UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended July 1, 2012

OR

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

For the transition period from to

Commission File Number 001-13615

Spectrum Brands, Inc.
(Exact name of registrant as specified in its charter)

Delaware	**22-2423556**
(State or other jurisdiction of incorporation or organization)	**(I.R.S. Employer Identification Number)**
601 Rayovac Drive Madison, Wisconsin	**53711**
(Address of principal executive offices)	**(Zip Code)**

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

N/A
(Former name, former address and former fiscal year, if changed since last report.)

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☒	Smaller reporting company	☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☒ No ☐

SPECTRUM BRANDS, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR QUARTER ENDED July 1, 2012

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SPECTRUM BRANDS, INC.

Condensed Consolidated Statements of Financial Position
July 1, 2012 and September 30, 2011
(Unaudited)
(Amounts in thousands, except per share figures)

	July 1, 2012	September 30, 2011
Assets		
Current assets:		
Cash and cash equivalents	$ 62,299	$ 142,414
Receivables:		
Trade accounts receivable, net of allowances of $14,288 and $14,128, respectively	342,350	356,605
Other	46,960	33,235
Inventories	552,515	434,630
Deferred income taxes	26,359	28,170
Prepaid expenses and other	55,487	48,792
Total current assets	1,085,970	1,043,846
Property, plant and equipment, net of accumulated depreciation of $127,271 and $107,357, respectively	208,551	206,389
Deferred charges and other	34,510	36,824
Goodwill	688,045	610,338
Intangible assets, net	1,716,977	1,683,909
Debt issuance costs	43,901	40,957
Total assets	$ 3,777,954	$ 3,622,263
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities of long-term debt	$ 28,251	$ 41,090
Accounts payable	251,135	323,171
Accrued liabilities:		
Wages and benefits	67,175	70,945
Income taxes payable	26,102	31,606
Accrued interest	12,546	30,467
Other	104,624	134,565
Total current liabilities	489,833	631,844
Long-term debt, net of current maturities	1,798,814	1,535,522
Employee benefit obligations, net of current portion	74,433	83,802
Deferred income taxes	368,100	337,336
Other	29,887	44,637
Total liabilities	2,761,067	2,633,141
Commitments and contingencies		
Shareholders' equity:		
Other capital	1,350,174	1,338,734
Accumulated deficit	(291,597)	(335,166)
Accumulated other comprehensive loss	(41,690)	(14,446)
Total shareholders' equity	1,016,887	989,122
Total liabilities and shareholders' equity	$ 3,777,954	$ 3,622,263

See accompanying notes which are an integral part of these condensed consolidated financial statements (Unaudited).

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SPECTRUM BRANDS, INC.

Condensed Consolidated Statements of Operations
For the three and nine month periods ended July 1, 2012 and July 3, 2011
(Unaudited)
(Amounts in thousands, except per share figures)

	THREE MONTHS ENDED		NINE MONTHS ENDED	
	2012	2011	2012	2011
Net sales	$ 824,803	$ 804,635	$ 2,419,859	$ 2,359,586
Cost of goods sold	531,069	508,656	1,575,803	1,506,283
Restructuring and related charges	2,038	2,285	8,303	4,932
Gross profit	291,696	293,694	835,753	848,371
Selling	129,851	133,187	391,522	403,768
General and administrative	50,726	60,006	157,493	179,099
Research and development	8,597	9,192	23,790	25,557
Acquisition and integration related charges	5,274	7,444	20,625	31,487
Restructuring and related charges	1,858	4,781	7,587	12,846
Total operating expenses	196,306	214,610	601,017	652,757
Operating income	95,390	79,084	234,736	195,614
Interest expense	39,686	40,398	150,169	165,923
Other expense, net	2,224	770	2,225	1,372
Income from continuing operations before income taxes	53,480	37,916	82,342	28,319
Income tax (benefit) expense	(5,371)	8,995	38,772	69,169
Net income (loss)	$ 58,851	$ 28,921	$ 43,570	$ (40,850)

See accompanying notes which are an integral part of these condensed consolidated financial statements (Unaudited).

SPECTRUM BRANDS, INC.

Condensed Consolidated Statements of Cash Flows
For the nine month periods ended July 1, 2012 and July 3, 2011
(Unaudited)
(Amounts in thousands)

	NINE MONTHS ENDED	
	July 1, 2012	July 3, 2011
Cash flows from operating activities:		
Net income (loss)	$ 43,570	$ (40,850)
Adjustments to reconcile net income (loss) to net cash used by operating activities:		
Depreciation	28,708	34,719
Amortization of intangibles	46,550	43,073
Amortization of unearned restricted stock compensation	15,436	22,515
Amortization of debt issuance costs	5,273	8,745
Payments of acquisition related expenses for Russell Hobbs	—	(3,637)
Non-cash debt accretion	169	3,622
Write off of unamortized (premium) / discount on retired debt	(466)	8,950
Write off of debt issuance costs	2,945	15,420
Other non-cash adjustments	3,021	8,312
Net changes in assets and liabilities	(217,070)	(102,226)
Net cash used by operating activities	(71,864)	(1,357)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(33,117)	(27,433)
Acquisition of Black Flag	(43,750)	—
Acquisition of FURminator, net of cash acquired	(139,390)	—
Acquisition Seed Resources, net of cash acquired	—	(11,053)
Proceeds from sale of property, plant and equipment	418	188
Proceeds from sale of assets previously held for sale	—	6,997
Other investing activities	(2,045)	(1,530)
Net cash used by investing activities	(217,884)	(32,831)
Cash flows from financing activities:		
Proceeds from issuance of 6.75% Notes	300,000	—
Payment of 12% Notes, including tender and call premium	(270,431)	—
Proceeds from issuance of 9.5% Notes, including premium	217,000	—
Payment of senior credit facilities, excluding ABL revolving credit facility	(4,091)	(93,400)
Prepayment penalty of term loan facility	—	(7,500)
Debt issuance costs	(11,163)	(10,769)
Other debt financing, net	6,192	15,349
Reduction of other debt	(27,992)	(905)
ABL revolving credit facility, net	2,500	55,000
Treasury stock purchases	—	(3,409)
Other financing activities	(953)	—
Net cash provided (used) by financing activities	211,062	(45,634)
Effect of exchange rate changes on cash and cash equivalents	(1,429)	(2,414)
Net decrease in cash and cash equivalents	(80,115)	(82,236)
Cash and cash equivalents, beginning of period	142,414	170,614
Cash and cash equivalents, end of period	$ 62,299	$ 88,378

See accompanying notes which are an integral part of these condensed consolidated financial statements (Unaudited).

SPECTRUM BRANDS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(Amounts in thousands, except per share figures)

1 DESCRIPTION OF BUSINESS

Spectrum Brands, Inc., a Delaware corporation ("Spectrum Brands" or the "Company"), is a global branded consumer products company. Spectrum Brands Holdings, Inc. ("SB Holdings") was created in connection with the combination of Spectrum Brands and Russell Hobbs, Inc. ("Russell Hobbs"), a global branded small appliance company, to form a new combined company (the "Merger"). The Merger was consummated on June 16, 2010. As a result of the Merger, both Spectrum Brands and Russell Hobbs became wholly-owned subsidiaries of SB Holdings. Russell Hobbs was subsequently merged into Spectrum Brands. SB Holdings trades on the New York Stock Exchange under the symbol "SPB."

Unless the context indicates otherwise, the term "Company" is used to refer to both Spectrum Brands and its subsidiaries prior to the Merger and subsequent to the Merger.

The Company's operations include the worldwide manufacturing and marketing of alkaline, zinc carbon and hearing aid batteries, as well as aquariums and aquatic health supplies and the designing and marketing of rechargeable batteries, battery-powered lighting products, electric shavers and accessories, grooming products and hair care appliances. The Company's operations also include the manufacturing and marketing of specialty pet supplies. The Company also manufactures and markets herbicides, insecticides and insect repellents in North America. The Company also designs, markets and distributes a broad range of branded small appliances and personal care products. The Company's operations utilize manufacturing and product development facilities located in the United States ("U.S."), Europe, Latin America and Asia.

The Company sells its products in approximately 120 countries through a variety of trade channels, including retailers, wholesalers and distributors, hearing aid professionals, industrial distributors and original equipment manufacturers and enjoys name recognition in its markets under the Rayovac, VARTA and Remington brands, each of which has been in existence for more than 80 years, and under the Tetra, 8-in-1, Spectracide, Cutter, Black & Decker, George Foreman, Russell Hobbs, Farberware, Black Flag, FURminator and various other brands.

The Company's global branded consumer products have positions in seven major product categories: consumer batteries; small appliances; pet supplies; electric shaving and grooming; electric personal care; portable lighting; and home and garden controls. The Company's chief operating decision-maker manages the businesses of the Company in three vertically integrated, product-focused reporting segments: (i) Global Batteries & Appliances, which consists of the Company's worldwide battery, electric shaving and grooming, electric personal care, portable lighting and small appliances, primarily in the kitchen and home product categories ("Global Batteries & Appliances"); (ii) Global Pet Supplies, which consists of the Company's worldwide pet supplies business ("Global Pet Supplies"); and (iii) Home and Garden Business, which consists of the Company's home and garden and insect control business (the "Home and Garden Business"). Management reviews the performance of the Company based on these segments. For information pertaining to our business segments, see Note 11, "Segment Results".

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: The condensed consolidated financial statements include the accounts of SB Holdings and its subsidiaries and are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"). All intercompany transactions have been eliminated.

These condensed consolidated financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC") and, in the opinion of the Company, include all adjustments (which are normal and recurring in nature) necessary to present fairly the financial position of the Company at July 1, 2012, the results of operations for the three and nine month periods ended July 1, 2012 and July 3, 2011 and the cash flows for the nine month periods ended July 1, 2012 and July 3, 2011. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such SEC rules and regulations. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2011.

Use of Estimates: The preparation of the 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.

Intangible Assets: Intangible assets are recorded at cost or at fair value if acquired in a purchase business combination.

SPECTRUM BRANDS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in thousands, except per share figures)

Customer relationships and proprietary technology intangibles are amortized, using the straight-line method, over their estimated useful lives of approximately 4 to 20 years. Excess of cost over fair value of net assets acquired (goodwill) and trade name intangibles are not amortized. Goodwill is tested for impairment at least annually at the reporting unit level, with such groupings being consistent with the Company's reportable segments. If an impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded. Trade name intangibles are tested for impairment at least annually by comparing the fair value with the carrying value. Any excess of carrying value over fair value is recognized as an impairment loss in income from operations. Accounting Standards Codification ("ASC") Topic 350: *"Intangibles-Goodwill and Other,"* requires that goodwill and indefinite-lived intangible assets be tested for impairment annually, or more often if an event or circumstance indicates that an impairment loss may have been incurred.

The Company's annual impairment testing is completed at the August financial period end. Management uses its judgment in assessing whether assets may have become impaired between annual impairment tests. Indicators such as unexpected adverse business conditions, economic factors, unanticipated technological change or competitive activities, loss of key personnel, and acts by governments and courts may signal that an asset has become impaired.

Shipping and Handling Costs: The Company incurred shipping and handling costs of $48,797 and $148,383 for the three and nine month periods ended July 1, 2012, respectively, and $51,172 and $150,140 for the three and nine month periods ended July 3, 2011, respectively. These costs are included in Selling expenses in the accompanying Condensed Consolidated Statements of Operations (Unaudited). Shipping and handling costs include costs incurred with third-party carriers to transport products to customers as well as salaries and overhead costs related to activities to prepare the Company's products for shipment from its distribution facilities.

Concentrations of Credit Risk: Trade receivables subject the Company to credit risk. 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, and generally does not require collateral. The Company monitors its customers' credit and financial condition based on changing economic conditions and makes adjustments to credit policies as required. Provision 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 for a given customer.

The Company has a broad range of customers including many large retail outlet chains, one of which accounts for a significant percentage of its sales volume. This customer represented approximately 23% of the Company's Net sales during both the three and nine month periods ended July 1, 2012. This customer represented approximately 25% and 23% of the Company's Net sales during the three and nine month periods ended July 3, 2011, respectively. This customer also represented approximately 14% and 16% of the Company's Trade accounts receivable, net at July 1, 2012 and September 30, 2011, respectively.

Approximately 40% and 44% of the Company's Net sales during the three and nine month periods ended both July 1, 2012, and July 3, 2011, respectively, occurred outside the U.S. These sales and related receivables are subject to varying degrees of credit, currency, political and economic risk. The Company monitors these risks and makes appropriate provisions for collectibility based on an assessment of the risks present.

Stock-Based Compensation: The Company measures the cost of its stock-based compensation plans based on the fair value of its employee stock awards and recognizes these costs over the requisite service period of the awards.

In September 2009, the Company's board of directors (the "Board") adopted the 2009 Spectrum Brands Inc. Incentive Plan (the "2009 Plan"). In conjunction with the Merger, the 2009 Plan was assumed by SB Holdings. Up to 3,333 shares of common stock, net of forfeitures and cancellations, could have been issued under the 2009 Plan. After October 21, 2010, no further awards may be made under the 2009 Plan (as described in further detail below) as the Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Award Plan (the "2011 Plan") was approved by the shareholders of the Company on March 1, 2011.

In conjunction with the Merger, the Company assumed the Spectrum Brands Holdings, Inc. 2007 Omnibus Equity Award Plan (formerly known as the Russell Hobbs, Inc. 2007 Omnibus Equity Award Plan, as amended on June 24, 2008) (the "2007 RH Plan"). Up to 600 shares of common stock, net of forfeitures and cancellations, could have been issued under the 2007 RH Plan. After October 21, 2010, no further awards may be made under the 2007 RH Plan (as described in further detail below) as the 2011 Plan was approved by the shareholders of the Company on March 1, 2011.

On October 21, 2010, the Board adopted the 2011 Plan, which received shareholder approval at the Annual Meeting of the shareholders of the Company held on March 1, 2011. After such shareholder approval, no further awards will be granted under the 2009 Plan and the 2007 RH Plan. Up to 4,626 shares of common stock of the Company, net of cancellations, may be issued under the 2011 Plan.

(Amounts in thousands, except per share figures)

Total stock compensation expense associated with restricted stock awards and restricted stock units recognized by the Company during the three and nine month periods ended July 1, 2012 was $4,361, or $2,834, net of taxes, and $15,436, or $10,034, net of taxes, respectively. Total stock compensation expense associated with restricted stock awards and restricted stock units recognized by the Company during the three and nine month periods ended July 3, 2011 was $8,408, or $5,465, net of taxes, and $22,515, or $14,635, net of taxes, respectively.

The Company granted approximately 42 and 741 restricted stock units during the three and nine month periods ended July 1, 2012, respectively. Of these grants, 42 restricted stock units are time-based and vest over a two year period and the remaining 699 restricted stock units are performance and time-based and vest over a two year period. The total market value of the restricted stock units on the dates of the grants was approximately $20,293.

The Company granted approximately 1,565 restricted stock units during the nine month period ended July 3, 2011. Of these 1,565 grants, 18 restricted stock units are time-based and vest over a three year period. The remaining 1,547 restricted stock units are performance and time-based with 665 units vesting over a two year period and 882 units vesting over a three year period. The total market value of the restricted stock units on the dates of the grants was approximately $45,614.

The fair value of restricted stock awards and restricted stock units is determined based on the market price of the Company's shares of common stock on the grant date. A summary of the status of the Company's non-vested restricted stock awards and restricted stock units as of July 1, 2012 is as follows:

Restricted Stock Awards	**Shares**	**Weighted Average Grant Date Fair Value**	**Fair Value at Grant Date**
Restricted stock awards at September 30, 2011	123	$ 24.20	$ 2,977
Vested	(110)	23.75	(2,613)
Restricted stock awards at July 1, 2012	13	$ 28.00	$ 364

Restricted Stock Units	**Shares**	**Weighted Average Grant Date Fair Value**	**Fair Value at Grant Date**
Restricted stock units at September 30, 2011	1,629	$ 29.00	$ 47,236
Granted	741	27.39	20,293
Forfeited	(53)	28.08	(1,488)
Vested	(381)	28.75	(10,953)
Restricted stock units at July 1, 2012	1,936	$ 28.45	$ 55,088

Acquisition and Integration Related Charges: Acquisition and integration related charges reflected in Operating expenses in the accompanying Condensed Consolidated Statements of Operations (Unaudited) include, but are not limited to, transaction costs such as banking, legal, accounting and other professional fees directly related to acquisitions, termination and related costs for transitional and certain other employees, integration related professional fees and other post business combination expenses associated with mergers and acquisitions.

The following table summarizes acquisition and integration related charges incurred by the Company during the three and nine month periods ended July 1, 2012 and July 3, 2011:

SPECTRUM BRANDS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in thousands, except per share figures)

	Three Months		Nine Months	
	2012	2011	2012	2011
Russell Hobbs				
Integration costs	$ 1,573	$ 6,718	$ 6,766	$ 22,088
Employee termination charges	840	310	3,356	5,206
Legal and professional fees	587	360	1,508	3,949
Merger related Acquisition and integration related charges	$ 3,000	$ 7,388	$ 11,630	$ 31,243
FURminator	1,738	—	6,337	—
Black Flag	95	—	1,912	—
Other	441	56	746	244
Total Acquisition and integration related charges	$ 5,274	$ 7,444	$ 20,625	$ 31,487

3 COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) and the components of other comprehensive income (loss), net of tax, for the three and nine month periods ended July 1, 2012 and July 3, 2011 are as follows:

	Three Months		Nine Months	
	2012	2011	2012	2011
Net income (loss)	$ 58,851	$ 28,921	$ 43,570	$ (40,850)
Other comprehensive (loss) income:				
Foreign currency translation	(34,148)	13,139	(30,538)	33,009
Valuation allowance adjustments	465	(216)	214	860
Pension liability adjustments	422	—	953	—
Net unrealized gain (loss) on derivative instruments	1,010	(653)	2,127	(3,718)
Net change to derive comprehensive (loss) income for the period	(32,251)	12,270	(27,244)	30,151
Comprehensive income (loss)	$ 26,600	$ 41,191	$ 16,326	$ (10,699)

Net gains or losses resulting from the translation of assets and liabilities of foreign subsidiaries are accumulated in the Accumulated other comprehensive income ("AOCI") section of Shareholders' equity. Also included are the effects of exchange rate changes on intercompany balances of a long-term nature.

The changes in accumulated foreign currency translation for the three and nine month periods ended July 1, 2012 and July 3, 2011 were primarily attributable to the impact of translation of the net assets of the Company's European and Latin American operations, which primarily have functional currencies in Euros, Pounds Sterling and Brazilian Real.

4 INVENTORIES

Inventories for the Company, which are stated at the lower of cost or market, consist of the following:

	July 1, 2012	September 30, 2011
Raw materials	$ 78,116	$ 59,928
Work-in-process	29,672	25,465
Finished goods	444,727	349,237
	$ 552,515	$ 434,630

5 GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets of the Company consist of the following:

SPECTRUM BRANDS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in thousands, except per share figures)

	Global Batteries & Appliances	Global Pet Supplies	Home and Garden Business	Total
Goodwill:				
Balance at September 30, 2011	$ 268,148	$ 170,285	$ 171,905	$ 610,338
Additions	—	70,023	15,852	85,875
Effect of translation	(4,089)	(4,079)	—	(8,168)
Balance at July 1, 2012	$ 264,059	$ 236,229	$ 187,757	$ 688,045
Intangible Assets:				
Trade names Not Subject to Amortization				
Balance at September 30, 2011	$ 545,804	$ 205,491	$ 75,500	$ 826,795
Additions	—	14,000	8,000	22,000
Effect of translation	(5,216)	(8,125)	—	(13,341)
Balance at July 1, 2012	$ 540,588	$ 211,366	$ 83,500	$ 835,454
Intangible Assets Subject to Amortization				
Balance at September 30, 2011, net	$ 481,473	$ 219,243	$ 156,398	$ 857,114
Additions	—	65,118	17,000	82,118
Amortization during period	(24,613)	(14,325)	(7,612)	(46,550)
Effect of translation	(6,500)	(4,659)	—	(11,159)
Balance at July 1, 2012, net	$ 450,360	$ 265,377	$ 165,786	$ 881,523
Total Intangible Assets, net at July 1, 2012	$ 990,948	$ 476,743	$ 249,286	$ 1,716,977

Intangible assets subject to amortization include proprietary technology, customer relationships and certain trade names, which were recognized as a result of fresh-start reporting upon the Company's emergence from bankruptcy during the fiscal year ended September 30, 2009 and through other acquisitions. The useful life of the Company's intangible assets subject to amortization are 4 to 9 years for technology assets related to the Global Pet Supplies segment, 9 to 17 years for technology assets associated with the Global Batteries & Appliances segment, 15 to 20 years for customer relationships of the Global Batteries & Appliances segment, 20 years for customer relationships of the Home and Garden Business and Global Pet Supplies segments, 12 years for a trade name within the Global Batteries & Appliances segment and 4 years for a trade name within the Home and Garden Business segment.

