectrum and LTM 6/30/12 capex of \$13 million for HHI.

## Diverse and Loyal Customer Base

- Spectrum's largest customer is currently ~23% of sales, with the remainder of its top 10 customers accounting for ~18%
- The addition of HHI reduces the largest customer to ~17% of combined while significantly increasing the next two largest home center customers to ~16% combined
- Spectrum has long term relationships of over 20 years with many of its key customers including Wal-Mart, Lowe's and Boots



Note: Figures based on FY2012 revenues for Spectrum and FY2011 revenues for HHI.



# Focus on Providing Innovative Products and Leading Retailer Metrics

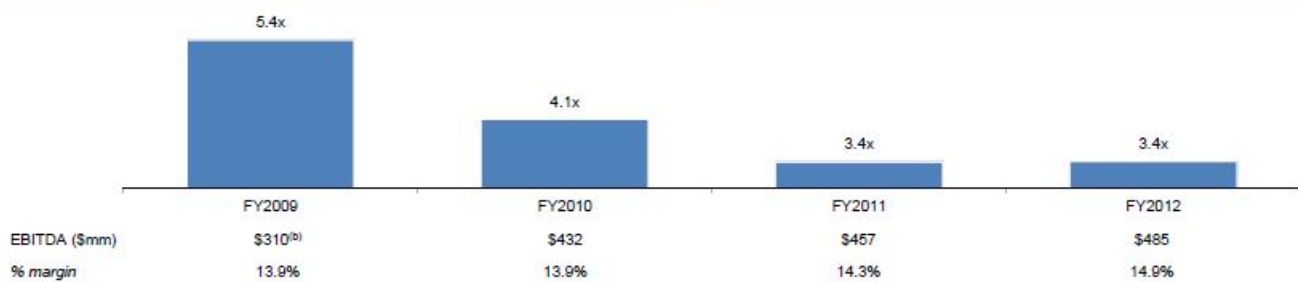
- Spectrum plans to continue to use its strong brand names, established customer relationships and significant research and development efforts to introduce innovative products that offer enhanced value to consumers through new designs and improved functionality

Spectrum has a proven ability to develop new products		
Period	New products	
FY2012		<ul style="list-style-type: none"> <li>✓ Platinum LCD Charger</li> <li>✓ Cutter mosquito repellent fan</li> <li>✓ Everyday rechargeable batteries</li> <li>✓ Spectraide bug &amp; weed killer in one</li> <li>✓ Hot Shot DIY Mattress &amp; Luggage treatment Kit</li> <li>✓ Women's hair care accessories</li> </ul>
FY2011		<ul style="list-style-type: none"> <li>✓ Platinum lithium ion power pack</li> <li>✓ High performance LED indestructible lights</li> <li>✓ i-Light (Europe / US launch)</li> <li>✓ Remington – King of Shaves products</li> <li>✓ Cutter natural insect repellents</li> </ul>
FY2010		<ul style="list-style-type: none"> <li>✓ Rayovac Platinum Nickel Metal Hydride rechargeable batteries</li> <li>✓ Instant Ocean aquatic food and chemical products</li> <li>✓ Dingo and Nature's Miracle brand product extensions</li> </ul>

## Successful Track Record of Acquisition Integration and Deleveraging

- Track record of using strong free cash flow generation to reduce debt
- Proven Integrator: management team successfully integrated Russell Hobbs, exceeding synergy goals as well as more recent add-ons Furminator and Black Flag
- Significant NOLs and limited CapEx requirements enhance free cash flow profile
- \$370 million of Term Loan debt prepayment since beginning of FY2011, helping to reduce interest expense
- Opportunistic approach to debt refinancing to ensure lowest possible rates on all debt tranches
- Strong free cash flow will enable Spectrum to deleverage balance sheet to return to long term target total leverage ratio of 2.5x - 3.5x in approximately two years

### Total leverage<sup>(a)</sup>



### Spectrum's strong FCF and commitment to reduce debt have provided enhanced shareholder value

(a) Calculated as total gross debt / adjusted EBITDA. Gross debt is stated prior to OID and other discounts.  
 (b) Standalone adjusted EBITDA of \$310 million, pro forma for Russell Hobbs adjusted EBITDA is \$391 million.



