
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):

July 14, 2008 (July 13, 2008)

SPECTRUM BRANDS, INC.

(Exact name of registrant as specified in its charter)

Wisconsin

(State or Other Jurisdiction of Incorporation)

001-13615

(Commission File Number)

22-2423556

(IRS Employer Identification Number)

Six Concourse Parkway, Suite 3300

Atlanta, Georgia
(Address of Principal Executive Offices)

30328

(Zip Code)

(770) 829-6200

(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 1.02. Termination of a Material Definitive Agreement.

On May 21, 2008, Spectrum Brands, Inc., a Delaware corporation (the "Company"), publicly announced that it entered into a purchase agreement, dated as of May 20, 2008 (the "Purchase Agreement"), with Salton Inc., a Delaware corporation ("Salton"), and its wholly owned subsidiary, Applica Pet Products LLC ("Applica"), for the sale of the Company's Global Pet Business. The Company has been unable to obtain the consent of the lenders under its senior term loan agreement, a condition precedent to the sale under the Purchase Agreement.

On July 13, 2008, the Company entered into a termination agreement (the "Termination Agreement") with Salton and Applica to mutually terminate the Purchase Agreement. Under the Termination Agreement, as a condition to the termination, the Company agreed to pay Salton and Applica within 2 business days \$3 million as a reimbursement of expenses. In connection with the termination, the Company also agreed to terminate the standstill period under the Company's Confidentiality Agreement, dated February 26, 2008, with Harbinger Capital Partners Master Fund I Ltd. and Harbinger Capital Special Situations Fund, L.P., affiliates of Salton (collectively, "Harbinger") and to terminate Harbinger's limited guarantees related to the Purchase Agreement.

The foregoing description of the Termination Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the Termination Agreement, which is attached as Exhibit 10.1 and incorporated herein by reference.

On July 14, 2008, the Company issued a press release publicly announcing the termination. A copy of the press release is attached hereto as Exhibit 99.1.

Forward Looking Information

Certain statements in this report are forward-looking statements which includes all statements other than those made solely with respect to historical fact. Forward-looking statements speak only as of the date on which they are made, and we undertake no obligation to update or revise any forward-looking statements. 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) the risk that the termination disrupts current plans and operations; (2) difficulty or unanticipated expenses in connection with the termination; (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 the Company 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 the Company does business, such as stock market prices, interest rates, currency exchange rates, inflation and consumer spending, (9) the

Company's ability to successfully implement manufacturing, distribution and other cost efficiencies and to continue to benefit from its cost-cutting initiatives, (10) unfavorable weather conditions and various other risks and uncertainties, including those discussed herein and those set forth in the Company's securities filings, including the most recently filed Annual Report on Form 10-K or Quarterly Report on Form 10-Q. The Company 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 the Company and management's reasonable assumptions about market conditions, and consequently may be inaccurate, or may not reflect significant segments of the retail market.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

The following exhibits are filed herewith:

<u>Exhibit Number</u>	<u>Description</u>
10.1	Termination Agreement, dated July 13, 2008, among Spectrum Brands, Inc., Salton, Inc. and Applica Pet Products LLC.
99.1	Press Release issued by Spectrum Brands, Inc. on July 14, 2008.

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.

SPECTRUM BRANDS, INC.

Date: July 14, 2008

By: /s/ Anthony L. Genito

Name: Anthony L. Genito
Title: Executive Vice President,
Chief Financial Officer and
Chief Accounting Officer

EXHIBIT INDEX

Exhibit	Description
10.1	Termination Agreement, dated July 13, 2008, among Spectrum Brands, Inc., Salton, Inc. and Applica Pet Products LLC.
99.1	Press Release issued by Spectrum Brands, Inc. on July 14, 2008.

Salton, Inc.
3633 Flamingo Road
Miami, FL 33027

July 13, 2008
Spectrum Brands, Inc.
Six Concourse Parkway, Suite 3300
Atlanta, Georgia 30328

Ladies and Gentlemen:

Reference is hereby made to that certain Purchase Agreement, dated as of May 20, 2008 (as amended or modified from time to time in accordance with its terms, the "Purchase Agreement"), by and among Spectrum Brands, Inc., a Wisconsin corporation ("Spectrum"), Salton, Inc., a Delaware corporation ("Salton"), and Applica Pet Products LLC, a Delaware limited liability company ("Pet LLC" and, together with Salton, the "Purchaser"). Capitalized terms used herein but not defined herein shall have the meanings ascribed to them in the Purchase Agreement.

Pursuant to Section 8.01(a)(i) of the Purchase Agreement, Spectrum, Salton and Pet LLC hereby mutually agree, subject to and conditioned upon, in the case of the Purchaser, the receipt of the Reimbursement (as defined below), to terminate the Purchase Agreement. In consideration of the foregoing, and notwithstanding anything to the contrary contained in the Purchase Agreement, as a reimbursement of expenses, Spectrum hereby agrees to pay to the Purchaser promptly, and in any event within two business days, \$3,000,000 in immediately available funds (the "Reimbursement") to the account specified by Purchaser.

The Purchaser and Spectrum agree to consult with each other before issuing, and give each other the opportunity to review and comment upon, any press release or other public statements with respect to the termination contemplated by this letter agreement.