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

	July 1, 2012	September 30, 2011
Technology Assets Subject to Amortization:		
Gross balance	$ 90,924	$ 71,805
Accumulated amortization	(20,356)	(13,635)
Carrying value, net	$ 70,568	$ 58,170
Trade Names Subject to Amortization:		
Gross balance	$ 149,700	$ 149,700
Accumulated amortization	(26,108)	(16,320)
Carrying value, net	$ 123,592	$ 133,380
Customer Relationships Subject to Amortization:		
Gross balance	$ 789,465	$ 738,937
Accumulated amortization	(102,102)	(73,373)
Carrying value, net	$ 687,363	$ 665,564

Amortization expense for the three and nine month periods ended July 1, 2012 and July 3, 2011 is as follows:

SPECTRUM BRANDS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in thousands, except per share figures)

	Three Months		Nine Months	
	2012	2011	2012	2011
Proprietary technology amortization	$ 2,411	$ 1,649	$ 6,721	$ 4,946
Customer relationships amortization	10,181	9,650	30,041	28,708
Trade names amortization	3,509	3,140	9,788	9,419
	$ 16,101	$ 14,439	$ 46,550	$ 43,073

The Company estimates annual amortization expense of intangible assets for the next five fiscal years will approximate $62,600 per year.

6 DEBT

Debt consists of the following:

	July 1, 2012		September 30, 2011	
	Amount	Rate	Amount	Rate
Term Loan, U.S. Dollar, due June 17, 2016	$ 521,146	5.1%	$ 525,237	5.1%
9.5% Notes, due June 15, 2018	950,000	9.5%	750,000	9.5%
6.75% Notes, due March 15, 2020	300,000	6.8%	—	—
12% Notes, due August 28, 2019	—	—	245,031	12.0%
ABL Revolving Credit Facility, expiring May 3, 2016	2,500	4.0%	—	2.5%
Other notes and obligations	24,275	11.0%	44,333	6.5%
Capitalized lease obligations	25,294	6.5%	24,911	6.2%
	$ 1,823,215		$ 1,589,512	
Original issuance premiums (discounts) on debt	3,850		(12,900)	
Less: current maturities	28,251		41,090	
Long-term debt	$ 1,798,814		$ 1,535,522	

The Company has the following debt instruments outstanding at July 1, 2012: (i) a senior secured term loan (the “Term Loan”) pursuant to a senior credit agreement (the “Senior Credit Agreement”) ; (ii) 9.5% secured notes (the “9.5% Notes”); (iii) 6.75% unsecured notes (the “6.75% Notes”); and (iv) a $300,000 ABL revolving credit facility (the “ABL Revolving Credit Facility”).

Term Loan

On December 15, 2011 and June 14, 2012, the Company amended its Term Loan. As a result, the aggregate incremental amount by which the Company, subject to compliance with financial covenants and certain other conditions, may increase the amount of the commitment under the Term Loan has been increased from $100,000 to $250,000. Certain covenants in respect to indebtedness, liens and interest coverage were also amended to provide for dollar limits more favorable to the Company and, subject to compliance with financial covenants and certain other conditions, to allow for the incurrence of incremental unsecured indebtedness.

The Term Loan contains financial covenants with respect to debt, including, but not limited to, a maximum leverage ratio and a minimum interest coverage ratio, which covenants, pursuant to their terms, become more restrictive over time. In addition, the Term Loan contains customary restrictive covenants, including, but not limited to, restrictions on the Company’s ability to incur additional indebtedness, create liens, make investments or specified payments, give guarantees, pay dividends, make capital expenditures and merge or acquire or sell assets. Pursuant to a guarantee and collateral agreement, the Company and its domestic subsidiaries have guaranteed the respective obligations under the Term Loan and related loan documents and have pledged substantially all of their respective assets to secure such obligations. The Term Loan also provides for customary events of default, including payment defaults and cross-defaults on other material indebtedness.

In connection with the amendments, the Company recorded $236 and $792 of fees in connection with the Term Loan during the three and nine month periods ended July 1, 2012, respectively. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) and are amortized as an adjustment to interest expense over the remaining life of the Term Loan. In connection with the amendments, the Company also recorded cash charges of $30 and $531 as an increase to interest expense during the three and nine month periods ended July 1, 2012, respectively.

9.5% Notes

On November 2, 2011, the Company offered $200,000 aggregate principal amount of 9.5% Notes at a price of 108.5% of the par value; these notes are in addition to the $750,000 aggregate principal amount of 9.5% Notes that were already outstanding. The additional notes are guaranteed by Spectrum Brands' parent company, SB/RH Holdings, LLC, as well as by existing and future domestic restricted subsidiaries and secured by liens on substantially all of the Company's and the guarantors assets. The additional notes will vote together with the existing 9.5% Notes.

The indenture governing the 9.5% Notes (the "2018 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 2018 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 2018 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 9.5% Notes. If any other event of default under the 2018 Indenture occurs and is continuing, the trustee for the 2018 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 9.5% Notes may declare the acceleration of the amounts due under those notes.

The Company recorded $11 and $3,581 of fees in connection with the offering of the 9.5% Notes during the three and nine month periods ended July 1, 2012, respectively. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) and are amortized as an adjustment to interest expense over the remaining life of the 9.5% Notes.

6.75% Notes

On March 15, 2012, the Company offered $300,000 aggregate principal amount of 6.75% Notes at a price of 100% of the par value. The 6.75% Notes are unsecured and guaranteed by Spectrum Brands' parent company, SB/RH Holdings, LLC, as well as by existing and future domestic restricted subsidiaries.

The indenture governing the 6.75% Notes (the "2020 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 2020 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 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 6.75% Notes. If any other event of default under the 2020 Indenture occurs and is continuing, the trustee for the 2020 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 6.75% Notes may declare the acceleration of the amounts due under those notes.

The Company recorded $450 and $6,265 of fees in connection with the offering of the 6.75% Notes during the three and nine month periods ended July 1, 2012, respectively. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) and are amortized as an adjustment to interest expense over the remaining life of the 6.75% Notes.

12% Notes

On March 1, 2012, the Company launched a cash tender offer (the "Tender Offer") and consent solicitation (the "Consent Solicitation") with respect to any and all of its outstanding 12% Senior Subordinated Toggle Notes due 2019 (the "12% Notes"). Pursuant to the Consent Solicitation, the Company received consents to the adoption of certain amendments to the indenture governing the 12% Notes to, among other things, eliminate substantially all of the restrictive covenants, certain events of default and other related provisions. The terms of the Tender Offer provided that holders of the 12% Notes who tendered their 12% Notes prior to the expiration of a consent solicitation period, which ended March 14, 2012, would receive tender offer consideration and a consent payment. Holders tendering their 12% Notes subsequent to expiration of the consent solicitation period, but prior to the March 28, 2012 expiration of the Tender Offer period, would receive only tender offer consideration. As of the expiration of the consent solicitation period, holders of the 12% Notes had tendered approximately $231,421 of the 12% Notes. Following the expiration of the consent solicitation period and as of the expiration of the Tender Offer period, an additional $88 of the 12% Notes were tendered. Following expiration of the Tender Offer period, the Company paid the trustee principal, prepaid interest and a prepaid call premium sufficient to obtain a notice of satisfaction and discharge ("Satisfaction and Discharge") from the trustee for the remaining approximately $13,522 of the 12% Notes not tendered. The Company delivered funds sufficient to redeem the 12% Notes on the first redemption date, August 28, 2012 (the "Redemption Date"), and has irrevocably taken all steps on its part necessary to effect such redemption, The trustee under the indenture governing the 12% Notes (the "12% Trustee") has accepted those funds in trust for the benefit of the holders of the 12% Notes and has acknowledged the Satisfaction and Discharge of the 12% Notes and the indenture governing the 12% Notes.

In connection with the Tender Offer, the Company recorded $23,777 of fees and expenses as a cash charge to Interest expense in the Condensed Consolidated Statements of Operations (Unaudited) for the nine month period ended July 1, 2012. In connection with the Satisfaction and Discharge process, the Company recorded cash charges of $1,623 to Interest expense in the Condensed Consolidated Statements of Operations (Unaudited) for the nine month period ended July 1, 2012. In addition, $2,097 of debt issuance costs and unamortized premium related to the 12% Notes were written off as a non-cash charge to Interest expense in the Condensed Consolidated Statements of Operations (Unaudited) for the nine month period ended July 1, 2012.

ABL Revolving Credit Facility

On May 24, 2012, the Company amended its ABL Revolving Credit Facility. As a result, the maturity date was extended from April 21, 2016 to May 3, 2016.

The amended facility carries an interest rate at the option of the Company, which is subject to change based on availability under the facility, of either: (a) the base rate plus currently 0.75% per annum or (b) the reserve-adjusted LIBOR rate plus currently 1.75% per annum. No principal amortizations are required with respect to the ABL Revolving Credit Facility. Pursuant to the credit and security agreement, the obligations under the ABL credit agreement are secured by certain current assets of the guarantors, including, but not limited to, deposit accounts, trade receivables and inventory.

The ABL Revolving Credit Facility contains various representations and warranties and covenants, including, without limitation, enhanced collateral reporting and a maximum fixed charge coverage ratio. The ABL Revolving Credit Facility also provides for customary events of default, including payment defaults and cross-defaults on other material indebtedness.

In connection with the amendment of the ABL Revolving Credit Facility, the Company recorded $525 of fees during the three and nine month period ended July 1, 2012. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) and are amortized as an adjustment to interest expense over the remaining life of the Term Loan. In connection with the amendment, the Company also recorded cash charges of $482 as an increase to interest expense during the three and nine month period ended July 1, 2012. In addition, $382 of debt issuance costs were written off in connection with the amendment as a non-cash charge to Interest expense in the Condensed Consolidated Statements of Operations (Unaudited) for the three and nine month period ended July 1, 2012.

As a result of borrowings and payments under the ABL Revolving Credit Facility, at July 1, 2012, the Company had aggregate borrowing availability of approximately $194,909, net of lender reserves of $27,471 and outstanding letters of credit of $26,730.

7 DERIVATIVE 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 purposes. Derivative instruments are reported at fair value in the Condensed Consolidated Statements of Financial Position (unaudited). 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. The Company formally assesses both at the inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in the forecasted cash flows of the related underlying exposure. Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the forecasted cash flows of the underlying exposures being hedged. Any ineffective portion of a financial instrument's change in fair value is immediately recognized in earnings. For derivatives that are not designated as cash flow hedges, or do not qualify for hedge accounting treatment, the change in the fair value is also immediately recognized in earnings.

(Amounts in thousands, except per share figures)

Fair Value of Derivative Instruments

The Company discloses its derivative instruments and hedging activities in accordance with ASC Topic 815: *"Derivatives and Hedging,"* ("ASC 815").

The fair value of the Company's outstanding derivative contracts recorded as assets in the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) are as follows:

Asset Derivatives		July 1, 2012	September 30, 2011
Derivatives designated as hedging instruments under ASC 815:			
Commodity contracts	Receivables—Other	$ —	$ 274
Foreign exchange contracts	Receivables—Other	4,959	3,189
Foreign exchange contracts	Deferred charges and other	326	—
Total asset derivatives designated as hedging instruments under ASC 815		$ 5,285	$ 3,463
Derivatives not designated as hedging instruments under ASC 815:			
Foreign exchange contracts	Receivables—Other	271	—
Total asset derivatives		$ 5,556	$ 3,463

The fair value of the Company's outstanding derivative contracts recorded as liabilities in the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) are as follows:

Liability Derivatives		July 1, 2012	September 30, 2011
Derivatives designated as hedging instruments under ASC 815:			
Interest rate contracts	Accounts payable	$ —	$ 1,246
Interest rate contracts	Accrued interest	—	708
Commodity contracts	Accounts payable	1,801	1,228
Commodity contracts	Other long term liabilities	892	4
Foreign exchange contracts	Accounts payable	753	2,698
Total liability derivatives designated as hedging instruments under ASC 815		$ 3,446	$ 5,884
Derivatives not designated as hedging instruments under ASC 815:			
Foreign exchange contracts	Accounts payable	1,780	10,945
Foreign exchange contracts	Other long term liabilities	1,504	12,036
Total liability derivatives		$ 6,730	$ 28,865

Changes in AOCI from Derivative Instruments

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on the derivative representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness, are recognized in current earnings.

The following table summarizes the impact of derivative instruments on the accompanying Condensed Consolidated

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Statement of Operations (Unaudited) for the three month period ended July 1, 2012, pretax:

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Commodity contracts	$ (2,368)	Cost of goods sold	$ (120)	Cost of goods sold	$ (6)
Interest rate contracts	—	Interest expense	—	Interest expense	—
Foreign exchange contracts	(395)	Net sales	(129)	Net sales	—
Foreign exchange contracts	5,973	Cost of goods sold	558	Cost of goods sold	—
Total	$ 3,210		$ 309		$ (6)

The following table summarizes the impact of derivative instruments on the accompanying Condensed Consolidated Statement of Operations (Unaudited) for the nine month period ended July 1, 2012, pretax:

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Commodity contracts	$ (1,989)	Cost of goods sold	$ (675)	Cost of goods sold	$ 8
Interest rate contracts	15	Interest expense	(864)	Interest expense	—
Foreign exchange contracts	(61)	Net sales	(339)	Net sales	—
Foreign exchange contracts	2,426	Cost of goods sold	(1,336)	Cost of goods sold	—
Total	$ 391		$ (3,214)		$ 8

The following table summarizes the impact of derivative instruments on the accompanying Condensed Consolidated Statement of Operations (Unaudited) for the three month period ended July 3, 2011, pretax:

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Commodity contracts	$ (109)	Cost of goods sold	$ 587	Cost of goods sold	$ 16
Interest rate contracts	(42)	Interest expense	(839)	Interest expense	(44)
Foreign exchange contracts	(11)	Net sales	105	Net sales	—
Foreign exchange contracts	(5,011)	Cost of goods sold	(4,346)	Cost of goods sold	—
Total	$ (5,173)		$ (4,493)		$ (28)

The following table summarizes the impact of derivative instruments on the accompanying Condensed Consolidated Statement of Operations (Unaudited) for the nine month period ended July 3, 2011, pretax:

SPECTRUM BRANDS, INC.
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Derivatives in ASC 815 Cash Flow Hedging Relationships		Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)		Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivative (Ineffective Portion and Amount Excluded from Effectiveness Testing)		Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Commodity contracts	$	1,764	Cost of goods sold	$	1,921	Cost of goods sold	$	17
Interest rate contracts		(102)	Interest expense		(2,527)	Interest expense		(294)
Foreign exchange contracts		216	Net sales		(102)	Net sales		—
Foreign exchange contracts		(15,801)	Cost of goods sold		(8,438)	Cost of goods sold		—
Total	$	(13,923)		$	(9,146)		$	(277)

Other Changes in Fair Value of Derivative Contracts

For derivative instruments that are used to economically hedge the fair value of the Company's third party and intercompany foreign currency payments, commodity purchases and interest rate payments, the gain (loss) associated with the derivative contract is recognized in earnings in the period of change. During the three month periods ended July 1, 2012 and July 3, 2011, the Company recognized the following gains (losses) on these derivative contracts:

Derivatives Not Designated as Hedging Instruments Under ASC 815	Amount of Gain (Loss) Recognized in Income on Derivatives		Location of Gain or (Loss) Recognized in Income on Derivatives
	2012	2011	
Foreign exchange contracts	7,941	(7,578)	Other expense, net

During the nine month periods ended July 1, 2012 and July 3, 2011, the Company recognized the following gains (losses) on these derivative contracts:

Derivatives Not Designated as Hedging Instruments Under ASC 815	Amount of Gain (Loss) Recognized in Income on Derivatives		Location of Gain or (Loss) Recognized in Income on Derivatives
	2012	2011	
Foreign exchange contracts	11,734	(17,468)	Other expense, net

Credit Risk

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 $26 and $18 at July 1, 2012 and September 30, 2011, respectively.

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. At July 1, 2012 and September 30, 2011, the Company had posted cash collateral of $1,717 and $418, respectively, related to such liability positions. In addition, at July 1, 2012 and September 30, 2011, the Company had posted standby letters of credit of $0 and $2,000, respectively, related to such liability positions. The cash collateral is included in Current Assets—Receivables-Other within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited).

Derivative Financial Instruments

Cash Flow Hedges

The Company uses interest rate swaps to manage its interest rate risk. The swaps are designated as cash flow hedges with the changes in fair value recorded in AOCI and as a derivative hedge asset or liability, as applicable. The swaps settle periodically in arrears with the related amounts for the current settlement period payable to, or receivable from, the 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 July 1, 2012 the Company did not have any of such interest rate swaps outstanding.

The Company periodically enters into forward foreign exchange contracts to hedge the risk from forecasted foreign currency denominated third party and intercompany sales or payments. These obligations generally require the Company to exchange foreign currencies for U.S. Dollars, Euros, Pounds Sterling, Australian Dollars, Brazilian Reals, Canadian Dollars or Japanese Yen. These foreign exchange contracts are cash flow hedges of fluctuating foreign exchange related to sales of product or raw material purchases. Until the sale or purchase is recognized, the fair value of the related hedge is recorded in AOCI and as a derivative hedge asset or liability, as applicable. At the time the sale or purchase is recognized, the fair value of the related hedge is reclassified as an adjustment to Net sales or purchase price variance in Cost of goods sold. At July 1, 2012 the Company had a series of foreign exchange derivative contracts outstanding through June 2013 with a contract value of $120,804. The derivative net gain on these contracts recorded in AOCI by the Company at July 1, 2012 was $3,269, net of tax expense of $1,262. At July 1, 2012, the portion of derivative net loss estimated to be reclassified from AOCI into earnings by the Company over the next 12 months is $3,065, net of tax.

The Company is exposed to risk from fluctuating prices for raw materials, specifically zinc used in its manufacturing processes. The Company hedges a portion of the risk associated with 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 July 1, 2012 the Company had a series of such swap contracts outstanding through July 2014 for 16 tons with a contract value of $31,665. The derivative net loss on these contracts recorded in AOCI by the Company at July 1, 2012 was $2,225, net of tax benefit of $428. At July 1, 2012, the portion of derivative net losses estimated to be reclassified from AOCI into earnings by the Company over the next 12 months is $1,479, net of tax.

Derivative 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, Euros or Australian Dollars. These foreign exchange contracts are fair value hedges of a related liability or asset recorded in the accompanying Condensed Consolidated Statements of Financial Position (Unaudited). 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 July 1, 2012 and September 30, 2011, the Company had $189,538 and $265,974, respectively, of notional value for such foreign exchange derivative contracts outstanding.

The Company is exposed to economic risk from foreign currencies, including firm commitments for purchases of materials denominated in South African Rand. Periodically the Company economically hedges a portion of the risk associated with these purchases through forward and swap foreign exchange contracts. The contracts are designated as fair value hedges. The hedges effectively fix the foreign exchange in U.S. Dollars on a specified amount of Rand to a future payment date. The unrealized change in fair value of the hedge contracts is recorded in earnings and as a hedge asset or liability, as applicable. Derivative gains or losses are realized as the hedged purchases of materials affects earnings. At July 1, 2012 and September 30, 2011, the Company had $2,249 and $0, respectively, of such foreign exchange derivative contracts outstanding.

8 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's net derivative portfolio as of July 1, 2012, contains Level 2 instruments and consists of commodity and foreign exchange contracts. The fair values of these instruments as of July 1, 2012 were as follows:

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	Level 1	Level 2	Level 3	Total
Assets:				
Foreign exchange contracts, net	$ —	$ 1,519	$ —	$ 1,519
Total Assets, net	$ —	$ 1,519	$ —	$ 1,519
Liabilities:				
Commodity contracts, net	$ —	$ (2,693)	$ —	$ (2,693)
Total Liabilities, net	$ —	$ (2,693)	$ —	$ (2,693)

The Company's net derivative portfolio as of September 30, 2011, contains Level 2 instruments and consists of commodity, interest rate and foreign exchange contracts. The fair values of these instruments as of September 30, 2011 were as follows:

	Level 1	Level 2	Level 3	Total
Total Assets	$ —	$ —	$ —	$ —
Liabilities:				
Interest rate contracts	$ —	$ (1,954)	$ —	$ (1,954)
Commodity contracts	—	(958)	—	(958)
Foreign exchange contracts, net	—	(22,490)	—	(22,490)
Total Liabilities, net	$ —	$ (25,402)	$ —	$ (25,402)

The carrying values of cash and cash equivalents, accounts and notes receivable, accounts payable and non-publicly traded debt approximate fair value. The fair values of long-term publicly traded debt are based off unadjusted quoted market prices (level 1) and derivative financial instruments are generally based on quoted or observed market prices (level 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).

The carrying amounts and fair values of the Company's financial instruments are summarized as follows ((liability)/asset):

	July 1, 2012		September 30, 2011	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Total debt	$ (1,827,065)	$ (1,957,870)	$ (1,576,612)	$ (1,660,528)
Interest rate swap agreements	—	—	(1,954)	(1,954)
Commodity swap and option agreements	(2,693)	(2,693)	(958)	(958)
Foreign exchange forward agreements	1,519	1,519	(22,490)	(22,490)

9 EMPLOYEE BENEFIT PLANS

Pension Benefits

The Company has various defined benefit pension plans covering some of its employees in the U.S. and certain employees in other countries, primarily the United Kingdom and Germany. These pension plans generally provide benefits of stated amounts for each year of service.