## Experienced and Proven Management Team

Spectrum Management		
Name / Position	Years with company	Background
<b>David R. Lumley</b> CEO & President	6	<ul style="list-style-type: none"> <li>CEO since March 2010</li> <li>Served as Co-COO and President, Global Batteries, Personal Care and Home and Garden segments since January 2007</li> <li>Previously served as President, North America since January 2006</li> <li>Previously was President, Rubbermaid Home Products North America</li> </ul>
<b>Anthony L. Genito</b> Executive Vice President & Chief Financial Officer	8	<ul style="list-style-type: none"> <li>Joined Company in June 2004 and has held current position since June 2007</li> <li>Previously spent 12 years with Soering-Plough in various financial management positions including CFO of International Pharmaceuticals and Global Supply Chain divisions and Corporate Assistant Controller</li> <li>Prior to joining Soering-Plough spent 12 years with Deloitte &amp; Touche in the Accounting and Audit function</li> </ul>
<b>John A. Heil</b> President, Global Pet Supply	12	<ul style="list-style-type: none"> <li>Held position of President, Global Pet, since October 2005</li> <li>Has led United Pet Group since June 2000</li> <li>Previously spent 25 years with the H.J. Heinz Company in various executive management positions including President and Managing Director of Heinz Pet Products, President of Heinz Specialty Pet and Executive Vice President of StarKist Seafood</li> </ul>
<b>Terry L. Polistina</b> President, Small Appliances	12	<ul style="list-style-type: none"> <li>Has led Small Appliances since 2010</li> <li>President and CEO of Russell Hobbs from December 2007 until merger with Spectrum in 2010</li> <li>Previously spent 18 years with Applia in various management positions, including COO from May 2006 to December 2007 and CFO from January 2001 to December 2007</li> </ul>

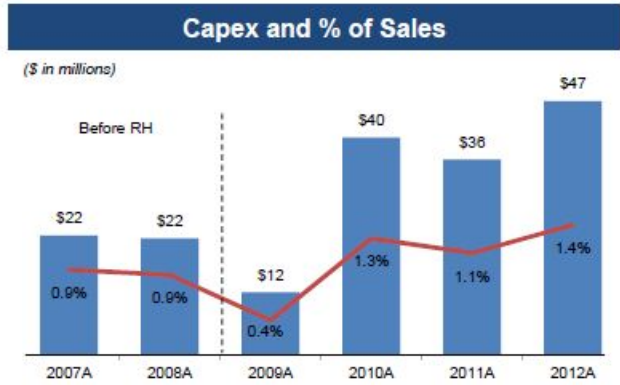
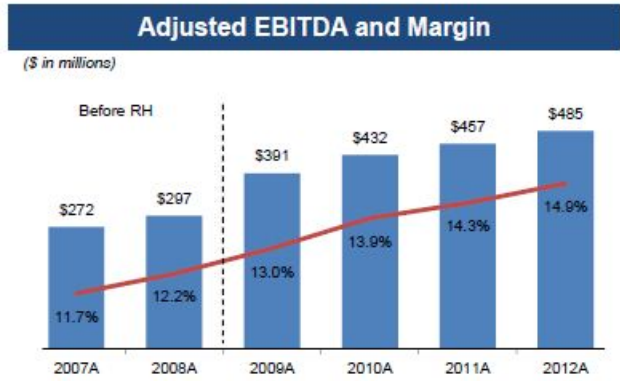
HHI Management		
Name / Position	Years with company	Background
<b>Greg Gluchowski</b> President, HHI Group	10	<ul style="list-style-type: none"> <li>President of HHI since January 2010</li> <li>Previously led Black &amp; Decker's Global Operations for six years</li> <li>Led the early integration of the HHI division into the newly formed Stanley Black &amp; Decker Corporation in 2010</li> <li>Prior to joining Black &amp; Decker in 2002 he served as Sr. Vice President-Customer Satisfaction, Vice President Global Operations, Vice President of Manufacturing for a division of Phelps Dodge Corporation</li> </ul>