This letter agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. This letter agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to the other parties. Delivery of an executed counterpart of a signature page of this letter agreement by facsimile or other electronic imaging means shall be effective as delivery of a manually executed counterpart of this letter agreement.

This letter agreement shall be governed by, and construed in accordance with, the Laws of the State of New York, regardless of the Laws that might otherwise govern under applicable principles of conflicts of Laws thereof.

[Remainder of Page Intentionally Left Blank]

SALTON, INC.

By: /s/ Lisa R. Carstarphen

Name: Lisa R. Carstarphen
Title: Vice President, General Counsel and Corporate Secretary

APPLICA PET PRODUCTS LLC

By: /s/ Lisa R. Carstarphen

Name: Lisa R. Carstarphen
Title: Vice President, General Counsel and Corporate Secretary

SPECTRUM BRANDS, INC.

By: /s/ Kent J. Hussey

Name: Kent J. Hussey
Title: CEO

**Spectrum Brands and Salton Inc. Terminate Sale Agreement
Global Pet Supply Business to Remain in Spectrum's Portfolio**

ATLANTA, July 14, 2008 -- Spectrum Brands, Inc. (NYSE: SPC) (the Company) announced today that it and Salton Inc. and Salton's wholly owned subsidiary, Applicia Pet Products LLC, have mutually agreed to terminate the definitive agreement for the sale of the Company's global pet supply business.

"Despite our desire and diligent efforts to complete this transaction upon the negotiated terms, we have been unable to obtain the consent of our senior lenders necessary to close on a basis that would be in the best interests of our shareholders and the Company," said Kent Hussey, CEO of Spectrum Brands. "We will therefore continue to operate the global pet supply business and work to capture the strong market potential we see there. Additionally, our Board and management team remain committed to finding and executing appropriate alternatives for reducing the indebtedness of the Company."

Hussey continued, "With \$72.7 million of cash on our Balance Sheet at quarter-end, June 29, 2008, and both sales and adjusted EBITDA growth expected for the full year fiscal 2008 versus full year fiscal 2007 results, we continue to believe that we have sufficient liquidity to run our businesses." In addition, based on current forecasts, the Company projects its fiscal 2009 free cash flow from operations, which would be available to reduce outstanding indebtedness, to range between \$40 to \$50 million. This projection includes an estimate of Cash Flows from Operating Activities for fiscal 2009 of \$75 to \$85 million less capital expenditures of \$35 million.

Termination of the definitive agreement is conditioned upon the Company paying to Salton Inc. \$3 million as a reimbursement of expenses within 2 business days. Additionally, the standstill provisions of the confidentiality and standstill agreement entered into on February 26, 2008 with Harbinger Capital Partners Master Fund I, Ltd. were terminated.

Non-GAAP Financial Measures

Within this release, reference is made to free cash flow. Free cash flow is a metric used by the Company's management and frequently used by the financial community which provides insight into an organization's operating activities and is a useful measure of performance and its ability to generate cash. While the Company's management believes that free cash flow is useful supplemental information, such non-GAAP results are not intended to replace the Company's GAAP financial results and should be read in conjunction with those GAAP results.

About Spectrum Brands, Inc.

Spectrum Brands is a global consumer products company and a leading supplier of consumer batteries, lawn and garden care products, specialty pet supplies, shaving and grooming products, household insect control products, personal care products and portable lighting. Helping to meet the needs of consumers worldwide, included in its portfolio of widely trusted brands are Rayovac(R), Varta(R), Remington(R), Tetra(R), Marineland(R), Nature's Miracle(R), Dingo(R), 8-In-1(R), Spectracide(R), Schultz(R), Cutter(R), Repel(R), and HotShot(R). Spectrum Brands' products are sold by the world's top 25 retailers and are available in more than one million stores in more than 120 countries around the world. Headquartered in Atlanta, Georgia, Spectrum Brands generated fiscal year 2007 net sales of \$2.6 billion. The Company's stock trades on the New York Stock Exchange under the symbol SPC.

Certain matters discussed in this news release, with the exception of historical matters, 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 release. Actual results may differ materially as a result of (1) the risk that the termination disrupts current plans and operations; (2) difficulty or unanticipated expenses in connection with the termination; (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 the Company 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 the Company does business, such as stock market prices, interest rates, currency exchange rates, inflation and consumer spending, (9) the Company's ability to successfully implement manufacturing, distribution and other cost efficiencies and to continue to benefit from its cost-cutting initiatives, (10) unfavorable weather conditions and various other risks and uncertainties, including those discussed herein and those set forth in the Company's securities filings, including the most recently filed Annual Report on Form 10-K or Quarterly Report on Form 10-Q. The Company 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 the Company and management's reasonable assumptions about market conditions, and consequently may be inaccurate, or may not reflect significant segments of the retail market.

The Company 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. The Company 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.

Spectrum Brands
Investor Contact:
Carey Skinner, 770-829-6208
DVP Investor Relations

or

Sard Verbinen & Co for Spectrum Brands
Media Contact:
Kara Findlay, 212-687-8080 or
Matt Benson, 415-618-8750