The Company's results of operations for the three and nine month periods ended July 1, 2012 and July 3, 2011 reflect the following pension and deferred compensation benefit costs:

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Components of net periodic pension benefit and deferred compensation benefit cost	Three Months 2012	Three Months 2011	Nine Months 2012	Nine Months 2011
Service cost	$ 578	$ 781	$ 1,700	$ 2,344
Interest cost	2,552	2,557	7,030	7,670
Expected return on assets	(2,051)	(1,965)	(5,378)	(5,896)
Recognized net actuarial loss	242	97	508	291
Employee contributions	(46)	(129)	(139)	(386)
Net periodic benefit cost	$ 1,275	$ 1,341	$ 3,721	$ 4,023

The Company funds its U.S. pension plans in accordance with the Internal Revenue Service (“IRS”) defined guidelines and, where applicable, in amounts sufficient to satisfy the minimum funding requirements of applicable laws. Additionally, in compliance with the Company’s funding policy, annual contributions to non-U.S. defined benefit plans are equal to the actuarial recommendations or statutory requirements in the respective countries. The Company’s contributions to its pension and deferred compensation plans for the three and nine month periods ended July 1, 2012 and July 3, 2011 were as follows:

Pension and deferred compensation contributions	Three Months 2012	Three Months 2011	Nine Months 2012	Nine Months 2011
Contributions made during period	$ 1,289	$ 3,189	$ 3,767	$ 6,145

The Company sponsors a defined contribution pension plan for its domestic salaried employees, which allows participants to make contributions by salary reduction pursuant to Section 401(k) of the Internal Revenue Code. The Company also sponsors defined contribution pension plans for employees of certain foreign subsidiaries. Company contributions charged to operations, including discretionary amounts, for the three and nine month periods ended July 1, 2012 were $545 and $1,694, respectively. Company contributions charged to operations, including discretionary amounts, for the three and nine month periods ended July 3, 2011 were $1,439 and $4,192, respectively.

10 INCOME TAXES

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 years ended September 30, 2008 are closed. However, the federal net operating loss carryforwards from the Company’s fiscal years ended September 30, 2008 and prior are subject to IRS examination until the year that such net operating loss carryforwards are utilized and that year is closed for audit. The Company’s fiscal years ended September 30, 2009, 2010 and 2011 remain open to examination by the IRS. Filings in various U.S. state and local jurisdictions are also subject to audit and to date no significant audit matters have arisen.

11 SEGMENT RESULTS

The Company manages its business in three vertically integrated, product-focused reporting segments: (i) Global Batteries & Appliances; (ii) Global Pet Supplies; and (iii) the Home and Garden Business.

Global strategic initiatives and financial objectives for each reportable segment are determined at the corporate level. Each reportable segment is responsible for implementing defined strategic initiatives and achieving certain financial objectives and has a general manager responsible for the sales and marketing initiatives and financial results for product lines within that segment.

Net sales and Cost of goods sold to other business segments have been eliminated. The gross contribution of intersegment sales is included in the segment selling the product to the external customer. Segment net sales are based upon the segment from which the product is shipped.

The operating segment profits do not include restructuring and related charges, acquisition and integration related charges, interest expense, interest income and income tax expense. Corporate expenses primarily include general and administrative expenses and global long-term incentive compensation plan costs which are evaluated on a consolidated basis and not allocated to the Company’s operating segments. All depreciation and amortization included in income from operations is related to operating segments or corporate expense. Costs are identified to operating segments or corporate expense according to the function of each cost center.

(Amounts in thousands, except per share figures)

All capital expenditures are related to operating segments. Variable allocations of assets are not made for segment reporting.

Segment information for the three and nine month periods ended July 1, 2012 and July 3, 2011 is as follows:

	Three Months		Nine Months	
	2012	2011	2012	2011
Net sales from external customers				
Global Batteries & Appliances	$ 500,724	$ 505,213	$ 1,669,973	$ 1,661,177
Global Pet Supplies	157,495	143,839	448,962	425,106
Home and Garden Business	166,584	155,583	300,924	273,303
Total segments	$ 824,803	$ 804,635	$ 2,419,859	$ 2,359,586

	Three Months		Nine Months	
	2012	2011	2012	2011
Segment profit				
Global Batteries & Appliances	$ 47,093	$ 45,480	$ 185,726	$ 180,460
Global Pet Supplies	22,470	19,240	57,778	53,951
Home and Garden Business	44,224	42,921	60,509	51,008
Total segments	113,787	107,641	304,013	285,419
Corporate expense	9,227	14,047	32,762	40,540
Acquisition and integration related charges	5,274	7,444	20,625	31,487
Restructuring and related charges	3,896	7,066	15,890	17,778
Interest expense	39,686	40,398	150,169	165,923
Other expense, net	2,224	770	2,225	1,372
Income from continuing operations before income taxes	$ 53,480	$ 37,916	$ 82,342	$ 28,319

	July 1, 2012	September 30, 2011
Segment total assets		
Global Batteries & Appliances	$ 2,183,331	$ 2,275,076
Global Pet Supplies	973,559	828,202
Home and Garden Business	567,718	476,381
Total segment assets	3,724,608	3,579,659
Corporate	53,346	42,604
Total assets at period end	$ 3,777,954	$ 3,622,263

12 RESTRUCTURING AND RELATED CHARGES

The Company reports restructuring and related charges associated with manufacturing and related initiatives in Cost of goods sold. Restructuring and related charges reflected in Cost of goods sold include, but are not limited to, termination, compensation and related costs associated with manufacturing employees, asset impairments relating to manufacturing initiatives, and other costs directly related to the restructuring or integration initiatives implemented.

The Company reports restructuring and related charges relating to administrative functions in Operating expenses, such as initiatives impacting sales, marketing, distribution, or other non-manufacturing 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 functional areas described above, and other costs directly related to the initiatives.

The following table summarizes restructuring and related charges incurred by segment for the three and nine month periods ended July 1, 2012 and July 3, 2011:

(Amounts in thousands, except per share figures)

	Three Months		Nine Months	
	2012	2011	2012	2011
Cost of goods sold:				
Global Batteries & Appliances	$ 1,205	$ 408	$ 4,679	$ 508
Global Pet Supplies	833	1,877	3,624	4,424
Total restructuring and related charges in cost of goods sold	2,038	2,285	8,303	4,932
Operating expenses:				
Global Batteries & Appliances	640	1,678	2,283	2,295
Global Pet Supplies	883	1,855	3,276	5,435
Home and Garden Business	192	747	1,163	2,082
Corporate	143	501	865	3,034
Total restructuring and related charges in operating expenses	1,858	4,781	7,587	12,846
Total restructuring and related charges	$ 3,896	$ 7,066	$ 15,890	$ 17,778

Global Cost Reduction Initiatives Summary

During the fiscal year ended September 30, 2009, the Company implemented a series of initiatives within the Global Batteries & Appliances segment, the Global Pet Supplies segment and the Home and Garden Business segment to reduce operating costs, and to evaluate opportunities to improve the Company's capital structure (the "Global Cost Reduction Initiatives"). These initiatives included headcount reductions and the exit of certain facilities within each of the Company's segments. These initiatives also included consultation, legal and accounting fees related to the evaluation of the Company's capital structure. Costs associated with these initiatives, which are expected to be incurred through January 31, 2015, are projected to total approximately $87,000.

The Company recorded $3,768 and $15,070 of pretax restructuring and related charges during the three and nine month periods ended July 1, 2012, respectively, and the Company recorded $6,462 and $14,569 of pretax restructuring and related charges during the three and nine month periods ended July 3, 2011, respectively, related to the Global Cost Reduction Initiatives.

The following table summarizes the remaining accrual balance associated with the 2009 initiatives and the activity during the nine month period ended July 1, 2012:

	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2011	$ 8,795	$ 3,021	$ 11,816
Provisions	1,051	267	1,318
Cash expenditures	(6,897)	(1,102)	(7,999)
Non-cash items	(108)	(436)	(544)
Accrual balance at July 1, 2012	$ 2,841	$ 1,750	$ 4,591
Expensed as incurred (A)	$ 3,556	$ 10,196	$ 13,752

(A) Consists of amounts not impacting the accrual for restructuring and related charges.

The following table summarizes the expenses incurred during the nine month period ended July 1, 2012, the cumulative amount incurred to date and the total future expected costs to be incurred associated with the Global Cost Reduction Initiatives by operating segment:

SPECTRUM BRANDS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in thousands, except per share figures)

	Global Batteries & Appliances	Global Pet Supplies	Home and Garden Business	Corporate	Total
Restructuring and related charges during the nine month period ended July 1, 2012	$ 7,007	$ 6,900	$ 1,163	$ —	$ 15,070
Restructuring and related charges since initiative inception	$ 20,174	$ 33,762	$ 17,871	$ 7,591	$ 79,398
Total future restructuring and related charges expected	$ 555	$ 5,300	$ 1,755	$ —	$ 7,610

In connection with other restructuring efforts, the Company recorded $128 and $820 of pretax restructuring and related charges during the three and nine month periods ended July 1, 2012, respectively, and $604 and $3,209 of pretax restructuring and related charges during the three and nine month periods ended July 3, 2011, respectively.

13 COMMITMENTS AND CONTINGENCIES

The Company has provided for the estimated costs associated with environmental remediation activities at some of its current and former manufacturing sites. The Company believes that any additional liability which may result from resolution of these matters in excess of the amounts provided of approximately $5,490, will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

The Company is a defendant in various other matters of litigation generally arising out of the ordinary course of business.

The Company does not believe that the resolution of any other matters or proceedings presently pending will have a material adverse effect on its results of operations, financial condition, liquidity or cash flows.

14 ACQUISITIONS

In accordance with ASC Topic 805, *"Business Combinations"* ("ASC 805"), the Company accounts for acquisitions by applying the acquisition method of accounting. 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.

Black Flag

On October 31, 2011, the Company completed the $43,750 cash acquisition of the Black Flag and TAT trade names from The Homax Group, Inc. ("Black Flag"), a portfolio company of Olympus Partners. The Black Flag and TAT product lines consist of liquids, aerosols, baits and traps that control ants, spiders, wasps, bedbugs, fleas, flies, roaches, yellow jackets and other insects. This acquisition was not significant individually.

The results of Black Flag's operations since October 31, 2011 are included in the Company's Condensed Consolidated Statements of Operations (Unaudited) and are reported as part of the Home and Garden Business segment.

Acquisition Accounting

The assets acquired and liabilities assumed in the Black Flag acquisition have been measured at their fair values at October 31, 2011 as set forth below. The excess of the purchase price over the fair values of the net tangible assets and identifiable intangible assets was recorded as goodwill. The amounts recorded in connection with the acquisition of Black Flag are as follows:

Inventory	$ 2,509
Property, plant and equipment	301
Intangible assets	25,000
Goodwill	15,852
Other assets	88
Total assets acquired	$ 43,750

The Company performed a valuation of the acquired assets of Black Flag at October 31, 2011. Significant matters related to the determination of the fair values of the acquired identifiable intangible assets are summarized as follows:

(Amounts in thousands, except per share figures)

- Certain indefinite-lived intangible assets were valued using a relief from royalty methodology. Customer relationships and certain definite-lived intangible assets were valued using a multi-period excess earnings method. The total fair value of indefinite and definite lived intangibles was $25,000 as of October 31, 2011. A summary of the significant key inputs is as follows:
- The Company valued customer relationships using the income approach, specifically the multi-period excess earnings method. In determining the fair value of the customer relationship, 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 included an expected growth rate of 3%. The Company assumed a customer retention rate of approximately 95%, which was supported by historical retention rates. Income taxes were estimated at 40% and amounts were discounted using a rate of 13.5%. The customer relationships were valued at $17,000 under this approach and will be amortized over 20 years.
- The Company valued trade names using the income approach, specifically 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 name was not owned. Royalty rates were selected based on consideration of several factors, including other similar trademark licensing and transaction agreements and the relative profitability and perceived contribution of the trademarks and trade names. Royalty rates used in the determination of the fair values of trade names were in the range of 2%-4% of expected net sales related to the respective trade name. The Company anticipates using the trade names for an indefinite period as demonstrated by the sustained use of each subject trademark. In estimating the fair value of the trade names, net sales for the trade names were estimated to grow at a rate of (15)%-8% annually with a terminal year growth rate of 3%. Income taxes were estimated at 40% and amounts were discounted using a rate of 13.5%. Trade names were valued at $8,000 under this approach.

The Company's estimates and assumptions for Black Flag are subject to change as the Company obtains additional information for its estimates during the measurement period. The primary areas of acquisition accounting that are not yet finalized relate to certain legal matters and residual goodwill.

FURminator

On December 22, 2011, the Company completed the $141,745 cash acquisition of FURminator, Inc. from HKW Capital Partners III, L.P. ("FURminator"). FURminator is a leading worldwide provider of branded and patented pet deshedding products. This acquisition was not significant individually.

The results of FURminator operations since December 22, 2011 are included in the Company's Condensed Consolidated Statements of Operations (Unaudited) and are reported as part of the Global Pet Supplies business segment.

Acquisition Accounting

The assets acquired and liabilities assumed in the FURminator acquisition have been measured at their fair values at December 22, 2011 as set forth below. The excess of the purchase price over the fair values of the net tangible assets and identifiable intangible assets was recorded as goodwill. The amounts recorded in connection with the acquisition of FURminator are as follows:

Current assets	$	9,240
Property, plant and equipment		648
Intangible assets		79,000
Goodwill		68,531
Total assets acquired	$	157,419
Current liabilities		758
Long-term liabilities		14,916
Total liabilities assumed	$	15,674
Net assets acquired	$	141,745

The Company performed a valuation of the assets and liabilities of FURminator at December 22, 2011. Significant matters related to the determination of the fair values of the acquired identifiable intangible assets are summarized as follows:

- Certain indefinite-lived intangible assets were valued using a relief from royalty methodology. Customer relationships and certain definite-lived intangible assets were valued using a multi-period excess earnings method. The total fair value of indefinite and definite lived intangibles was $79,000 as of December 22, 2011. A summary of the significant key inputs is as follows:
- The Company valued customer relationships using the income approach, specifically the multi-period excess earnings method. In determining the fair value of the customer relationship, 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 included an expected growth rate of 3%. The Company assumed a customer retention rate of approximately 95%, which was supported by historical retention rates. Income taxes were estimated at 40% and amounts were discounted using a rate of 14%. The customer relationships were valued at $46,000 under this approach and will be amortized over 20 years.
- The Company valued trade names using the income approach, specifically 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 name was not owned. Royalty rates were selected based on consideration of several factors, including other similar trademark licensing and transaction agreements and the relative profitability and perceived contribution of the trademarks and trade names. Royalty rates used in the determination of the fair values of trade names were in the range of 4%-5% of expected net sales related to the respective trade name. The Company anticipates using the trade names for an indefinite period as demonstrated by the sustained use of each subject trade name. In estimating the fair value of the trade names, net sales for the trade names were estimated to grow at a rate of 2%-12% annually with a terminal year growth rate of 3%. Income taxes were estimated at 40% and amounts were discounted using a rate of 14%. Trade names were valued at $14,000 under this approach.
- The Company valued technology using the income approach, specifically 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 used in the determination of the fair values of technologies were 10%-12% of expected net sales related to the respective technology. The Company anticipates using these technologies through the legal life of the underlying patent and therefore the expected life of these technologies was equal to the remaining legal life of the underlying patents, which is approximately 9 years. In estimating the fair value of the technologies, net sales were estimated to grow at a rate of 2%-12% annually. Income taxes were estimated at 40% and amounts were discounted using the rate of 14%. The technology assets were valued at $19,000 under this approach.

The Company's estimates and assumptions for FURminator are subject to change as the Company obtains additional information for its estimates during the measurement period. The primary areas of acquisition accounting that are not yet finalized relate to certain legal matters, income and non-income based taxes and residual goodwill.

15 NEW ACCOUNTING PRONOUNCEMENTS

Fair Value Measurement

In May 2011, the Financial Accounting Standards Board (the "FASB") issued amended accounting guidance to achieve a consistent definition of and common requirements for measurement of and disclosure concerning fair value between GAAP and International Financial Reporting Standards. This amended guidance was effective for the Company beginning in the second quarter of its fiscal year ending September 30, 2012. The new accounting guidance did not have a material effect on the Company's Consolidated Financial Statements.

Presentation of Comprehensive Income

In June 2011, the FASB issued new accounting guidance which requires entities to present net income and other comprehensive income in either a single continuous statement or in two separate, but consecutive, statements of net income and other comprehensive income. This accounting guidance is effective for the Company for the fiscal year beginning October 1, 2012. Early adoption is permitted. The Company is currently evaluating the impact of this new accounting guidance on its Consolidated Financial Statements.

Impairment Testing

During September 2011, the FASB issued new accounting guidance intended to simplify how an entity tests goodwill for impairment. The guidance will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the two-step quantitative goodwill impairment test. An entity will no longer be required to calculate the fair value of a reporting unit unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. This accounting guidance is effective for the Company for the annual and any interim goodwill impairment tests performed for the fiscal year beginning October 1, 2012. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a significant impact on its Consolidated Financial Statements.

Additionally, in July 2012, the FASB issued new accounting guidance intended to simplify how an entity tests indefinite-lived intangible assets for impairment. The guidance will allow an entity to first assess qualitative factors to determine whether it is necessary to perform the quantitative impairment test. An entity will no longer be required to calculate the fair value of an indefinite-lived intangible asset unless the entity determines, based on a qualitative assessment, that it is more likely than not that its fair value is less than its carrying amount. This accounting guidance is effective for the Company for the annual and any interim indefinite-lived intangible asset impairment tests performed for the fiscal year beginning October 1, 2012. Early adoption is permitted. The Company does not expect the adoption of this guidance to have a significant impact on its Consolidated Financial Statements.

16 CONSOLIDATING FINANCIAL STATEMENTS

In connection with the combination with Russell Hobbs, Spectrum Brands, with its domestic subsidiaries and SB/RH Holdings, LLC as guarantors, issued the 9.5% Notes under the 2018 Indenture. (See Note 6, “Debt,” for further information on the the 9.5% Notes under the 2018 Indenture.)

The following consolidating financial statements illustrate the components of the consolidated financial statements of the Company. Investments in subsidiaries are accounted for using the equity method for purposes of illustrating the consolidating presentation. Earnings of subsidiaries are therefore reflected in the Company’s and Guarantor Subsidiaries’ investment accounts and earnings. The elimination entries presented herein eliminate investments in subsidiaries and intercompany balances and transactions. Separate consolidated financial statements of the Guarantor Subsidiaries are not presented because management has determined that such financial statements would not be material to investors.