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## Financial Overview

# Historical Spectrum Brands Financials



## 2012 Performance Update

### Fourth Quarter 2012

(\$ in millions)	Q4 2011	Q4 2012	Variance
Net sales	\$827	\$833	0.7%
Gross profit	\$283	\$282	(0.7%)
% margin	34.3%	33.9%	
Adjusted EBITDA	\$115	\$126	9.7%
% margin	13.8%	15.1%	

- Net sales increased 0.7% as-reported and 7.4% on a constant currency basis. Home and Garden and Global Pet Supplies segments both reported higher revenue in the fourth quarter which included \$19 million sales from the Black Flag / TAT brands and FURminator acquisitions
- Gross profit declined due to unfavorable FX, increased commodity prices, and higher cost goods sourced from Asia
- Adjusted EBITDA increased 9.7% as-reported and 14.4% on a constant currency basis. Home and Garden and Global Pet Supplies segments both reported higher EBITDA in the fourth quarter which included \$6 million from the acquisitions of Black Flag / TAT brands and FURminator

### Fiscal Year End 2012

(\$ in millions)	FY2011	FY2012	Variance
Net sales	\$3,187	\$3,252	2.1%
Gross profit	\$1,137	\$1,126	(1.0%)
% margin	35.7%	34.6%	
Adjusted EBITDA	\$457	\$485	6.2%
% margin	14.3%	14.9%	

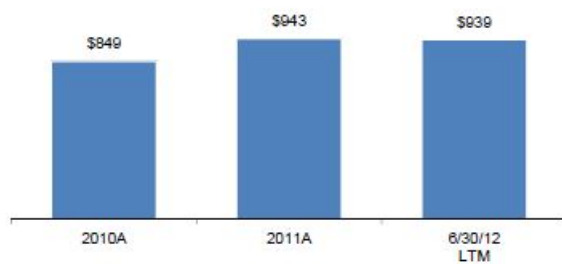
- Net sales increased 2.1% as-reported and 4.3% on a constant currency basis. Home and Garden and Global Pet Supplies segments both reported higher revenue in FY12 including \$54 million sales from the Black Flag / TAT brands and FURminator acquisitions.
- Gross profit declined due to unfavorable FX, increased commodity prices, and higher cost goods sourced from Asia
- Adjusted EBITDA increased 6.2% as-reported and 9.7% on a constant currency basis. Home and Garden and Global Pet Supplies segments both reported higher EBITDA in FY12 which included \$19 million from the acquisitions of Black Flag / TAT brands and FURminator

Note: Management gross profit, not GAAP. Fiscal year and fourth quarter ends on 9/30.

# Historical HHI Performance

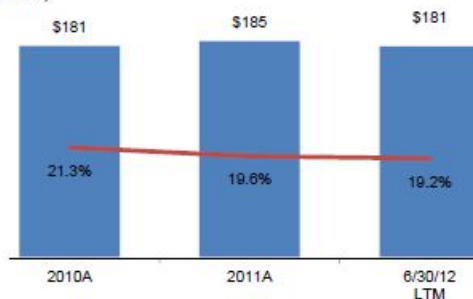
## Revenue

(\$ in millions)



## Adjusted EBITDA and Margin

(\$ in millions)



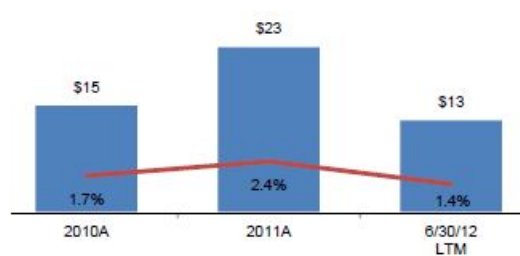
## Gross Profit and Margin

(\$ in millions)



## Capex and % of Sales

(\$ in millions)



Note: HHI financials based on 12/31 fiscal year end.  
 Revenue and Adjusted EBITDA does not include Tong Lung.  
 2010 figures are lower than 2011 primarily as a result of the March 2010 merger of Stanley Works and Black and Decker.