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Financial Position
July 1, 2012
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 464	$ 2,160	$ 59,675	$ —	$ 62,299
Receivables:					
Trade accounts receivables, net of allowances	34,397	108,652	199,301	—	342,350
Intercompany receivables	282,970	896,404	342,561	(1,520,065)	1,870
Other	3,943	6,377	34,770	—	45,090
Inventories	108,155	228,523	223,884	(8,047)	552,515
Deferred income taxes	(5,845)	23,775	6,430	1,999	26,359
Prepaid expenses and other	19,023	9,333	27,131	—	55,487
Total current assets	443,107	1,275,224	893,752	(1,526,113)	1,085,970
Property, plant and equipment, net	62,003	48,043	98,505	—	208,551
Long-term intercompany receivables	143,713	117,040	64,755	(325,508)	—
Deferred charges and other	14,419	3,767	16,324	—	34,510
Goodwill	67,722	438,864	181,459	—	688,045
Intangible assets, net	517,577	788,789	410,611	—	1,716,977
Debt issuance costs	43,901	—	—	—	43,901
Investments in subsidiaries	2,636,602	1,098,104	445	(3,735,151)	—
Total assets	$ 3,929,044	$ 3,769,831	$ 1,665,851	$ (5,586,772)	$ 3,777,954
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 5,531	$ 1,667	$ 21,053	$ —	$ 28,251
Accounts payable	61,883	97,761	91,491	—	251,135
Intercompany accounts payable	901,236	336,869	49,463	(1,287,568)	—
Accrued liabilities:					
Wages and benefits	17,256	14,335	35,584	—	67,175
Income taxes payable	436	(11)	25,677	—	26,102
Accrued interest	12,503	—	43	—	12,546
Other	14,909	33,931	55,784	—	104,624
Total current liabilities	1,013,754	484,552	279,095	(1,287,568)	489,833
Long-term debt, net of current maturities	1,773,564	3,412	21,838	—	1,798,814
Intercompany long-term debt	—	439,734	118,270	(558,004)	—
Employee benefit obligations, net of current portion	24,148	1	50,284	—	74,433
Deferred income taxes	79,763	205,235	83,102	—	368,100
Other	14,434	295	15,158	—	29,887
Total liabilities	2,905,663	1,133,229	567,747	(1,845,572)	2,761,067
Shareholders' equity:					
Other capital	1,356,668	2,082,468	1,071,818	(3,160,780)	1,350,174
Accumulated (deficit) retained earnings	(291,597)	580,400	49,096	(629,496)	(291,597)
Accumulated other comprehensive loss	(41,690)	(26,266)	(22,810)	49,076	(41,690)
Total shareholders' equity	1,023,381	2,636,602	1,098,104	(3,741,200)	1,016,887
Total liabilities and shareholders' equity	$ 3,929,044	$ 3,769,831	$ 1,665,851	$ (5,586,772)	$ 3,777,954

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Financial Position
September 30, 2011
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 49	$ 8,789	$ 133,576	$ —	$ 142,414
Receivables:					
Trade accounts receivables, net of allowances	64,832	115,440	176,333	—	356,605
Intercompany receivables	550,640	907,730	392,044	(1,854,857)	(4,443)
Other	2,144	5,527	30,007	—	37,678
Inventories	75,652	179,506	183,640	(4,168)	434,630
Deferred income taxes	(7,285)	26,436	8,037	982	28,170
Prepaid expenses and other	18,286	4,538	25,968	—	48,792
Total current assets	704,318	1,247,966	949,605	(1,858,043)	1,043,846
Property, plant and equipment, net	57,669	43,808	104,912	—	206,389
Long term intercompany receivables	136,709	134,313	127,175	(398,197)	—
Deferred charges and other	11,364	4,725	20,735	—	36,824
Goodwill	67,722	354,481	188,135	—	610,338
Intangible assets, net	525,409	714,710	443,790	—	1,683,909
Debt issuance costs	40,957	—	—	—	40,957
Investments in subsidiaries	2,330,632	1,022,634	—	(3,353,266)	—
Total assets	$ 3,874,780	$ 3,522,637	$ 1,834,352	$ (5,609,506)	$ 3,622,263
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 30,585	$ 1,036	$ 9,469	$ —	$ 41,090
Accounts payable	1,338,536	455,696	283,669	(1,754,730)	323,171
Accrued liabilities:					
Wages and benefits	20,377	13,396	37,172	—	70,945
Income taxes payable	366	(21)	31,261	—	31,606
Accrued interest	30,361	—	106	—	30,467
Other	20,661	45,827	68,077	—	134,565
Total current liabilities	1,440,886	515,934	429,754	(1,754,730)	631,844
Long-term debt, net of current maturities	1,503,990	307,087	222,753	(498,308)	1,535,522
Employee benefit obligations, net of current portion	17,408	7,301	59,093	—	83,802
Deferred income taxes	86,248	169,838	81,250	—	337,336
Other	22,205	3,564	18,868	—	44,637
Total liabilities	3,070,737	1,003,724	811,718	(2,253,038)	2,633,141
Shareholders' equity:					
Other equity	1,338,735	1,693,632	980,167	(2,673,800)	1,338,734
Accumulated (deficit) retained earnings	(426,165)	922,638	37,719	(869,358)	(335,166)
Accumulated other comprehensive (deficit) income	(108,527)	(97,357)	4,748	186,690	(14,446)
Total shareholders' equity (deficit)	804,043	2,518,913	1,022,634	(3,356,468)	989,122
Total liabilities and shareholders' equity	$ 3,874,780	$ 3,522,637	$ 1,834,352	$ (5,609,506)	$ 3,622,263

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Operations
Three Month Period Ended July 1, 2012
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 149,130	$ 357,363	$ 433,024	$ (114,714)	$ 824,803
Cost of goods sold	109,719	239,647	296,558	(114,855)	531,069
Restructuring and related charges	—	804	1,234	—	2,038
Gross profit	39,411	116,912	135,232	141	291,696
Operating expenses:					
Selling	18,348	40,096	71,552	(145)	129,851
General and administrative	5,131	21,435	23,532	628	50,726
Research and development	5,000	2,713	884	—	8,597
Acquisition and integration related charges	1,055	3,003	1,216	—	5,274
Restructuring and related charges	140	659	1,059	—	1,858
	29,674	67,906	98,243	483	196,306
Operating income	9,737	49,006	36,989	(342)	95,390
Interest expense	35,204	1,401	3,078	3	39,686
Other (income) expense, net	(66,677)	(16,711)	2,035	83,577	2,224
Income from continuing operations before income taxes	41,210	64,316	31,876	(83,922)	53,480
Income tax (benefit) expense	(17,641)	5,814	6,333	123	(5,371)
Net income	$ 58,851	$ 58,502	$ 25,543	$ (84,045)	$ 58,851

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Operations
Three Month Period Ended July 3, 2011
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 148,415	$ 351,078	$ 334,300	$ (29,158)	$ 804,635
Cost of goods sold	102,603	231,020	204,438	(29,405)	508,656
Restructuring and related charges	124	1,877	313	(29)	2,285
Gross profit	45,688	118,181	129,549	276	293,694
Operating expenses:					
Selling	18,274	46,433	68,623	(143)	133,187
General and administrative	18,504	21,670	19,832	—	60,006
Research and development	5,628	2,529	1,035	—	9,192
Acquisition and integration related charges	2,517	2,995	1,932	—	7,444
Restructuring and related charges	1,389	2,780	612	—	4,781
	46,312	76,407	92,034	(143)	214,610
Operating (loss) income	(624)	41,774	37,515	419	79,084
Interest expense	35,188	452	4,756	2	40,398
Other (income) expense, net	(59,459)	(28,897)	288	88,838	770
Income from continuing operations before income taxes	23,647	70,219	32,471	(88,421)	37,916
Income tax (benefit) expense	(33,533)	32,997	9,479	52	8,995
Net income	$ 57,180	$ 37,222	$ 22,992	$ (88,473)	$ 28,921

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Operations
Nine Month Period Ended July 1, 2012
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 489,068	$ 915,117	$ 1,411,931	$ (396,257)	$ 2,419,859
Cost of goods sold	354,725	638,757	977,269	(394,948)	1,575,803
Restructuring and related charges	—	3,595	4,708	—	8,303
Gross profit	134,343	272,765	429,954	(1,309)	835,753
Operating expenses:					
Selling	56,103	115,730	220,385	(696)	391,522
General and administrative	36,322	58,881	60,550	1,740	157,493
Research and development	13,600	7,412	2,778	—	23,790
Acquisition and integration related charges	7,364	8,931	4,330	—	20,625
Restructuring and related charges	1,596	3,819	2,172	—	7,587
	114,985	194,773	290,215	1,044	601,017
Operating income	19,358	77,992	139,739	(2,353)	234,736
Interest expense	136,257	3,760	10,150	2	150,169
Other (income) expense, net	(150,859)	(86,912)	3,153	236,843	2,225
(Loss) income from continuing operations before income taxes	33,960	161,144	126,436	(239,198)	82,342
Income tax expense	(9,610)	21,735	26,690	(43)	38,772
Net (loss) income	$ 43,570	$ 139,409	$ 99,746	$ (239,155)	$ 43,570

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Operations
Nine Month Period Ended July 3, 2011
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 358,931	$ 1,008,198	$ 1,116,250	$ (123,793)	$ 2,359,586
Cost of goods sold	214,537	725,437	688,962	(122,653)	1,506,283
Restructuring and related charges	124	4,424	413	(29)	4,932
Gross profit	144,270	278,337	426,875	(1,111)	848,371
Operating expenses:					
Selling	54,662	130,577	218,955	(426)	403,768
General and administrative	54,387	60,182	64,530	—	179,099
Research and development	14,379	8,508	2,670	—	25,557
Acquisition and integration related charges	6,857	15,912	8,718	—	31,487
Restructuring and related charges	4,022	7,696	1,128	—	12,846
	134,307	222,875	296,001	(426)	652,757
Operating income	9,963	55,462	130,874	(685)	195,614
Interest expense	149,126	1,219	15,561	17	165,923
Other (income) expense, net	(187,735)	(101,461)	504	290,064	1,372
Income from continuing operations before income taxes	48,572	155,704	114,809	(290,766)	28,319
Income tax expense	(12,384)	52,682	28,833	38	69,169
Net income (loss)	$ 60,956	$ 103,022	$ 85,976	$ (290,804)	$ (40,850)

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Cash Flows
Nine Month Period Ended July 1, 2012
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net cash (used) provided by operating activities	$ (49,985)	$ 188,635	$ 125,730	$ (336,244)	$ (71,864)
Cash flows from investing activities:					
Purchases of property, plant and equipment	(14,321)	(9,719)	(9,077)	—	(33,117)
Proceeds from sale of property, plant and equipment	135	26	257	—	418
Acquisition of Black Flag	—	(43,750)	—	—	(43,750)
Acquisition of FURminator, net of cash	—	(139,390)	—	—	(139,390)
Other investing activities	—	(118)	(1,927)	—	(2,045)
Net cash used by investing activities	(14,186)	(192,951)	(10,747)	—	(217,884)
Cash flows from financing activities:					
Proceeds from issuance of 6.75% Notes	300,000	—	—	—	300,000
Payment of 12% Notes, including tender and call premium	(270,431)	—	—	—	(270,431)
Proceeds from issuance of 9.5% Notes, including premium	217,000	—	—	—	217,000
Payment of senior credit facilities, excluding ABL revolving credit facility	(4,091)	—	—	—	(4,091)
ABL revolving credit facility, net	2,500	—	—	—	2,500
Reduction of other debt	(25,000)	—	(2,992)	—	(27,992)
Other debt financing, net		—	6,192	—	6,192
Debt issuance costs	(11,163)	—	—	—	(11,163)
Other financing activities	—	(953)	—	—	(953)
Advances related to intercompany transactions	(144,229)	(1,360)	(190,655)	336,244	—
Net cash provided (used) by financing activities	64,586	(2,313)	(187,455)	336,244	211,062
Effect of exchange rate changes on cash and cash equivalents	—	—	(1,429)	—	(1,429)
Net increase (decrease) in cash and cash equivalents	415	(6,629)	(73,901)	—	(80,115)
Cash and cash equivalents, beginning of period	49	8,789	133,576	—	142,414
Cash and cash equivalents, end of period	$ 464	$ 2,160	$ 59,675	$ —	$ 62,299

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Cash Flows
Nine Month Period Ended July 3, 2011
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net cash (used) provided by operating activities	269,638	(85,052)	732,612	(918,555)	(1,357)
Cash flows from investing activities:					
Purchases of property, plant and equipment	(11,544)	(7,555)	(8,334)	—	(27,433)
Proceeds from sale of property, plant and equipment	—	95	93	—	188
Acquisition of Seed Resources, net of cash	—	(11,053)	—	—	(11,053)
Proceeds from sale of assets—Ningbo	—	—	6,997	—	6,997
Other investing	—	(1,530)	—	—	(1,530)
Net cash used by investing activities	(11,544)	(20,043)	(1,244)	—	(32,831)
Cash flows from financing activities:					
Payment of senior credit facilities, excluding ABL revolving credit facility	(93,400)	—	—	—	(93,400)
Prepayment penalty of term loan facility	(7,500)	—	—	—	(7,500)
ABL revolving credit facility, net	55,000	—	—	—	55,000
Reduction of other debt	—	—	(905)	—	(905)
Proceeds from debt financing	15,349	—	—	—	15,349
Debt issuance costs	(10,769)	—	—	—	(10,769)
Treasury stock purchases	(3,409)	—	—	—	(3,409)
Proceeds from (advances related to) intercompany transactions	(248,518)	106,371	(776,408)	918,555	—
Net cash provided (used) by financing activities	(293,247)	106,371	(777,313)	918,555	(45,634)
Effect of exchange rate changes on cash and cash equivalents	—	—	(2,414)	—	(2,414)
Net (decrease) increase in cash and cash equivalents	(35,153)	1,276	(48,359)	—	(82,236)
Cash and cash equivalents, beginning of period	52,580	2,723	115,311	—	170,614
Cash and cash equivalents, end of period	$ 17,427	$ 3,999	$ 66,952	$ —	$ 88,378

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Introduction

Spectrum Brands, Inc., a Delaware corporation ("Spectrum Brands" or the "Company"), is a global branded consumer products company. Spectrum Brands Holdings, Inc. ("SB Holdings") was created in connection with the combination of Spectrum Brands and Russell Hobbs, Inc. ("Russell Hobbs"), a global branded small appliance company, to form a new combined company (the "Merger"). The Merger was consummated on June 16, 2010. As a result of the Merger, both Spectrum Brands and Russell Hobbs became wholly-owned subsidiaries of SB Holdings. Russell Hobbs was subsequently merged into Spectrum Brands. SB Holdings trades on the New York Stock Exchange under the symbol "SPB."

Unless the context indicates otherwise, the terms the "Company," "Spectrum," "we," "our" or "us" are used to refer to Spectrum Brands and its subsidiaries subsequent to the Merger and Spectrum Brands prior to the Merger.

Business Overview

We manufacture and market alkaline, zinc carbon and hearing aid batteries, herbicides, insecticides and repellants and specialty pet supplies. We design and market rechargeable batteries, battery-powered lighting products, electric shavers and accessories, grooming products and hair care appliances. With the addition of Russell Hobbs we design, market and distribute a broad range of branded small household appliances and personal care products. Our manufacturing and product development facilities are located in the United States ("U.S."), Europe, Latin America and Asia. Substantially all of our rechargeable batteries and chargers, shaving and grooming products, small household appliances, personal care products and portable lighting products are manufactured by third-party suppliers, primarily located in Asia.

We sell our products in approximately 120 countries through a variety of trade channels, including retailers, wholesalers and distributors, hearing aid professionals, industrial distributors and original equipment manufacturers ("OEMs") and enjoy strong name recognition in our markets under the Rayovac, VARTA and Remington brands, each of which has been in existence for more than 80 years, and under the Tetra, 8-in-1, Spectracide, Cutter, Black & Decker, George Foreman, Russell Hobbs, Farberware, Black Flag, FURminator and various other brands.

Our diversified global branded consumer products have positions in seven major product categories: consumer batteries; pet supplies; home and garden control products; electric shaving and grooming products; small appliances; electric personal care products; and portable lighting. Our chief operating decision-maker manages the businesses in three vertically integrated, product-focused reporting segments: (i) Global Batteries & Appliances, which consists of our worldwide battery, electric shaving and grooming, electric personal care, portable lighting and small appliances, primarily in the kitchen and home product categories ("Global Batteries & Appliances"); (ii) Global Pet Supplies, which consists of our worldwide pet supplies business ("Global Pet Supplies"); and (iii) Home and Garden Business, which consists of our home and garden and insect control business (the "Home and Garden Business"). Management reviews our performance based on these segments. For information pertaining to our business segments, see Note 11, "Segment Results" of Notes to Condensed Consolidated Financial Statements (Unaudited), included in this Quarterly Report on Form 10-Q.

Global and geographic strategic initiatives and financial objectives are determined at the corporate level. Each business segment is responsible for implementing defined strategic initiatives and achieving certain financial objectives and has a general manager responsible for sales and marketing initiatives and the financial results for all product lines within that business segment.

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.

Results of Operations

Fiscal Quarter and Fiscal Nine Month Period Ended July 1, 2012 Compared to Fiscal Quarter and Fiscal Nine Month Period Ended July 3, 2011

In this Quarterly Report on Form 10-Q we refer to the three months ended July 1, 2012 as the "Fiscal 2012 Quarter," the nine month period ended July 1, 2012 as the "Fiscal 2012 Nine Months," the three month period ended July 3, 2011 as the "Fiscal 2011 Quarter" and the nine month period ended July 3, 2011 as the "Fiscal 2011 Nine Months."

Net Sales. Net sales for the Fiscal 2012 Quarter increased $20 million to $825 million from $805 million in the Fiscal 2011 Quarter, a 3% increase. The following table details the principal components of the change in net sales from the Fiscal

2011 Quarter to the Fiscal 2012 Quarter (in millions):

		Net Sales
Fiscal 2011 Quarter Net Sales	$	805
Increase in pet supplies		17
Increase in home and garden control products		12
Increase in small appliances		9
Increase in electric shaving and grooming products		4
Increase in consumer batteries		4
Increase in electric personal care products		4
Decrease in portable lighting products		(1)
Foreign currency impact, net		(29)
Fiscal 2012 Quarter Net Sales	$	825

Net sales for the Fiscal 2012 Nine Months increased $60 million to $2,420 million from $2,360 million in the Fiscal 2011 Nine Months, a 3% increase. The following table details the principal components of the change in net sales from the Fiscal 2011 Nine Months to the Fiscal 2012 Nine Months (in millions):

		Net Sales
Fiscal 2011 Nine Months Net Sales	$	2,360
Increase in pet supplies		28
Increase in home and garden control products		27
Increase in small appliances		18
Increase in consumer batteries		15
Increase in electric personal care products		10
Increase in electric shaving and grooming products		9
Decrease in portable lighting products		(3)
Foreign currency impact, net		(44)
Fiscal 2012 Nine Months Net Sales	$	2,420

Consolidated net sales by product line for the Fiscal 2012 Quarter, the Fiscal 2011 Quarter, the Fiscal 2012 Nine Months, and the Fiscal 2011 Nine Months are as follows (in millions):

	Fiscal Quarter		Fiscal Nine Months	
	2012	2011	2012	2011
Product line net sales				
Consumer batteries	$ 190	$ 198	$ 623	$ 627
Small appliances	173	170	576	567
Pet supplies	157	144	449	425
Home and garden control products	167	155	300	273
Electric personal care products	54	53	195	191
Electric shaving and grooming products	63	62	215	211
Portable lighting products	21	23	62	66
Total net sales to external customers	$ 825	$ 805	$ 2,420	$ 2,360

Global consumer battery sales decreased $8 million, or 4%, during the Fiscal 2012 Quarter versus the Fiscal 2011 Quarter. Excluding the impact of negative foreign exchange of $12 million global consumer battery sales increased $4 million, or 2%. The growth of global consumer battery sales on a constant currency basis was driven by new customer listings as well as increased shelf space at existing customers, coupled with price increases, primarily in Latin America, and geographic expansion. Global consumer battery sales decreased $4 million, or 1% for the Fiscal 2012 Nine Months versus the Fiscal 2011 Nine Months. Excluding negative foreign exchange impacts of $19 million, global consumer battery sales increased $15 million, or 2% due to the factors discussed above for the Fiscal 2012 Quarter.

Small appliance sales increased $3 million, or 2%, during the Fiscal 2012 Quarter compared to the Fiscal 2011 Quarter, driven by increases in Latin America and Europe of $8 million and $6 million, respectively, tempered by decreased North American sales of $5 million. Foreign exchange negatively affected small appliance sales by $6 million. Latin American sales gains resulted from distribution gains with existing customers as well as price increases. European sales increases were attributable to market share gains in the United Kingdom and expansion of the Russell Hobbs brand throughout Europe. Decreased North American sales resulted from the nonrecurrence of Fiscal 2011 Quarter low margin promotions. For the Fiscal 2012 Nine Months, small appliance sales increased $9 million, or 2%, driven by the factors discussed for the Fiscal 2012 Quarter, coupled with increased North American sales in the first six months of the fiscal year ending September 30, 2012 ("Fiscal 2012") attributable to successful new product introductions and increased placement at a major customer.

Pet supply sales increased $13 million, or 9%, during the Fiscal 2012 Quarter, led by increases in companion animal and aquatics sales of $13 million and $4 million, respectively, tempered by $4 million in negative foreign currency impacts. Gains in companion animal sales were due to the FURminator acquisition and growth in the Nature's Miracle brand in the U.S., whereas gains in aquatics sales resulted from increases in North American aquarium starter kits and pond related sales, including new distribution at major retailers. For the Fiscal 2012 Nine Months, pet supply sales increased $24 million compared to the Fiscal 2011 Nine Months, driven by the strong Fiscal 2012 Quarter sales discussed above, which were tempered by lower European aquatics sales. Foreign exchange negatively impacted the Fiscal 2012 Nine Months sales by $4 million.

Home and garden control product sales increased $12 million, or 7%, during the Fiscal 2012 Quarter compared to the Fiscal 2011 Quarter, driven by increased household insect control sales of $11 million, resulting from strong retail distribution gains with existing customers and the Black Flag acquisition. Sales for the Fiscal 2012 Nine Months increased $27 million, or 10%, due to the factors discussed for the Fiscal 2012 Quarter.

Electric personal care sales increased $1 million, or 2%, for the Fiscal 2012 Quarter compared to the Fiscal 2011 Quarter, driven by increased Latin American and North American sales of $3 million and $2 million, respectively. These increases were attributable to continued success in new product categories and distribution gains in Latin America. The sales increases were tempered by a decrease in European sales of $1 million coupled with $3 million of negative foreign currency exchange. For the Fiscal 2012 Nine Months, electric personal care sales increased $4 million, or 2%, compared to the Fiscal 2011 Nine Months due to the same factors discussed for the Fiscal 2012 Quarter. Foreign exchange negatively impacted the Fiscal 2012 Nine Months sales by $5 million.

During the Fiscal 2012 Quarter, electric shaving and grooming product sales increased $1 million, or 2%, led by a $4 million increase in European sales and a $1 million increase in sales in Latin America. These gains were tempered by slight declines in North America and negative foreign exchange of $3 million. European sales gains were driven by successful promotions for new product launches, while the increase in Latin American sales was due to distribution and customer gains. Electric shaving and grooming sales for the Fiscal 2012 Nine Months increased $4 million, or 2%, driven by the gains discussed for the Fiscal 2012 Quarter, tempered by the elimination of lower margin North American promotions in the first quarter of Fiscal 2012.

Portable lighting sales in the Fiscal 2012 Quarter decreased $2 million compared to the Fiscal 2011 Quarter. The declines were attributable to a slight North American sales decline of $1 million, coupled with negative foreign exchange impacts of $1 million. Portable lighting sales for the Fiscal 2012 Nine Months decreased $4 million compared to the Fiscal 2011 Nine Months due to the non-recurrence of successful promotions during the first quarter of the year ended September 30, 2011 ("Fiscal 2011") and negative foreign currency exchange of $1 million.

Gross Profit. Gross profit for the Fiscal 2012 Quarter was $292 million versus $294 million for the Fiscal 2011 Quarter. Our gross profit margin for the Fiscal 2012 Quarter decreased to 35.4% from 36.5% in the Fiscal 2011 Quarter. The decrease in gross profit and gross profit margin resulted from a $3 million increase in commodity prices, increased costs from sourced goods, primarily from Asia, and a $2 million decrease due to changes in our customer freight programs during Fiscal 2012, which reduced sales and drove offsetting decreases in distribution expenses. These decreases in gross profit were tempered by increased sales which contributed $5 million in gross profit.

Gross profit for the Fiscal 2012 Nine Months was $836 million versus $848 million for the Fiscal 2011 Nine Months. Our gross profit margin decreased to 34.5% from 36.0% in the Fiscal 2012 Nine Months. The decrease in gross profit and gross profit margin for the Fiscal 2012 Nine Months was driven by a $12 million increase in commodity prices, increased costs from sourced goods, primarily from Asia, a $17 million increase in costs due to changes in product mix and a $3 million decrease due to the adjustment to customer freight programs discussed for the Fiscal 2012 Quarter. Further contributing to the decrease in gross margin during the Fiscal 2012 Nine Months was a $4 million increase in Restructuring and related charges included in cost of goods sold due to our announced closure of a zinc carbon battery manufacturing facility in Colombia. These decreases in gross profit were tempered by increased sales which contributed $21 million in gross profit.

Operating Expense. Operating expenses for the Fiscal 2012 Quarter totaled $196 million versus $215 million for the Fiscal 2011 Quarter, representing a decrease of $19 million. The decrease in operating expenses during the Fiscal 2012 Quarter is primarily attributable to decreased stock compensation expense of $4 million, decreased Restructuring and related charges of $3 million and decreased Acquisition and integration charges of $2 million. Further contributing to the lower operating expenses are synergies recognized subsequent to the Merger, savings from our global cost reduction initiatives and positive foreign exchange impacts of $8 million.

Operating expenses for the Fiscal 2012 Nine Months totaled $601 million versus $653 million for the Fiscal 2011 Nine Months, a decrease of $52 million. The decrease in operating expenses during the Fiscal 2012 Nine Months was driven by synergies being recognized subsequent to the Merger of $22 million, decreased Acquisition and integration charges of $11 million, positive foreign exchange impacts of $12 million and decreased stock compensation expense of $7 million.

See “*Acquisition and Integration Related Charges”* below, as well as Note 2, Significant Accounting Policies—Acquisition and Integration Related Charges, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our Acquisition and integration related charges.

Segment Results. As discussed above, we manage our business in three reportable segments: (i) Global Batteries & Appliances; (ii) Global Pet Supplies; and (iii) our Home and Garden Business.

The operating segment profits do not include restructuring and related charges, acquisition and integration related charges, interest expense, interest income and income tax expense. Corporate expenses primarily include general and administrative expenses and global long-term incentive compensation plans which are evaluated on a consolidated basis and not allocated to our operating segments. All depreciation and amortization included in income from operations is related to operating segments or corporate expense. Costs are allocated to operating segments or corporate expense according to the function of each cost center.

All capital expenditures are related to operating segments. Variable allocations of assets are not made for segment reporting.

Financial information pertaining to our reportable segments is contained in Note 11, “Segment Results,” to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q.

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 our debt covenant compliance. Adjusted EBITDA excludes certain items that are unusual in nature or not comparable from period to period. While we believe that Adjusted EBITDA is useful supplemental information, such adjusted results are not intended to replace our Generally Accepted Accounting Principles’ (“GAAP”) financial results and should be read in conjunction with those GAAP results.

Below are reconciliations of GAAP Net income (loss), as adjusted, to Adjusted EBIT and to Adjusted EBITDA for each segment and for Consolidated SB Holdings for the Fiscal 2012 Quarter, Fiscal 2012 Nine Months, the Fiscal 2011 Quarter and Fiscal 2011 Nine Months:

Fiscal 2012 Quarter	Global Batteries & Appliances	Global Pet Supplies	Home and Garden Business	Corporate / Unallocated Items(a)	Consolidated SB Holdings
			(in millions)		
Net income (loss), as adjusted [a]	$ 41	$ 19	$ 44	$ (45)	$ 59
Income tax benefit	—	—	—	(5)	(5)
Interest expense	—	—	—	40	40
Restructuring and related charges	2	2	—	—	4
Acquisition and integration related charges	3	2	—	—	5
Adjusted EBIT	$ 46	$ 23	$ 44	$ (10)	$ 103
Depreciation and amortization [b]	16	7	3	4	30
Adjusted EBITDA	$ 62	$ 30	$ 47	$ (6)	$ 133

Fiscal 2012 Nine Months	Global Batteries & Appliances	Global Pet Supplies	Home and Garden Business	Corporate / Unallocated Items(a)	Consolidated SB Holdings
			(in millions)		
Net income (loss), as adjusted [a]	$ 166	$ 47	$ 59	$ (229)	$ 43
Income tax expense	—	—	—	39	39
Interest expense	—	—	—	150	150
Restructuring and related charges	7	7	1	1	16
Acquisition and integration related charges	11	3	1	5	20
Adjusted EBIT	$ 184	$ 57	$ 61	$ (34)	$ 268
Depreciation and amortization [b]	46	20	9	16	91
Adjusted EBITDA	$ 230	$ 77	$ 70	$ (18)	$ 359

Fiscal 2011 Quarter	Global Batteries & Appliances	Global Pet Supplies	Home and Garden Business	Corporate / Unallocated Items(a)	Consolidated SB Holdings
			(in millions)		
Net income (loss), as adjusted [a]	$ 40	$ 15	$ 42	$ (68)	$ 29
Income tax expense	—	—	—	9	9
Interest expense	—	—	—	40	40
Restructuring and related charges	1	4	1	1	7
Acquisition and integration related charges	5	—	—	3	8
Adjusted EBIT	$ 46	$ 19	$ 43	$ (15)	$ 93
Depreciation and amortization [b]	17	6	3	8	34
Adjusted EBITDA	$ 63	$ 25	$ 46	$ (7)	$ 127

Fiscal 2011 Nine Months	Global Batteries & Appliances	Global Pet Supplies	Home and Garden Business	Corporate / Unallocated Items(a)	Consolidated SB Holdings
			(in millions)		
Net income (loss), as adjusted [a]	$ 155	$ 43	$ 49	$ (288)	$ (41)
Income tax expense	—	—	—	69	69
Interest expense	—	—	—	166	166
Restructuring and related charges	2	10	2	4	18
Acquisition and integration related charges	24	—	—	7	31
Other	(1)	—	—	—	(1)
Adjusted EBIT	$ 180	$ 53	$ 51	$ (42)	$ 242
Depreciation and amortization [b]	51	18	9	23	101
Adjusted EBITDA	$ 231	$ 71	$ 60	$ (19)	$ 343

(a) It is our policy to record Income tax (benefit) expense and interest expense on a consolidated basis. Accordingly, such amounts are not reflected in the operating results of the operating segments and are presented within Corporate / Unallocated Items.

(b) Included within depreciation and amortization is amortization of unearned restricted stock compensation.

Global Batteries & Appliances

	Fiscal Quarter		Fiscal Nine Months	
	2012	2011	2012	2011
	(in millions)			
Net sales to external customers	$ 501	$ 505	$ 1,670	$ 1,661
Segment profit	$ 47	$ 45	$ 186	$ 180
Segment profit as a % of net sales	9.4%	9.0%	11.1%	10.9%
Segment Adjusted EBITDA	$ 62	$ 63	$ 230	$ 231
Assets as of July 1, 2012 and September 30, 2011	$ 2,183	$ 2,275	$ 2,183	$ 2,275

Segment net sales to external customers in the Fiscal 2012 Quarter decreased $4 million to $501 million from $505 million during the Fiscal 2011 Quarter, a 1% decrease, driven by unfavorable foreign currency exchange translation which impacted net sales in the Fiscal 2012 Quarter by approximately $25 million. Excluding exchange, segment sales increased by $21 million, led by increased small appliances sales of $9 million. Geographically, Latin American small appliance sales increased $8 million, followed by an increase in European small appliance sales of $6 million, tempered by a $5 million decrease in North American small appliance sales. Latin American sales gains were attributable to price increases and distribution gains with existing customers, whereas European sales increases resulted from market share gains in the United Kingdom and expansion of the Russell Hobbs brand throughout Europe. The decline in North American small appliances sales resulted from the nonrecurrence of low margin promotions that occurred during the Fiscal 2011 Quarter. Excluding foreign exchange, electric shaving and grooming sales increased $4 million, driven by increases of $4 million related to successful new product launches in Europe and $1 million of distribution gains with existing customers in Latin America, tempered by a slight decrease in North American sales. Electric personal care product sales increased $4 million, excluding foreign exchange impacts, led by increased Latin American and North American sales of $3 million and $2 million, respectively, resulting from successful new product introductions and distribution gains in Latin America. The gains in electric personal care product sales were tempered by a $1 million decrease in European sales driven by declining women's hair straightener sales which is attributed to a change in fashion trends. Excluding foreign exchange impacts, global consumer batteries sales increased $4 million, driven by new customer listings as well as increased shelf space at existing customers, coupled with price increases, primarily in Latin America, and geographic expansion. Excluding foreign exchange, portable lighting sales decreased $1 million driven by declines in North America.

Segment net sales to external customers increased $9 million to $1,670 million in the Fiscal 2012 Nine Months, as compared to $1,661 million in the Fiscal 2011 Nine Months. Foreign exchange negatively affected the Fiscal 2012 Nine Months sales by $40 million. Small appliance sales increased $18 million for the Fiscal 2012 Nine Months, excluding foreign exchange impacts, led by a $13 million increase in Latin America and a $3 million increase in Europe resulting from the factors discussed above for the Fiscal 2012 Quarter. These gains were slightly offset by a $1 million decrease in North America due to the nonrecurrence of certain low margin promotions in the Fiscal 2012 Quarter, as discussed above, which offset strong North American sales in the first six months of Fiscal 2012, driven by new product introductions and increased placement at a major customer. Excluding foreign exchange impacts, consumer battery sales increased $15 million for the Fiscal 2012 Nine Months compared to the Fiscal 2011 Nine Months due to the factors discussed above for the Fiscal 2012 Quarter. Electronic personal care sales increased $10 million excluding foreign exchange for the Fiscal 2012 Nine Months, driven by increases in North America and Latin America of $10 million and $6 million, respectively, tempered by a $4 million decrease in European sales. These fluctuations within electronic personal care sales were driven by the factors discussed above for the Fiscal 2012 Quarter. Excluding foreign exchange, electric shaving and grooming sales increased $9 million, driven by gains in Europe due to the factors mentioned above for the Fiscal 2012 Quarter. Portable lighting sales for the Fiscal 2012 Nine Months decreased $3 million, excluding foreign exchange, compared to the Fiscal 2011 Nine Months due to the non-recurrence of successful promotions during the first quarter of Fiscal 2011 and lower severe weather related sales.

Segment profitability in the Fiscal 2012 Quarter increased to $47 million from $45 million in the Fiscal 2011 Quarter. Segment profitability as a percentage of net sales increased to 9.4% in the Fiscal 2012 Quarter compared to 9.0% in the Fiscal 2011 Quarter. The increase is primarily attributable to favorable changes in product mix and decreased depreciation of property, plant and equipment, tempered by decreased sales and increased commodity prices. Segment profitability in the Fiscal 2012 Nine Months increased to $186 million from $180 million in the Fiscal 2011 Nine Months due to increased sales, synergies recognized following the Merger, and the factors discussed above for the Fiscal 2012 Quarter.

Segment Adjusted EBITDA in the Fiscal 2012 Quarter decreased slightly to $62 million from $63 million, due to decreased sales and increased commodity costs, which was partially offset by favorable product mix. Segment Adjusted EBITDA in the Fiscal 2012 Nine Months also decreased $1 million compared to the Fiscal 2011 Nine Months driven by the same factors mentioned for the Fiscal 2012 Quarter.

Segment assets at July 1, 2012 decreased to $2,183 million from $2,275 million at September 30, 2011. The decrease is primarily due to the impact of unfavorable foreign currency translation, amortization of intangible assets and decreases in the segment's cash balance. Goodwill and intangible assets, which are directly a result of the revaluation impacts of fresh-start reporting and the Merger, decreased slightly to $1,255 million at July 1, 2012 from $1,295 million at September 30, 2011.

Global Pet Supplies

	Fiscal Quarter		Fiscal Nine Months	
	2012	2011	2012	2011
		(in millions)		
Net sales to external customers	$ 157	$ 144	$ 449	$ 425
Segment profit	$ 22	$ 19	$ 58	$ 54
Segment profit as a % of net sales	14.3%	13.4%	12.9%	12.7%
Segment Adjusted EBITDA	$ 30	$ 25	$ 77	$ 71
Assets as of April 1, 2012 and September 30, 2011	$ 974	$ 828	$ 974	$ 828

Segment net sales to external customers in the Fiscal 2012 Quarter increased to $157 million compared to $144 million in the Fiscal 2011 Quarter, driven by increased companion animal sales and aquatics sales of $13 million and $4 million, respectively. Companion animal sales increases resulted from the FURminator acquisition in Fiscal 2012 and expansion of the Nature's Miracle brand in the U.S., while strong North American aquarium starter kits and pond related sales drove the increase in aquatics sales. Foreign exchange negatively impacted the Fiscal 2012 Quarter pet supplies sales by $4 million. Pet supply sales for the Fiscal 2012 Nine Months increased $24 million to $449 million from $425 million in the Fiscal 2011 Nine Months. Sales increases in the Fiscal 2012 Nine Months were primarily attributable to the factors discussed above for the Fiscal 2011 Quarter, tempered by lower European aquatics sales in the first quarter of Fiscal 2012. FURminator sales were $10 million for the Fiscal 2012 Quarter and $18 million for the Fiscal 2012 Nine Months.

Segment profitability increased $3 million in the Fiscal 2012 Quarter to $22 million. Segment profitability as a percentage of sales in the Fiscal 2012 Quarter increased to 14.3% from 13.4% in the same period last year. The increase in segment profit and segment profitability as a percentage of sales is attributable to increased sales and pricing improvements in the Fiscal 2012 Quarter, partially offset by changes in product mix which negatively impacted margins. Segment profit for the Fiscal 2012 Nine Months increased $4 million to $58 million, primarily due to the increase in sales. Segment profitability as a percentage of sales increased slightly to 12.9% in the Fiscal 2012 Nine Months versus 12.7% in the Fiscal 2011 Nine Months due to the factors discussed above for the Fiscal 2012 Quarter.

Segment Adjusted EBITDA in the Fiscal 2012 Quarter increased $5 million, to $30 million, from $25 million in the Fiscal 2011 Quarter. Segment Adjusted EBITDA for the Fiscal 2012 Nine Months increased $6 million, to $77 million, compared to the Fiscal 2011 Nine Months. The increase in Adjusted EBITDA in both the Fiscal 2012 Quarter and the Fiscal 2012 Nine Months is due to the factors driving increased segment profitability discussed above.

Segment assets at July 1, 2012 increased to $974 million from $828 million at September 30, 2011. The increase is primarily due to the acquisition of FURminator during the Fiscal 2012 Nine Months. Goodwill and intangible assets, which are substantially the result of the revaluation impacts of fresh-start reporting and acquisitions, increased to $713 million at July 1, 2012 from $595 million at September 30, 2011.

Home and Garden Business

	Fiscal Quarter		Fiscal Nine Months	
	2012	2011	2012	2011
	(in millions)			
Net sales to external customers	$ 167	$ 155	$ 300	$ 273
Segment profit	$ 44	$ 43	$ 61	$ 51
Segment profit as a % of net sales	26.5%	27.6%	20.1%	18.7%
Segment Adjusted EBITDA	$ 47	$ 46	$ 70	$ 60
Assets as of April 1, 2012 and September 30, 2011	$ 568	$ 476	$ 568	$ 476

Segment net sales to external customers increased $12 million, or 7%, during the Fiscal 2012 Quarter, to $167 million, compared to $155 million in the Fiscal 2011 Quarter. Household insect control sales increased $11 million in the Fiscal 2012 Quarter resulting from retail distribution gains and the Black Flag acquisition. Sales for the Fiscal 2012 Nine Months increased $27 million to $300 million driven by increases of $22 million in household insect control sales, due to the factors discussed for the Fiscal 2012 Quarter, and $5 million in lawn and garden control sales as a result of increased distribution with existing customers. Black Flag sales were $9 million and $16 million for the Fiscal 2012 Quarter and Fiscal 2012 Nine Months, respectively.

Segment profitability in the Fiscal 2012 Quarter improved $1 million, to $44 million, from $43 million in the Fiscal 2011 Quarter driven by the increase in sales for the Fiscal 2012 Quarter. Segment profitability as a percentage of sales in the Fiscal 2012 Quarter declined to 26.5%, from 27.6% in the same period last year. This decrease in segment profitability was driven by product mix within household insect control as a result of softer volume in high margin backyard bug control products while maintaining volume in lower margin candles and personal repellants. Segment profitability for the Fiscal 2012 Nine Months increased $10 million, to $61 million, versus $51 million in the Fiscal 2011 Nine Months. Segment profitability as a percentage of sales increased to 20.1% in the Fiscal 2012 Nine Months from 18.7% in the Fiscal 2011 Nine Months. The increase in segment profitability for the Fiscal 2012 Nine Months was due to the increased sales for the period coupled with savings from our restructuring initiatives and strong control over operating expenses.

Segment Adjusted EBITDA was $47 million in the Fiscal 2012 Quarter, an increase of $1 million, compared to segment Adjusted EBITDA of $46 million in the Fiscal 2011 Quarter. Home and garden segment Adjusted EBITDA for the Fiscal 2012 Nine Months increased $10 million, to $70 million, compared to $60 million in the Fiscal 2011 Nine Months. The increase in segment Adjusted EBITDA is attributable to the same factors that led to the increase in segment profit discussed above.

Segment assets at July 1, 2012 increased to $568 million from$476 million at September 30, 2011. Goodwill and intangible assets, which are substantially a result of the revaluation impacts of fresh-start reporting and acquisitions, increased to $437 million at July 1, 2012, from $404 million at September 30, 2011, driven by the Black Flag acquisition. The remaining increase in segment assets was driven by the normal seasonal increase in trade accounts receivables and inventory as we are currently in our major selling season.

Corporate Expense. Our corporate expense was $9 million in the Fiscal 2012 Quarter compared to $14 million in the Fiscal 2011 Quarter. This decrease is primarily attributable to a $4 million decrease in stock based compensation expense. Corporate expense as a percentage of consolidated net sales for the Fiscal 2012 Quarter decreased to 1.1% versus 1.8% for the Fiscal 2011 Quarter. Our corporate expense during the Fiscal 2012 Nine Months was $33 million compared to $41 million during the Fiscal 2011 Nine Months. This reduction is primarily related to a $7 million decrease in stock based compensation expense. Corporate expense as a percentage of consolidated net sales for the Fiscal 2012 Nine Months decreased to 1.4% compared to 1.7% during the Fiscal 2011 Nine Months.

Acquisition and Integration and Related Charges. Acquisition and integration related charges include, but are not limited to, transaction costs such as banking, legal and accounting professional fees directly related to acquisitions, termination and related costs for transitional and certain other employees, integration related professional fees and other post business combination related expenses associated with our acquisitions.

We incurred $5 million of Acquisition and integration related charges during the Fiscal 2012 Quarter in connection with the Merger and the acquisitions of Black Flag and FURminator, which consisted of the following: (i) $1 million of legal and professional fees; (ii) $2 million of employee termination charges; and (iii) $2 million of integration costs. We incurred $7 million of Acquisition and integration related charges during the Fiscal 2011 Quarter in connection with the Merger which primarily consisted primarily of $7 million of integration costs. We incurred $21 million of Acquisition and integration related charges during the Fiscal 2012 Nine Months in connection with the Merger and the acquisitions of Black Flag and FURminator, which consisted of: (i) $6 million of legal and professional fees; (ii) $5 million of employee termination charges; and (iii) $10 million of integration costs. We incurred $31 million of Acquisition and integration related charges during the Fiscal 2011 Nine Months in connection with the Merger, which consisted of: (i) $4 million of legal and professional fees; (ii) $5 million of employee termination charges; and (iii) $22 million of integration costs.

Restructuring and Related Charges. See Note 12, "Restructuring and Related Charges" to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our restructuring and related charges.

Interest Expense. Interest expense in the Fiscal 2012 Quarter of $40 million was unchanged from the Fiscal 2011 Quarter. Lower expense from the replacement of our 12% Notes with our 6.75% Notes in Fiscal 2012 was offset primarily by higher expense from increased principal primarily related to our 9.5% Notes and expenses related to the amendment of our ABL Revolving Credit Facility. Interest expense in the Fiscal 2012 Nine Months decreased to $150 million from $166 million in the Fiscal 2011 Nine Months. The decrease is attributed to the factors mentioned above, reduced principal and lower effective interest rates related to our Term Loan, lower expense for interest rate swaps and other fees and expenses, partially offset by increased principal related to our 9.5% Notes. See Note 6, "Debt," to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our outstanding debt.