## Superior Performance Through Operational Excellence

- HHI has transformed its operations to improve flexibility, cost competitiveness and product quality
- Sustained by global scale, continuous improvement and productivity

Major Transformation Elements	2006 to 2011 Improvement	
<ul style="list-style-type: none"> <li>▪ From 2003 to 2009                             <ul style="list-style-type: none"> <li>– Footprint consolidation and balanced migration to LCC</li> <li>– Material Cost Take Out initiatives</li> <li>– Platform consolidation and rationalization of underperforming SKUs</li> </ul> </li> <li>▪ Beginning in 2010                             <ul style="list-style-type: none"> <li>– Reverse integration of Stanley National Hardware Business</li> </ul> </li> </ul>	Manufacturing square feet reduction	29%
	Distribution square feet reduction	22%
	Fixed costs reduction	22%
	Head count reduction	42%
	Working capital turns increase	63%

Note: 2008 financials unaudited.



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## Closing Remarks and Q&A





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## Appendix

## Spectrum Adjusted EBITDA Reconciliation

	9/30 FY2007	9/30 FY2008	9/30 FY2009	9/30 FY2010	9/30 FY2011	9/30 FY2012
<b>Net income</b>	(\$597)	(\$932)	\$943	(\$190)	(\$75)	\$49
Income tax expense	58	(10)	74	83	92	80
Interest expense	256	229	190	277	208	192
Depreciation and amortization	77	85	67	118	135	134
<b>Unadjusted EBITDA</b>	(\$208)	(\$627)	\$1,274	\$268	\$360	\$435
<b>Adjustments to EBITDA:</b>						
Pre-acquisition earnings	0	0	81	66	0	0
Restructuring and related charges	98	39	46	24	29	19
Acquisition and integration related charges	0	0	0	39	37	31
Reorganization items	0	0	(1,139)	3	0	0
Loss from discontinued operations	34	28	86	3	0	0
Intangible asset impairment	363	861	34	0	32	0
Accelerated depreciation and amortization	(10)	0	(4)	(3)	(1)	0
Fresh-start inventory fair value adjustment	0	0	16	34	0	0
Russell Hobbs inventory fair value adjustment	0	0	0	3	0	0
Other fair value adjustments	0	0	2	0	0	0
Brazilian IPI credit/other	(9)	(12)	(6)	(5)	0	0
Transaction costs	4	9	0	0	0	0
<b>EBITDA - Adjusted</b>	<b>\$272</b>	<b>\$297</b>	<b>\$391</b>	<b>\$432</b>	<b>\$457</b>	<b>\$485</b>

## HHI Adjusted EBITDA Reconciliation

	12/31 FY2010	12/31 FY 2011	LTM 6/30/12
Net Income (loss), adjusted	(\$3)	\$36	\$41
Income tax expense	(1)	12	14
Interest expense	46	42	37
Restructuring and related charges	12	20	24
Corporate allocations / affiliate transactions	18	11	15
Net affiliate currency gain/loss	1	1	1
Other	1	19	6
EBIT	74	142	139
Depreciation and amortization	42	43	42
Inventory step up amortization	31	-	-
EBITDA contribution from acquired business for pre-acquisition period (1/1/10 to 3/12/10)	34	-	-
<b>Adjusted EBITDA</b>	<b>\$181</b>	<b>\$185</b>	<b>\$181</b>

## Tong Lung Adjusted EBITDA Reconciliation

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	12/31 FY 2011
Net Income (loss), adjusted	\$5
Income tax expense	1
Other	1
EBIT	6
Depreciation and amortization	2
EBITDA contribution for Tong Lung business to be retained by seller	(1)
<b>Adjusted EBITDA</b>	<b>\$7</b>