Income Taxes. Our effective tax rate on income from continuing operations is approximately (10)% for the Fiscal 2012 Quarter. Our effective tax rate on income from continuing operations is approximately 47% for the Fiscal 2012 Nine Months. Our effective tax rate on the income (loss) from continuing operations was approximately 24% and 244% for the Fiscal 2011 Quarter and Fiscal 2011 Nine Months, respectively. There are three significant factors impacting our book income tax rate. First, we are very profitable in our foreign jurisdictions and therefore must provide for foreign income taxes even while we have a book loss in the U.S. Our book loss in the U.S. is the result of substantially all of our debt and restructuring costs being incurred in our U.S. entities. Second, since there is a valuation allowance against U.S. deferred tax assets, we are unable to realize any financial statement benefit related to our U.S. domestic losses. This impact is further exacerbated by the tax amortization of certain domestic indefinite lived intangible assets. The deferred tax liabilities created by the tax amortization of these intangibles cannot be used to offset corresponding increases in net operating loss deferred tax assets in determining the Company's domestic valuation allowance. This results in additional net domestic tax expense despite the U.S. domestic book losses. Third, in the first Quarter of Fiscal 2012, we recognized a $14 million tax benefit from the release of a portion of our U.S. valuation allowance, as discussed below, in connection with the purchase of FURminator.

In light of our plans to voluntarily pay down our U.S. debt, repurchase shares, fund U.S. acquisitions and our ongoing U.S. operational cash flow requirements, we are not treating Fiscal 2012 and future earnings as permanently reinvested, except for locations precluded by local legal restrictions from repatriating earnings. Due to the valuation allowance recorded against U.S. net deferred tax assets, including net operating loss carryforwards, we do not recognize any incremental U.S. tax expense on the expected future repatriation of foreign earnings. Should the U.S. valuation allowance be released at some future date, the U.S. tax on foreign earnings not permanently reinvested might have a material effect on our effective tax rate. For Fiscal 2012, we project less than $3 million of additional tax expense from non-U.S. withholding and other taxes expected to be incurred on repatriation of current earnings.

We have had changes of ownership, as defined under Internal Revenue Code ("IRC") Section 382, that continue to subject a significant amount of our U.S. federal and state net operating losses and other tax attributes to certain limitations. At July 1, 2012, we are estimating that at September 30, 2012 we will have U.S. federal and state net operating loss carryforwards of approximately $1,312 million and $1,348 million, respectively, which will expire through years ending in 2033, and we will have foreign net operating loss carryforwards of approximately $114 million, which will expire beginning in 2013. Certain of the foreign net operating losses have indefinite carryforward periods. Limitations apply to a substantial portion of the U.S. federal and state net operating loss carryforwards in accordance with IRC Section 382. As such, we estimate that approximately $301 million of our federal and $385 million of our state net operating losses will expire unused.

The ultimate realization of our deferred tax assets depends on our ability to generate sufficient taxable income of the appropriate character in the future and in the appropriate taxing jurisdictions. We establish valuation allowances for deferred tax assets when we estimate it is more likely than not that the tax assets will not be realized. 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. Accounting Standards Codification Topic 740: "*Income Taxes"*, ("ASC 740") requires the establishment of a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In accordance with ASC 740, we periodically assess the likelihood that our deferred tax assets will be realized and determine if adjustments to the valuation allowance are appropriate. As a result of this assessment, we determined that a full valuation allowance is required against the tax benefit of our net deferred tax assets in the U.S., excluding certain indefinite lived intangibles. In addition, certain other subsidiaries are subject to valuation allowances with respect to certain deferred tax assets, including the net operating losses of one of our Brazilian subsidiaries. During the Fiscal 2012 Nine Months, we decreased our valuation allowance against net deferred tax assets by approximately $14 million, including the $14 million tax adjustment referenced above.

Our total valuation allowance, established for the tax benefit of deferred tax assets that may not be realized, was approximately $360 million and $374 million at July 1, 2012 and September 30, 2011, respectively. Of this amount, approximately $329 million and $339 million relates to U.S. net deferred tax assets at July 1, 2012 and September 30, 2011, respectively, and approximately $31 million and $35 million relates to foreign net deferred tax assets at July 1, 2012 and September 30, 2011, respectively.

As a result of the purchase of FURminator, we were able to release $14 million of U.S. valuation allowance during Fiscal 2012. The release was attributable to $14 million of net deferred tax liabilities recorded on the FURminator opening balance sheet that offset other U.S. net deferred tax assets.

ASC 740, which clarifies the accounting for uncertainty in tax positions, requires that we recognize in our financial statements the impact of a tax position, if that position is more likely than not to be sustained on audit, based on the technical merits of the position. As of July 1, 2012 and September 30, 2011, the total amount of unrecognized tax benefits that, if recognized, would affect the effective income tax rate in future periods was $5 million and $9 million, respectively. At July 1, 2012 and September 30, 2011, we had approximately $4 million and $5 million of accrued interest and penalties related to uncertain tax positions, respectively.

Liquidity and Capital Resources

Operating Activities

Operating Activities. For the Fiscal 2012 Nine Months, cash used by operating activities totaled $72 million compared to $1 million during the Fiscal 2011 Nine Months. The $71 million increase in cash used by operating activities was primarily due to:

- A $97 million use of cash for working capital and other items driven by higher seasonal increases in inventories and higher seasonal decreases in accounts payable, partially offset by lower seasonal decreases in accrued salaries and higher seasonal decreases in accounts receivable; and
- Higher cash payments for income taxes of $7 million; partially offset by
- Higher income before income tax expense and interest expense of $28, excluding depreciation and amortization;
- Lower cash acquisition and restructuring costs of $13 million.
- Lower cash payments for interest of $4 million; and
- Other items totaling a cash use of $12 million.

We expect to fund our cash requirements, including capital expenditures, interest and principal payments due in Fiscal 2012 through a combination of cash on hand and cash flows from operations and available borrowings under our ABL Revolving Credit Facility. Going forward, our ability to satisfy financial and other covenants in our senior credit agreements and senior unsecured indenture and to make scheduled payments or prepayments on our debt and other financial obligations will depend on our future financial and operating performance. There can be no assurances that our business will generate sufficient cash flows from operations or that future borrowings under our ABL Revolving Credit Facility will be available in an amount sufficient to satisfy our debt maturities or to fund our other liquidity needs.

We are not treating Fiscal 2012 and future earnings as permanently reinvested. At July 1, 2012, there are no significant foreign cash balances available for repatriation. For the remainder of Fiscal 2012, we expect to generate between $20 million and $40 million of foreign cash that will be repatriated for general corporate purposes.

See Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2011, for further discussion of the risks associated with our ability to service all of our existing indebtedness, our ability to maintain compliance with financial and other covenants related to our indebtedness and the impact of the current economic crisis.

Investing Activities

Net cash used by investing activities was $218 million for the Fiscal 2012 Nine Months. For the Fiscal 2011 Nine Months net cash used by investing activities was $33 million. The $185 million increase in cash used by investing activities in the Fiscal 2012 Nine Months is driven by an increase in cash used for acquisitions of $173 million, which related to the $139 million, net of cash acquired, purchase of FURminator and the $44 million acquisition of Black Flag, which was partially offset by the $11 million acquisition of Seed Resources, Inc., net of cash acquired, in the Fiscal 2011 Nine Months. Also contributing to the increase in cash used in investing activities during the Fiscal 2012 Nine Months was a $5 million increase in capital expenditures and the non-recurrence of a $7 million cash inflow related to the sale of assets held for sale in the Fiscal 2011 Nine Months.

Financing Activities

Debt Financing

At July 1, 2012 we had the following debt instruments: (i) a senior secured term loan (the “Term Loan”) pursuant to a senior credit agreement (the “Senior Credit Agreement”) ; (ii) 9.5% secured notes (the “9.5% Notes”); (iii) 6.75% unsecured notes (the “6.75% Notes”); and (iv) a $300 million ABL revolving credit facility (the “ABL Revolving Credit Facility,” and, together with the Term Loan and the 6.75% Notes and the 9.5% Notes, (the “Senior Credit Facilities”).

At July 1, 2012, the aggregate amount of principal outstanding under our debt instruments was as follows: (i) $521 million under the Term Loan, maturing June 17, 2016; (ii) $950 million under the 9.5% Notes, maturing June 15, 2018; (iii) $300 million under the 6.75% Notes, maturing March 15, 2020; and (iv) $3 million under the ABL Revolving Credit Facility, expiring May 3, 2016.

At July 1, 2012, we were in compliance with all covenants under the Senior Credit Agreement, the indenture governing the 9.5% Notes, the indenture governing the 6.75% Notes and the credit agreement governing the ABL Revolving Credit Facility.

See Note 7, “Debt,” to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our outstanding debt.

Interest Payments and Fees

In addition to principal payments on our Senior Credit Facilities, we have annual interest payment obligations of approximately $90 million in the aggregate under our 9.5% Notes and annual interest payment obligations of approximately $20 million in the aggregate under our 6.75% Notes. We also incur interest on our borrowings under the Term Loan and such interest would increase borrowings under the ABL Revolving Credit Facility if cash were not otherwise available for such payments. Interest on the 9.5% Notes and interest on the 6.75% Notes is payable semi-annually in arrears and interest under the Senior Credit Facilities is payable on various interest payment dates as provided in the Senior Credit Agreement and the ABL Credit Agreement. Interest on our debt is payable in cash. Based on amounts currently outstanding under the Senior Credit Facilities, and using market interest rates and foreign exchange rates in effect at July 1, 2012, we estimate annual interest payments of approximately $27 million in the aggregate under our Senior Credit Facilities would be required assuming no further principal payments were to occur. We are required to pay certain fees in connection with the Senior Credit Facilities. Such fees include a quarterly commitment fee of up to 0.375% on the unused portion of the ABL Revolving Credit Facility and certain additional fees with respect to the letter of credit sub-facility under the ABL Revolving Credit Facility.

Equity Financing Activities

During the Fiscal 2012 Nine Months, we granted approximately 0.7 million shares of restricted stock to our employees and our directors. All vesting dates are subject to the recipient’s continued employment with us, except as otherwise permitted by our Board of Directors, or in certain cases if the employee is terminated without cause. The total market value of the restricted shares on the date of grant was approximately $20 million which represented unearned restricted stock compensation. Unearned compensation is amortized to expense over the appropriate vesting period.

Off-Balance Sheet Arrangements

We do 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 and Commercial Commitments

There have been no material changes to our contractual obligations and commercial commitments as discussed in our

Annual Report on Form 10-K for Fiscal 2011.

Critical Accounting Policies and Critical Accounting Estimates

Our Condensed Consolidated Financial Statements (Unaudited), included in this Quarterly Report on Form 10-Q, have been prepared in accordance with generally accepted accounting principles in the United States of America and fairly present our financial position and results of operations. There have been no material changes to our critical accounting policies or critical accounting estimates as discussed in our Annual Report on Form 10-K for Fiscal 2011.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Factors

We have market risk exposure from changes in interest rates, foreign currency exchange rates and commodity prices. We use derivative financial instruments to mitigate the risk from such exposures.

A discussion of our accounting policies for derivative financial instruments is included in Note 8, Derivative Financial Instruments, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q.

Interest Rate Risk

We have bank lines of credit at variable interest rates. The general level of U.S. interest rates, LIBOR and Euro LIBOR affect interest expense. We periodically use interest rate swaps to manage such risk. The net amounts to be paid or received under interest rate swap agreements are accrued as interest rates change, and are recognized over the life of the swap agreements as an adjustment to interest expense from the underlying debt to which the swap is designated. The related amounts payable to, or receivable from, the contract counter-parties are included in accrued liabilities or accounts receivable. At July 1, 2012, there were no outstanding interest rate derivative instruments.

Foreign Exchange Risk

We are subject to risk from sales and loans to and from our subsidiaries as well as sales to, purchases from and bank lines of credit with third-party customers, suppliers and creditors, respectively, denominated in foreign currencies. Foreign currency sales and purchases are made primarily in Euro, Pounds Sterling, Canadian Dollars, Australian Dollars and Brazilian Reals. We manage our foreign exchange exposure from anticipated sales, accounts receivable, intercompany loans, firm purchase commitments, accounts payable and credit obligations through the use of naturally occurring offsetting positions (borrowing in local currency), forward foreign exchange contracts, foreign exchange rate swaps and foreign exchange options. The related amounts payable to, or receivable from, the contract counter-parties are included in accounts payable or accounts receivable.

Commodity Price Risk

We are exposed to fluctuations in market prices for purchases of zinc used in our manufacturing processes. We use commodity swaps and calls to manage such risk. The maturity of, and the quantities covered by, the contracts are closely correlated to our anticipated purchases of the commodity. The cost of calls are amortized over the life of the contracts and are recorded in cost of goods sold, along with the effects of the swap and call contracts. The related amounts payable to, or receivable from, the counter-parties are included in accounts payable or accounts receivable.

Sensitivity Analysis

The analysis below is hypothetical and should not be considered a projection of future risks. Earnings projections are before tax.

At July 1, 2012, there were no outstanding interest rate derivative instruments.

At July 1, 2012, the potential change in fair value of outstanding foreign exchange derivative instruments, assuming a 10% unfavorable change in the underlying exchange rates, would be a loss of $31.9 million. The net impact on reported earnings, after also including the effect of the change in the underlying foreign currency-denominated exposures, would be a net gain of $21.1 million.

At July 1, 2012, the potential change in fair value of outstanding commodity price derivative instruments, assuming a 10% unfavorable change in the underlying commodity prices, would be a loss of $2.9 million. The net impact on reported earnings, after also including the reduction in cost of one year’s purchases of the related commodities due to the same change in commodity prices, would be a loss of $0.5 million.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures. Our management, with the participation of our principal executive officer and principal financial officer, has evaluated the effectiveness of our disclosure controls and procedures (as such term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act")) pursuant to Rules 13a-15(b) and 15d-15(b) under the Exchange Act as of the end of the period covered by this Quarterly Report on Form 10-Q. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer have concluded that, as of such date, our disclosure controls and procedures are effective to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable SEC rules and forms, and is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting. There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the period covered by this Quarterly Report on Form 10-Q that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

Limitations on the Effectiveness of Controls. Our management, including our Chief Executive Officer and Chief Financial Officer, does not expect that the Company's disclosure controls and procedures or the Company's internal controls over financial reporting will prevent all errors and all fraud. A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Litigation

See Note 13, “Commitments and Contingencies” to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our legal proceedings.

Item 1A. Risk Factors

When considering an investment in the Company, you should carefully consider the risk factors discussed in our Annual Report on Form 10-K filed with the SEC on December 8, 2011 (our "Form 10-K"), our Quarterly Report on Form 10-Q filed with the SEC on February 3, 2012 (our "Q1 Form 10-Q") and our Quarterly Report on Form 10-Q filed with the SEC on May 9, 2012 (our "Q2 Form 10-Q), as well as the risk factors below. Any of these risk factors could materially and adversely affect our or our subsidiaries' business, financial condition and results of operations and these risk factors are not the only risks that we or our subsidiaries may face. Additional risks and uncertainties not presently known to us or our subsidiaries or that are not currently believed to be material also may adversely affect us or our subsidiaries. With the exception of the modifications to previously disclosed risk factors discussed below, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of our Form 10-K and Part II, Item 1A, of our Q1 Form 10-Q and Q2 Form 10-Q.

Risks Related To Our Business

The sale or other disposition by Harbinger Group Inc., the holder of a majority of the outstanding shares of our common stock, to non-affiliates of a sufficient amount of the common stock of SB Holdings, or a change in control of Harbinger Group Inc., could constitute a change of control under the agreements governing Spectrum Brands' debt.

Harbinger Group Inc. ("HRG") owns a majority of the outstanding shares of the common stock of SB Holdings. The sale or other disposition by HRG to non-affiliates of a sufficient amount of the common stock of SB Holdings could constitute a change of control under the agreements governing Spectrum Brands' debt, including any foreclosure on or sale of SB Holdings' common stock pledged as collateral by HRG pursuant to the indenture governing HRG's 10.625% Senior Secured Notes due 2015. A change in control under Spectrum Brands' debt could also result from a change in control of HRG following the sale or other disposition by the Harbinger Parties to non-affiliates of a sufficient amount of the common stock of HRG. Such a disposition could include any foreclosure on or sale of HRG common stock pledged as collateral by the Harbinger Parties. One of the Harbinger Parties has pledged all of the shares of HRG common stock that it owns (representing a majority of the outstanding common stock of HRG), together with securities of other issuers, to secure portfolio financing. Under the Term Loan and the ABL Revolving Credit Facility, a change of control is an event of default and, if a change of control were to occur, Spectrum Brands would be required to get an amendment to these agreements to avoid a default. If Spectrum Brands was unable to get such an amendment, the lenders could accelerate the maturity of each of the Spectrum Brands Term Loan and the ABL Revolving Credit Facility. In addition, under the indentures governing the 9.5% Notes and the 6.75% Notes, upon a change of control of SB Holdings, Spectrum Brands is required to offer to repurchase such notes from the holders at a price equal to 101% of principal amount of the notes plus accrued interest or obtain a waiver of default from the holders of such notes. If Spectrum Brands was unable to make the change of control offer, or to obtain a waiver of default, it would be an event of default under the indentures that could allow holders of such notes to accelerate the maturity of the notes. See "Risks Related to SB Holdings' Common Stock-The Harbinger Parties and HRG exercise significant influence over us and their interests in our business may be different from the interests of our stockholders" in our Form 10-K.

On June 27, 2012, the United States Securities and Exchange Commission ("SEC") filed two civil actions in the United States District Court for the Southern District of New York, asserting claims against Harbinger Capital Partners Special Situations GP, L.L.C. ("Harbinger Capital"), Harbinger Capital Partners Offshore Manager, L.L.C., and certain of their current and former affiliated entities and persons, including Philip A. Falcone. Mr. Falcone is the Chief Executive Officer and Chairman of the Board of Directors of HRG, our parent. Investment funds managed by Harbinger Capital are the controlling stockholders of HRG, the majority stockholder of our direct parent company, SB Holdings. One civil action alleges that the defendants violated the anti-fraud provisions of the federal securities laws by engaging in market manipulation in connection with the trading of the debt securities of a particular issuer from 2006 to 2008. The other civil action alleges that the defendants violated the anti-fraud provisions of the federal securities laws in connection with a loan made by Harbinger Capital Partners Special Situations Fund, L.P. to Mr. Falcone in October 2009 and alleges further violations in connection with the circumstances and disclosure regarding alleged preferential treatment of, and agreements with, certain fund investors. As previously disclosed, Harbinger Capital and certain of its affiliates received "Wells Notices" in December 2011 with respect to the matters addressed by these actions.

We understand that Harbinger Capital and its affiliates deny the charges in the SEC's complaints and intend to vigorously defend against them. It is not possible at this time to predict the outcome of these actions, including whether the matters will result in settlements on any or all of the issues involved. However, in these actions the SEC is seeking a range of remedies, including permanent injunctive relief, disgorgement, civil penalties and pre-judgment interest and an order prohibiting Mr. Falcone from serving as an officer and director of any public company. If, following the outcome of these investigations, Harbinger Capital determines to dispose of the stock of HRG, or HRG determines to dispose of the stock of SB Holdings, this could constitute a change of control under the agreements governing our debt as discussed above.

Item 6. Exhibits

Please refer to the Exhibit Index.

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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 thereunto duly authorized.

Date: August 7, 2012	SPECTRUM BRANDS, INC.
	By: **/S/ ANTHONY L. GENITO**
	Anthony L. Genito
	Executive Vice President and Chief Financial Officer
	(Principal Financial Officer)

EXHIBIT INDEX

Exhibit 2.1	Purchase Agreement, dated February 21, 2004, by and among Rayovac Corporation, ROV Holding, Inc., VARTA AG, Interelectrica Adminstração e Participações Ltda., and Tabriza Brasil Empreendimentos Ltda. (filed by incorporation by reference to Exhibit 2.1 to Spectrum Brands, Inc.'s Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on June 14, 2004).
Exhibit 2.2	Joint Plan of Reorganization of Spectrum Jungle Labs Corporation, et al., Debtors (filed by incorporation by reference to Exhibit 99.T3E.2 to Spectrum Brands, Inc.'s Form T-3, filed with the SEC by Spectrum Brands, Inc. on April 28, 2009).
Exhibit 2.3	First Modification to Joint Plan of Reorganization (filed by incorporation by reference to Exhibit 99.2 to Spectrum Brands, Inc.'s Current Report on Form 8-K, filed with the SEC by Spectrum Brands, Inc. on July 16, 2009).
Exhibit 2.4	Second Modification to Joint Plan of Reorganization (filed by incorporation by reference to Exhibit 99.3 to Spectrum Brands, Inc.'s Current Report on Form 8-K, filed with the SEC by Spectrum Brands, Inc. on July 16, 2009).
Exhibit 2.5	Agreement and Plan of Merger by and among SB/RH Holdings, Inc., Battery Merger Corp., Grill Merger Corp., Spectrum Brands, Inc. and Russell Hobbs, Inc. dated as of February 9, 2010 (filed by incorporation by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on February 12, 2010).
Exhibit 2.6	Amendment to Agreement and Plan of Merger dated as of March 1, 2010 by and among SB/RH Holdings, Inc., Battery Merger Corp., Grill Merger Corp., Spectrum Brands, and Russell Hobbs, Inc. (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on March 2, 2010).
Exhibit 2.7	Second Amendment to Agreement and Plan of Merger dated as of March 26, 2010 by and among Spectrum Brands Holdings, Inc., Battery Merger Corp., Grill Merger Corp., Spectrum Brands, Inc., and Russell Hobbs, Inc. (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on March 29, 2010).
Exhibit 2.8	Third Amendment to Agreement and Plan of Merger dated as of April 30, 2010 by and among Spectrum Brands Holdings, Inc., Battery Merger Corp., Grill Merger Corp., Spectrum Brands, Inc., and Russell Hobbs, Inc. (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on May 3, 2010).
Exhibit 3.1	Restated Certificate of Incorporation of Spectrum Brands Holdings, Inc., dated June 16, 2010 (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-8 filed with the SEC on June 16, 2010).
Exhibit 3.2	Amended and Restated Bylaws of Spectrum Brands Holdings, Inc., adopted as of June 16, 2010 (incorporated by reference to the Registration Statement on Form S-8 filed with the SEC on June 16, 2010).
Exhibit 4.1	Specimen certificate for shares of common stock (filed by incorporation by reference to Exhibit 4.1 to the Registration Statement on Form 8-A filed with the SEC on May 27, 2010).
Exhibit 4.2	Indenture governing Spectrum Brands, Inc.'s 12% Senior Subordinated Toggle Notes due 2019, dated as of August 28, 2009, among Spectrum Brands, Inc., certain subsidiaries of Spectrum Brands, Inc., as guarantors, and U.S. Bank National Association, as trustee (filed by incorporation by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on August 31, 2009).
Exhibit 4.3	Supplemental Indenture, dated March 15, 2010, to the Indenture governing Spectrum Brands, Inc.'s 12% Senior Subordinated Toggle Notes due 2019, dated August 28, 2009, by and among Spectrum Brands, Inc. the guarantors named therein and U.S. Bank National Association, as trustee (filed by incorporation by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on March 16, 2010).
Exhibit 4.4	Second Supplemental Indenture, dated June 15, 2010, to the Indenture governing Spectrum Brands, Inc.'s 12% Senior Subordinated Toggle Notes due 2019, dated as of August 28, 2009, by and among Spectrum Brands, Inc., Battery Merger Corp. and U.S. Bank National Association, as trustee (filed by incorporation by reference to Exhibit 4.4 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).
Exhibit 4.5	Third Supplemental Indenture, dated June 16, 2010, to the Indenture governing Spectrum Brands, Inc.'s 12% Senior Subordinated Toggle Notes due 2019, dated as of August 28, 2009, by and among Spectrum Brands, Inc., Russell Hobbs, Inc. and U.S. Bank National Association, as trustee (filed by incorporation by reference to Exhibit 4.5 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).

Exhibit 4.6	Fourth Supplemental Indenture, dated December 13, 2010, to the Indenture governing Spectrum Brands, Inc.'s 12% Senior Subordinated Toggle Notes due 2019, dated as of August 28, 2009, by and among Spectrum Brands, Inc., Russell Hobbs, Inc. and U.S. Bank National Association, as trustee (filed by incorporation by reference to Exhibit 4.6 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 14, 2010).
Exhibit 4.7	Indenture governing Spectrum Brands, Inc.'s 9.5% Senior Secured Notes due 2018, dated as of June 16, 2010, among Spectrum Brands, Inc., the guarantors named therein and US Bank National Association, as trustee (filed by incorporation by reference to Exhibit 4.6 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).
Exhibit 4.8	Supplemental Indenture, dated December 13, 2010, to the Indenture governing Spectrum Brands, Inc.'s 9.5% Senior Secured Notes due 2018, dated as of June 16, 2010, among Spectrum Brands, Inc., the guarantors named therein and US Bank National Association, as trustee (filed by incorporation by reference to Exhibit 4.8 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 14, 2010).
Exhibit 4.9	Indenture governing Spectrum Brands, Inc.'s 6.75% Senior Notes due 2020, dated as of March 20, 2012, among Spectrum Brands, Inc., the guarantors named therein and US Bank National Association, as trustee(filed by incorporation by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on May 9, 2012).
Exhibit 10.1	Amended and Restated Employment Agreement, entered into as of October 22, 2009, by and between Spectrum Brands, Inc. and Kent J. Hussey (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on October 28, 2009).
Exhibit 10.2	2009 Spectrum Brands, Inc. Incentive Plan (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on August 31, 2009).
Exhibit 10.3	Registration Rights Agreement, dated as of August 28, 2009, by and among Spectrum Brands, Inc. and the investors listed on the signature pages thereto, with respect to Spectrum Brands Inc.'s 12% Senior Subordinated Toggle Notes due 2019 (filed by incorporation by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on August 31, 2009).
Exhibit 10.4	Registration Rights Agreement, dated as of August 28, 2009, by and among Spectrum Brands, Inc. and the investors listed on the signature pages thereto, with respect to Spectrum Brands, Inc.'s equity (filed by incorporation by reference to Exhibit 4.3 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on August 31, 2009).
Exhibit 10.5	Registration Rights Agreement, dated as of March 20, 2012, by and among Spectrum Brands, Inc. and the investors listed on the signature pages thereto, with respect to Spectrum Brands, Inc.'s 6.75% Senior Notes due 2020 (filed by incorporation by reference to Exhibit 10.5 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on May 9, 2012).
Exhibit 10.6	Form of Spectrum Brands, Inc. Restricted Stock Award Agreement under the 2009 Incentive Plan (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on October 28, 2009).
Exhibit 10.7	Support Agreement, dated as of February 9, 2010 by and among Avenue International Master, L.P., Avenue Investments, L.P., Avenue Special Situations Fund IV, L.P., Avenue Special Situations Fund V, L.P., Avenue-CDP Global Opportunities Fund, L.P. and Spectrum Brands, Inc. (filed by incorporation by reference to Exhibit 10.1 to the Current Report on form 8-K filed with the SEC by Spectrum Brands, Inc. on February 12, 2010).
Exhibit 10.8	Support Agreement, dated as of February 9, 2010 by and among Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P., Global Opportunities Breakaway Ltd. and Spectrum Brands, Inc. (filed by incorporation by reference to Exhibit 10.2 to the Current Report on form 8-K filed with the SEC by Spectrum Brands, Inc. on February 12, 2010).
Exhibit 10.9	Stockholder Agreement, dated as of February 9, 2010, by and among Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Funds, L.P., Global Opportunities Breakaway Ltd., and SB/RH Holdings, Inc. (filed by incorporation by reference to Exhibit 10.5 to the Current Report on form 8-K filed with the SEC by Spectrum Brands, Inc. on February 12, 2010).
Exhibit 10.10	Registration Rights Agreement, dated as of February 9, 2010, by and among Spectrum Brands Holdings, Inc., Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P., Global Opportunities Breakaway Ltd., Avenue International Master, L.P., Avenue Investments, L.P., Avenue Special Situations Fund IV, L.P., Avenue Special Situations Fund V, L.P. and Avenue-CDP Global Opportunities Fund, L.P. (filed by incorporation by reference to Exhibit 4.1 to the Registration Statement on Form S-4 filed with the SEC by Spectrum Brands Holdings, Inc. on March 29, 2010).

Exhibit 10.11	Letter Agreement dated as of March 1, 2010 by and among Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P., Global Opportunities Breakaway Ltd., and Spectrum Brands (filed by incorporation by reference to Exhibit 10.1 to the Current Report on form 8-K filed with the SEC by Spectrum Brands, Inc. on March 2, 2010).
Exhibit 10.12	Separation and Consulting Agreement between Spectrum Brands, Inc. and Kent J. Hussey, dated April 14, 2010 (filed by incorporation by reference to Exhibit 10.1 to the Current Report on form 8-K filed with the SEC by Spectrum Brands, Inc. on April 15, 2010).
Exhibit 10.13	Amendment and Consent and Amended and Restated Credit Agreement, dated as of February 1, 2011, by and among Spectrum Brands, Inc. and certain of its domestic subsidiaries, as borrowers, the lenders party thereto and Credit Suisse AG, as administrative agent (filed by incorporation by reference to Exhibit 10.12 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on February 11, 2011) and First Amendment to Amended and Restated Credit Agreement, dated as of December 15, 2011, among Spectrum Brands, Inc., SB/RH Holdings, LLC, Credit Suisse AG and the lenders party thereto (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on December 21, 2011).
Exhibit 10.14	Subsidiary Guaranty dated as of June 16, 2010, by and among the subsidiaries of Spectrum Brands, Inc. party thereto, certain additional subsidiary guarantors described therein and Credit Suisse AG, as administrative agent (filed by incorporation by reference to Exhibit 10.13 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).
Exhibit 10.15	Subsidiary Guaranty Supplement dated as of December 13, 2010, by and among Seed Resources, L.L.C. and Credit Suisse AG, as administrative agent (filed by incorporation by reference to Exhibit 10.14 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 14, 2010).
Exhibit 10.16	Guaranty dated as of June 16, 2010, by and among SB/RH Holdings, LLC and Credit Suisse AG, as administrative agent (filed by incorporation by reference to Exhibit 10.14 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).
Exhibit 10.17	Security Agreement dated as of June 16, 2010, by and among Spectrum Brands, Inc., SB/RH Holdings, LLC, the other grantors party thereto and Wells Fargo Bank, National Association, as collateral trustee (filed by incorporation by reference to Exhibit 10.15 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).
Exhibit 10.18	Security Agreement Supplement dated as of December 13, 2010, by and among Seed Resources, L.L.C. and Wells Fargo Bank, National Association, as collateral trustee (filed by incorporation by reference to Exhibit 10.17 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 14, 2010).
Exhibit 10.19	Loan and Security Agreement dated as of June 16, 2010, by and among Spectrum Brands, Inc. and certain of its domestic subsidiaries, as borrowers, the lenders party thereto and Bank of America, N.A., as administrative agent (filed by incorporation by reference to Exhibit 10.16 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).
Exhibit 10.20	Second Amendment to Loan and Security Agreement, dated as of March 4, 2011, by and among Spectrum Brands, Inc. and certain of its domestic subsidiaries, as borrowers, the lenders party thereto and Bank of America, N.A., as administrative agent (filed by incorporation by reference to Exhibit 10.19 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on May 12, 2011).
Exhibit 10.21	Third Amendment to Loan and Security Agreement, dated as of April 21, 2011, by and among Spectrum Brands, Inc. and certain of its domestic subsidiaries, as borrowers, the lenders party thereto and Bank of America, N.A., as administrative agent (filed by incorporation by reference to Exhibit 10.20 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on May 12, 2011).
Exhibit 10.22	Fourth Amendment to Loan and Security Agreement, dated as of May 24, 2012, by and among Spectrum Brands, Inc. and certain of its domestic subsidiaries, as borrowers, the lenders party thereto and Bank of America, N.A., as administrative agent.*
Exhibit 10.23	Joinder Agreement to Loan and Security Agreement and Other Loan Documents dated as of December 13, 2010, by and among Seed Resources, L.L.C., Spectrum Brands, Inc., Russell Hobbs, Inc., the subsidiaries of Spectrum Brands, Inc. party to the Loan and Security Agreement as borrowers, SB/RH Holdings, LLC and Bank of America, N.A. (filed by incorporation by reference to Exhibit 10.19 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 14, 2010).
Exhibit 10.24	Guaranty dated as of June 16, 2010, by and among the guarantors described therein and Bank of America, N.A., as administrative agent (filed by incorporation by reference to Exhibit 10.17 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).

Exhibit 10.25	Collateral Trust Agreement dated as of June 16, 2010, by and among Spectrum Brands, Inc., SB/RH Holdings, LLC, the other grantors party thereto, Credit Suisse AG, Cayman Islands Branch, as administrative agent, U.S. Bank National Association, as indenture trustee, and Wells Fargo Bank, National Association, as collateral trustee (filed by incorporation by reference to Exhibit 10.18 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).
Exhibit 10.26	Intercreditor Agreement dated as of June 16, 2010, by and among Spectrum Brands, Inc., SB/RH Holdings, LLC, the other grantors party thereto, Bank of America, N.A., as ABL agent, and Wells Fargo Bank, National Association, as term/notes agent (filed by incorporation by reference to Exhibit 10.19 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).
Exhibit 10.27	Joinder and Supplement to Intercreditor Agreement dated as of December 13, 2010, by and among Seed Resources, L.L.C., Spectrum Brands, Inc., Bank of America, N.A., as collateral agent and administrative agent, and Wells Fargo Bank, National Association, as collateral agent and trustee (filed by incorporation by reference to Exhibit 10.23 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 14, 2010).
Exhibit 10.28	Trademark Security Agreement dated as of June 16, 2010, by and among the loan parties party thereto and Wells Fargo Bank, National Association, as collateral trustee (filed by incorporation by reference to Exhibit 10.20 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).
Exhibit 10.29	Trademark Security Agreement dated as of December 13, 2010, by and among Seed Resources, L.L.C. and Wells Fargo Bank, National Association, as collateral trustee (filed by incorporation by reference to Exhibit 10.25 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 14, 2010).
Exhibit 10.30	Trademark Security Agreement dated as of December 13, 2010, by and among Seed Resources, L.L.C. and Bank of America, N.A., as collateral agent and administrative agent (filed by incorporation by reference to Exhibit 10.26 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 14, 2010).
Exhibit 10.31	Copyright Security Agreement dated as of June 16, 2010, by and among the loan parties party thereto and Wells Fargo Bank, National Association, as collateral trustee (filed by incorporation by reference to Exhibit 10.21 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).
Exhibit 10.32	Patent Security Agreement dated as of June 16, 2010, by and among the loan parties party thereto and Wells Fargo Bank, National Association, as collateral trustee (filed by incorporation by reference to Exhibit 10.22 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands, Inc. on August 18, 2010).
Exhibit 10.33	Patent Security Agreement dated as of December 13, 2010, by and among Seed Resources, L.L.C. and Wells Fargo Bank, National Association, as collateral trustee (filed by incorporation by reference to Exhibit 10.29 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 14, 2010).
Exhibit 10.34	Patent Security Agreement dated as of December 13, 2010, by and among Seed Resources, L.L.C. and Bank of America, N.A., as collateral agent and administrative agent (filed by incorporation by reference to Exhibit 10.30 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 14, 2010).
Exhibit 10.35	Amended and Restated Employment Agreement, entered into as of August 11, 2010, by and among Spectrum Brands, Inc., Spectrum Brands Holdings, Inc. and David R. Lumley (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on August 17, 2010).
Exhibit 10.36	First Amendment, dated as of November 16, 2010, to the Employment Agreement, dated as of August 11, 2010, by and among Spectrum Brands, Inc., Spectrum Brands Holdings, Inc. and David R. Lumley (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on November 22, 2010).
Exhibit 10.37	Retention Agreement, entered into as of August 11, 2010, by and between Spectrum Brands, Inc. and Anthony Genito (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on August 17, 2010).
Exhibit 10.38	Employment Agreement, effective June 9, 2008, by and between Spectrum Brands, Inc. and Anthony L. Genito (filed by incorporation by reference to Exhibit 10.15 to the Quarterly Report on Form 10-Q for the quarterly period ended June 29, 2008, filed with the SEC by Spectrum Brands, Inc. on August 8, 2008).

Exhibit 10.39	Amendment to the Employment Agreement, effective as of February 24, 2009, by and between Spectrum Brands, Inc. and Anthony L. Genito (filed by incorporation by reference to Exhibit 10.22 to the Annual Report on Form 10-K for the fiscal year ended September 30, 2009, filed with the SEC by Spectrum Brands, Inc. on December 29, 2009).
Exhibit 10.40	Description of Second Amendment to the Employment Agreement, effective as of August 28, 2009, by and between Spectrum Brands, Inc. and Anthony L. Genito (filed by incorporation by reference to Exhibit 10.23 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 29, 2009).
Exhibit 10.41	Third Amendment, dated as of November 16, 2010, to the Employment Agreement, dated as of June 9, 2008, by and among Spectrum Brands, Inc. and Anthony L. Genito (filed by incorporation by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on November 22, 2010).
Exhibit 10.42	Employment Agreement, entered into as of August 16, 2010, by and between Spectrum Brands, Inc. and Terry L. Polistina (filed by incorporation by reference to Exhibit 10.25 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands Holdings, Inc. on August 18, 2010).
Exhibit 10.43	First Amendment, dated as of November 16, 2010, to the Employment Agreement, dated as of August 16, 2010, by and among Spectrum Brands, Inc. and Terry L. Polistina (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on November 22, 2010).
Exhibit 10.44	Amended and Restated Employment Agreement, effective as of January 16, 2007, by and between Spectrum Brands, Inc. and John A. Heil (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on January 19, 2007).
Exhibit 10.45	Amendment to the Amended and Restated Employment Agreement, dated as of November 10, 2008, by and between Spectrum Brands, Inc. and John A. Heil (filed by incorporation by reference to Exhibit 10.7 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 10, 2008).
Exhibit 10.46	Second Amendment to the Amended and Restated Employment Agreement, effective as of February 24, 2009, by and between Spectrum Brands, Inc. and John A. Heil (filed by incorporation by reference to Exhibit 10.11 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 29, 2009).
Exhibit 10.47	Description of Third Amendment to the Amended and Restated Employment Agreement of John A. Heil, effective as of August 28, 2009 (filed by incorporation by reference to Exhibit 10.12 to the Annual Report on Form 10-K filed with the SEC by Spectrum Brands, Inc. on December 29, 2009).
Exhibit 10.48	Fourth Amendment, dated as of November 16, 2010, to the Amended and Restated Employment Agreement, dated as of January 16, 2007, by and among Spectrum Brands, Inc. and John A. Heil (filed by incorporation by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on November 22, 2010).
Exhibit 10.49	Spectrum Brands Holdings, Inc. 2007 Omnibus Equity Award Plan (formerly known as the Russell Hobbs, Inc. 2007 Omnibus Equity Award Plan) (filed by incorporation by reference to Exhibit 10.1 to the Registration Statement on Form S-8 filed with the SEC by Spectrum Brands Holdings, Inc. on June 16, 2010).
Exhibit 10.50	Separation Agreement, dated as of March 2, 2011, by and between Spectrum Brands, Inc. and John T. Wilson (filed by incorporation reference to Exhibit 10.1 to the Current Report on Form 8-k filed with the SEC by Spectrum Brands Holdings, Inc. on March 7, 2011).
Exhibit 10.51	Spectrum Brands Holdings, Inc. 2011 Omnibus Equity Award Plan (filed by incorporation by reference to Annex A to the Proxy Statement on Schedule 14A filed with the SEC by Spectrum Brands Holdings, Inc. on January 28, 2011).
Exhibit 31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
Exhibit 31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 the Sarbanes-Oxley Act of 2002.*
Exhibit 32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
Exhibit 32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document**

101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**

* Filed herewith

** In accordance with Regulation S-T, the XBRL-related information in Exhibit 101 to this Quarterly Report on Form 10-Q shall be deemed to be "furnished" and not "filed."

EXECUTION VERSION

FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT

THIS FOURTH AMENDMENT TO LOAN AND SECURITY AGREEMENT (this " Amendment") is made and entered into on May 24, 2012, by and among **SPECTRUM BRANDS, INC.**, a Delaware corporation ("Spectrum"), **DB ONLINE, LLC**, a Hawaii limited liability company ("DB Online"), **ROV HOLDING, INC.**, a Delaware corporation ("ROV Holding"), **ROVCAL, INC.**, a Wisconsin corporation ("ROVCAL"), **SCHULTZ COMPANY**, a Missouri corporation ("Schultz"), **SPECTRUM NEPTUNE US HOLDCO CORPORATION**, a Delaware corporation ("Spectrum Neptune"), **TETRA HOLDING (US), INC.**, a Delaware corporation ("Tetra Holding"), **UNITED INDUSTRIES CORPORATION**, a Delaware corporation ("United Industries"), **UNITED PET GROUP, INC.**, a Delaware corporation ("United Pet"), **SEED RESOURCES, L.L.C.**, a Michigan limited liability company ("Seed Resources"), **APN HOLDING COMPANY, INC.**, a Delaware corporation ("APN"), **APPLICA AMERICAS, INC.**, a Delaware corporation ("Applica Americas"), **APPLICA CONSUMER PRODUCTS, INC.**, a Florida corporation ("Consumer Products"), **APPLICA MEXICO HOLDINGS, INC.**, a Delaware corporation ("Applica Mexico"), **HP DELAWARE, INC.** , a Delaware corporation ("HP Delaware"), **HPG LLC**, a Delaware limited liability company ("HPG"), **SALTON HOLDINGS, INC.**, a Delaware corporation ("Salton"), and **TOASTMASTER INC.**, a Missouri corporation ("Toastmaster"; Spectrum, DB Online, ROV Holding, ROVCAL, Schultz, Spectrum Neptune, Tetra Holding, United Industries, United Pet, Seed Resources, APN, Applica Americas, Consumer Products, Applica Mexico, HP Delaware, HPG, Salton, and Toastmaster are collectively referred to herein as " Borrowers" and, each individually, as a "Borrower"), **SB/RH HOLDINGS, LLC**, a Delaware limited liability company ("Guarantor"; Borrowers and Guarantor are collectively referred to herein as "Obligors" and, each individually, as an "Obligor"), **BANK OF AMERICA, N.A.**, a national banking association, in its capacity as collateral agent and administrative agent (together with its successors in such capacities, "Administrative Agent") for the financial institutions (collectively, the "Lenders") party from time to time to the Loan Agreement (as defined below), and the Lenders.

Recitals:

Administrative Agent, the Lenders, and Obligors are parties to that certain Loan and Security Agreement dated as of June 16, 2010 (as at any time amended, modified, restated or supplemented, the "Loan Agreement"), pursuant to which Administrative Agent and the Lenders have made extensions of credit and other financial accommodations available to Borrowers.

Obligors have requested that Administrative Agent and Merrill Lynch, Pierce, Fenner & Smith Incorporated (" MLPF&S"), in its capacity as sole lead arranger, obtain approval from the Lenders to certain amendments to the Loan Agreement. Subject to the terms and conditions set forth in this Amendment, Administrative Agent and the Lenders are willing to amend the Loan Agreement.

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby severally acknowledged, the parties hereto hereby agree as follows:

1 . **Definitions.** All capitalized terms used in this Amendment, unless otherwise defined herein, shall have the meaning ascribed to such terms in the Loan Agreement.

2. **Amendments to Loan Agreement.** The Loan Agreement is hereby amended as follows:

(a) By adding the following new definitions of "Fourth Amendment Effective Date," "Permitted Additional Unsecured Debt Condition," "Specified Acquisition," "Specified Acquisition Conditions," "Specified Acquisition Subsidiary" and "Specified Acquisition Subsidiary Joinder Conditions" to Section 1.1 of the Loan Agreement in the appropriate alphabetical order:

Fourth Amendment Effective Date: May 24, 2012.

Permitted Additional Unsecured Debt Condition: means, with respect to each incurrence of additional Debt pursuant to **Section 10.2.1(y)**, each of the following conditions:

(i) no Default or Event of Default shall have occurred and be continuing at the time of and after giving effect to the incurrence of such additional Debt;

(ii) such additional Debt shall be unsecured;

(iii) both before and immediately after giving effect to the incurrence of such additional Debt, Spectrum and its consolidated Subsidiaries shall have a Fixed Charge Coverage Ratio (calculated in accordance with the Senior Secured Notes Indenture as in effect on the Fourth Amendment Effective Date) of at least 2.0 to 1.0 for the four (4) Fiscal Quarter period ended immediately prior to the date of such incurrence of additional Debt (and giving *pro forma* effect thereto) for which financial statements required under **Section 10.1.2(a)** or **10.1.2(b)** have been delivered; and

(iv) if such additional Debt matures on or prior to the Revolver Termination Date, Borrowers shall as promptly as practicable upon the incurrence thereof disclose such Debt to Administrative Agent and Administrative Agent shall establish an Availability Reserve at least 60 days prior to the maturity of such Debt in such amount as Administrative Agent deems appropriate in its discretion; provided, that no Availability Reserve shall be established with respect to the first $75,000,000 of aggregate principal amount of additional Debt incurred under this clause (iv) and the first proviso of clause (iv) of the definition of Permitted Additional Debt Condition.

Specified Acquisition: means the Acquisition of the Equity Interests in a Specified Acquisition Subsidiary or the Acquisition of assets by a Specified Acquisition Subsidiary, which Acquisition is (i) financed, in whole or in part, by Debt that does not constitute an Obligation and that is incurred by the Specified Acquisition Subsidiary from a third party, which Debt may be secured by the assets of the Specified Acquisition Subsidiary (but not by any Collateral of any Obligor), and (ii) consummated in accordance with the Specified Acquisition Conditions.

Specified Acquisition Conditions: means, with respect to an Acquisition pursuant to which a Specified Acquisition Subsidiary has or incurs Debt permitted by **Section 10.2.1(z)**, each of the following conditions:

(i) Borrowers shall have obtained an agreement with respect to the Term Loan Documents permitting Specified Acquisitions substantially in accordance with the terms hereof;

(ii) each of the conditions required for a Permitted Acquisition shall be satisfied;

(iii) the assets of the Specified Acquisition Subsidiary (A) shall be excluded from the Borrowing Base and (B) shall not be co-mingled with any Collateral;

(iv) no Specified Acquisition Subsidiary shall be an Obligor hereunder;

(v) Administrative Agent shall have reviewed all security documents (and all documents which encumber the assets of the Specified Acquisition Subsidiary) in connection with each Specified Acquisition to confirm that no Lien on any Collateral would arise therefrom; and

(vi) the total outstanding amount of Debt owing to any Person that is incurred in connection with all Specified Acquisitions shall not at any time exceed $50,000,000;

provided, that (a) Obligors shall be permitted to join any Specified Acquisition Subsidiary as an Obligor hereunder and assets of such Specified Acquisition Subsidiary may be included in the Borrowing Base upon satisfaction of each Specified Acquisition Subsidiary Joinder Condition and (b) Obligors shall join any Specified Acquisition Subsidiary as an Obligor hereunder in accordance with the Specified Acquisition Subsidiary Joinder Conditions if such Specified Acquisition Subsidiary is or at any time becomes designated as a “Restricted Subsidiary” under the Senior Term Loan Documents, the Senior Secured Notes Documents, the new Indenture relating to $300,000,000 in 6.75% unsecured notes of Spectrum due March 15, 2020, or any restatements or replacements of any of the foregoing, and, thereafter, in each case with respect to clauses (a) and (b) of this proviso, such Specified Acquisition Subsidiary shall cease to be a Specified Acquisition Subsidiary.

Specified Acquisition Subsidiary: means any Subsidiary formed or acquired in connection with a Specified Acquisition.

Specified Acquisition Subsidiary Joinder Conditions: means, with respect to the joinder of any Specified Acquisition Subsidiary as an Obligor hereunder, satisfaction of each of the following conditions:

(i) Obligors shall notify Administrative Agent that such Specified Acquisition Subsidiary shall become an Obligor hereunder;

(ii) such Specified Acquisition Subsidiary shall comply with the applicable provisions of **Section 10.1.9** and the other Security Documents;

(iii) Administrative Agent, for the benefit of the Secured Parties, shall have obtained a perfected first priority security interest (subject only to Permitted Liens) in the Collateral of such Specified Acquisition Subsidiary;

(iv) Administrative Agent shall have completed a field examination and appraisal of the assets of such Specified Acquisition Subsidiary and the results thereof shall be satisfactory to Administrative Agent in all respects; and

(v) no Default or Event of Default would be created by the joinder of such Specified Acquisition Subsidiary as a Borrower or Guarantor hereunder, unless such Default or Event of Default is waived by Administrative Agent in its discretion.

(b) By deleting the definitions of "Applicable Margin," "Borrowing Base Certificate Trigger Event," "Borrowing Base Certificate Trigger Event Deactivation Date," "Cash Dominion Amount," "Co-Documentation Agent," "Financial Covenant Trigger Event," "Fixed Charges," "Maximum Increase Amount," "Revolver Termination Date" and "Senior Term Loan Debt" set forth in Section 1.1 of the Loan Agreement and by substituting in lieu thereof the following new definitions:

Applicable Margin: a percentage equal to the amount set forth in the pricing grid below based on Average Availability; provided, that the Applicable Margin shall be increased or (if no Event of Default exists) decreased on a quarterly basis from and after the Fourth Amendment Effective Date according to Average Availability for the immediately preceding Fiscal Quarter (expressed as a percentage of the lesser of the Average Revolver Commitments or the Average Formula Amount) as follows:

Level	Average Availability as a Percentage of the Average Revolver Commitments / Average Formula Amount	Base Rate Loans	LIBOR Loans
I	≥ 66.67%	0.005	0.015
II	≥ 33.33 < 66.67%	0.0075	0.0175
III	< 33.33%	0.01	0.02

Until the first day of the calendar month following Administrative Agent's receipt of the first Borrowing Base Certificate delivered after the end of the Fiscal Quarter ending on September 30, 2012, margins shall be determined as if Level II were applicable. Thereafter, the margins shall be subject to increase or decrease upon receipt by Administrative Agent of the first Borrowing Base Certificate after the end of each Fiscal Quarter, which change shall be effective on the first day of the calendar month following receipt. If the first Borrowing Base Certificate that is required to be delivered following the end of any Fiscal Quarter has not been delivered by the date required under this Agreement, then, at the option of Administrative Agent or Required Lenders, the margins shall be determined as if Level III were applicable, from the due date thereof until the first day of the calendar month following actual receipt.

Borrowing Base Certificate Trigger Event: any date on which Availability is less than the greater of (i) 12.5% of the lesser of (A) the Formula Amount on such date and (B) the aggregate Revolver Commitments on such date, and (ii) $35,000,000.

Borrowing Base Certificate Trigger Event Deactivation Date: following the occurrence of a Borrowing Base Certificate Trigger Event, the date on which (a) Availability calculated for each day during the immediately preceding consecutive 60-day period is equal to or greater than the greater of (i) 12.5% of the lesser of (A) the Formula Amount on such date and (B) the aggregate Revolver Commitments, and (ii) $35,000,000, (b) no Default or Event of Default exists, and (c) Availability on such date is equal to or greater than the greater of (i) 12.5% of the lesser of (A) the Formula Amount on such date and (B) the aggregate Revolver Commitments, and (ii) $35,000,000.

Cash Dominion Amount: on any date of determination, the greater of (a) 10% of the lesser of (i) the Formula Amount and (ii) the aggregate Revolver Commitments on such date, and (b) $35,000,000.

Co-Documentation Agent: each of SunTrust Bank and BMO Harris Bank, N.A., and, as of the Fourth Amendment Effective Date, Regions Bank.

Financial Covenant Trigger Event: any date on which Availability is less than the greater of (i) 10% of the lesser of (A) the Formula Amount on such date and (B) the aggregate Revolver Commitments on such date, and (ii) $30,000,000.

Fixed Charges: for any period, the sum of Consolidated Interest Expense (other than payment-in-kind), scheduled principal payments made or required to be made on Borrowed Money, and Distributions made (other than a Distribution made by a subsidiary to a Borrower); provided, however, that Fixed Charges shall not include fees and expenses incurred in connection with refinancing transactions of Permitted Debt, including closing and underwriting fees, legal fees and expenses, prepayment fees and commissions, and any write-offs of unamortized original issue discount or write-offs of unamortized debt issuance costs, in each case, to the extent such fees or expenses are either non-cash charges or are financed with proceeds of the Debt being incurred.

Maximum Increase Amount: an amount equal to $100,000,000.

Revolver Termination Date: the earlier of (i) 45 days prior to the maturity date of the Senior Term Loan Debt and (ii) five (5) years from the Fourth Amendment Effective Date.

Senior Term Loan Debt: the Debt incurred by Spectrum under the Senior Term Loan Documents in the aggregate principal amount not to exceed $750,000,000; plus any increase in such principal amount in an amount not to exceed on any date $250,000,000 minus the aggregate amount of all repayments and prepayments of the principal of the obligations under the Senior Term Loan Agreement (other than prepayments or repayments of such obligations in connection with a refinancing thereof); plus interest, fees, premiums, costs, expenses, indemnities and other amounts in accordance with the Senior Term Loan Documents and the Intercreditor Agreements.

(c) By deleting the reference to "**Section 10.2.15**" in clause (a)(i) of the definition of "Permitted Acquisition" in Section 1.1 of the Loan Agreement and by substituting in lieu thereof "**Section 10.2.20**."

(d) By deleting clause (b) of the definition of "Permitted Acquisition" in Section 1.1 of the Loan

Agreement and by substituting in lieu thereof the following new clause (b):

(b) Obligors shall comply, and shall cause the acquired Person to comply, with the applicable provisions of **Section 10.1.9** and the other Security Documents, unless such Person is a Specified Acquisition Subsidiary;

(e) By deleting the reference to "17.5%" in clause (c) of the definition of "Permitted Acquisition" in Section 1.1 of the Loan Agreement and by substituting in lieu thereof "15%."

(f) By deleting clause (d)(ii) of the definition of "Permitted Acquisition" in Section 1.1 of the Loan Agreement and by substituting in lieu thereof the following new clause (d)(ii):

(ii) on the date of such Acquisition, after giving *pro forma* effect to such Acquisition, and for each day during the 45-day period immediately preceding such Acquisition (and after giving *pro forma* effect to such Acquisition), Borrowers have Availability of greater than or equal to the greater of (A) 30% of the lesser of (1) the Formula Amount and (2) the aggregate amount of the Revolver Commitments and (B) $75,000,000; and

(g) By deleting clause (iv) of the definition of "Permitted Additional Debt Condition" in Section 1.1 of the Loan Agreement and by substituting in lieu thereof the following new clause (iv):

(iv) the maturity date of such additional Debt shall be a date not sooner than six (6) months after the Revolver Termination Date; provided, that after the Fourth Amendment Effective Date, Obligors may incur up to $75,000,000 of additional Debt without satisfying the maturity date requirement set forth in this clause (iv) so long as Obligors have disclosed such Debt to Administrative Agent and Administrative Agent shall have established an Availability Reserve at least 60 days prior to the maturity of such Debt in such amount as Administrative Agent deems appropriate in its discretion; provided, further, that no Availability Reserve shall be established with respect to the first $75,000,000 of aggregate additional Debt incurred under the first proviso of this clause (iv) and clause (iv) of the definition of Permitted Additional Unsecured Debt Condition; and

(h) By deleting the reference to "17.5%" in clause (a)(ii) of the definition of "Permitted Debt Prepayment" in Section 1.1 of the Loan Agreement and by substituting in lieu thereof "15%."

(i) By deleting the word "either" at the end of the introductory clause of the definition of "Permitted Debt Prepayment" in Section 1.1 of the Loan Agreement and by substituting in lieu thereof the words "any of"; and by deleting clause (b) of the definition of "Permitted Debt Prepayment" in Section 1.1 of the Loan Agreement and by substituting in lieu thereof the following new clauses (b) and (c):

(b) on the date of such prepayment, after giving *pro forma* effect to such prepayment, and for each day during the 45-day period immediately preceding such prepayment (and after giving *pro forma* effect to such prepayment), Borrowers have Availability of greater than or equal to the greater of (A) 30% of the lesser of (1) the Formula Amount and (2) the aggregate amount of the Revolver Commitments and (B) $75,000,000; or

(c) on the date of such prepayment, after giving *pro forma* effect to such prepayment, (1) the applicable Obligor making such payment is Solvent and (2) the aggregate principal amount of Debt prepaid under this clause (c), when combined with the aggregate principal amount of Distributions made pursuant to clause (c) of the definition of "Permitted Distribution" in **Section 1.1** hereof, shall not exceed $15,000,000 during any period of 12 consecutive months or $40,000,000 during the term of this Agreement.

(j) By deleting the word "either" at the end of the introductory clause of the definition of "Permitted Distribution" in Section 1.1 of the Loan Agreement and by substituting in lieu thereof the words "any of"; and by deleting clause (b) of the definition of "Permitted Distribution" in Section 1.1 of the Loan Agreement and by substituting in lieu thereof the following new clauses (b) and (c):

(b) on the date of such Distribution, after giving *pro forma* effect to such Distribution, and for each day during the 45-day period immediately preceding such Distribution (and after giving *pro forma* effect to such Distribution), Borrowers have Availability of greater than or equal to the greater of (A) 35% of the lesser of (1) the Formula Amount and (2) the aggregate amount of the Revolver Commitments and (B) $100,000,000; or

(c) (1) such Distribution does not violate Applicable Law, (2) on the date of such Distribution, after giving *pro forma* effect to such Distribution, the applicable Obligor making such Distribution is Solvent (and Spectrum or any Subsidiary that made upstream Distributions to such Obligor to facilitate the payment of such Permitted Distribution each is Solvent) and (3) the aggregate principal amount of Distributions under this clause (c), when combined with the aggregate principal amount of Debt prepayments made pursuant to clause (c) of the definition of "Permitted Debt Prepayment" in **Section 1.1** hereof, shall not exceed $15,000,000 during any period of 12 consecutive months or $40,000,000 during the term of this Agreement.

(k) By deleting clause (g) of the definition of "Restricted Investment" set forth in Section 1.1 of the Loan Agreement and by substituting in lieu thereof the following new clause (g):

(g) loans or advances made by any Borrower to any Subsidiary and made by any Subsidiary to Holdings, any Borrower or any other Subsidiary; provided that (i) such loans and advances (A) shall be unsecured and (B) if such loans or advances are owed by any Obligor, shall be subordinated to the Obligations pursuant to a subordination agreement reasonably satisfactory to Administrative Agent and (ii) the amount of such loans and advances made by Obligors to Subsidiaries that are not Obligors shall be subject to the limitation set forth in clause (b) of this definition;

(l) By deleting the reference to "0.375%" in clause (i) of Section 3.2.1 (Unused Line Fee) of the Loan Agreement and by substituting in lieu thereof "0.25%"; and by deleting the reference to "0.50%" in clause (ii) of Section 3.2.1 of the Loan Agreement and substituting in lieu thereof "0.375%."

(m) By deleting the first sentence of clause (b) of Section 10.1.1 of the Loan Agreement in its entirety and by substituting in lieu thereof the following new first sentence of clause (b):

(b) Reimburse Administrative Agent for all charges, costs and expenses of Administrative Agent in connection with (i) examinations of any Obligor's books and records or any other financial or Collateral matters as Administrative Agent deems appropriate, up to one (1) time per Loan Year, unless Availability is less than 35% of the lesser of (A) the Formula Amount and (B) the aggregate Revolver Commitments, then up to two (2) times per Loan Year; and (ii) appraisals of Inventory up to one (1) time per Loan Year, unless Availability is less than 35% of the lesser of (A) the Formula Amount and (B) the aggregate Revolver Commitments, then up to two (2) times per Loan Year; provided that Administrative Agent shall provide Borrower Agent with a reasonably detailed accounting of all such charges, costs and expenses; provided, further, that Administrative Agent may conduct as many appraisals and field examinations at the expense of Obligors as it deems reasonable during an Event of Default.

(n) By adding the following new sentence at the end of Section 10.1.9 of the Loan Agreement:

Notwithstanding the foregoing, Obligors shall not be required to cause any Specified Acquisition Subsidiary to become a Borrower or Guarantor hereunder except as otherwise required under the definition of "Specified Acquisition Conditions."

(o) By deleting clause (e) of Section 10.2.1 of the Loan Agreement in its entirety and by substituting in lieu thereof the following new clause (e):

(e) Intercompany Loans of Borrowers and Subsidiaries to the extent permitted by **Section 10.2.5** so long as, if such loans or advances are owed by any Obligor, such Debt is subordinated to the Obligations pursuant to a subordination agreement satisfactory to Administrative Agent;

(p) By deleting the reference to "$40,000,000" in the proviso at the end of clause (f) of Section 10.2.1 of the Loan Agreement and by substituting in lieu thereof "$75,000,000."

(q) By deleting the reference to "$40,000,000" in clause (g) of Section 10.2.1 of the Loan Agreement and by substituting in lieu thereof "$75,000,000."

(r) By deleting the references to "$75,000,000" in clause (i) of Section 10.2.1 of the Loan Agreement and by substituting in lieu thereof in each instance "$100,000,000."

(s) By deleting the reference to "$50,000,000" in clause (w) of Section 10.2.1 of the Loan Agreement and by substituting in lieu thereof "$75,000,000."

(t) By deleting the word "and" at the end of Section 10.2.1(w) of the Loan Agreement, by deleting the period at the end of Section 10.2.1(x) of the Loan Agreement and by substituting in lieu thereof a semicolon, and by adding the following new clauses (y) and (z) to Section 10.2.1 of the Loan Agreement, as follows:

(y) Other Debt of any Obligor or any Subsidiary so long as each Permitted Additional Unsecured Debt Condition is satisfied in connection with the incurrence of such Debt; and

(z) Debt incurred by a Specified Acquisition Subsidiary in connection with a Specified Acquisition, provided that each Specified Acquisition Condition is satisfied in connection with the incurrence of such Debt.

(u) By deleting the reference to "$50,000,000" in clause (v) of Section 10.2.2 of the Loan Agreement and by substituting in lieu thereof "$75,000,000."

(v) By deleting the word “and” at the end of Section 10.2.2(v) of the Loan Agreement, by deleting the period at the end of Section 10.2.2(w) of the Loan Agreement and by substituting in lieu thereof a semicolon and the word “and,” and by adding the following new clause (x) to Section 10.2.2 of the Loan Agreement, as follows:

(x) Liens securing Debt that Subsidiaries are permitted to incur under **Section 10.2.1(z)** of this Agreement.

(w) By deleting Schedule 1.1(a) to the Loan Agreement and by substituting in lieu thereof Schedule 1.1(a) attached hereto.

3. Ratification and Reaffirmation. Each Obligor hereby ratifies and reaffirms the Obligations, the Loan Agreement, each of the other Loan Documents to which such Obligor is a party and all of such Obligor’s covenants, duties, indebtedness and liabilities under the Loan Agreement and the other Loan Documents to which such Obligor is a party.

4. Acknowledgments and Stipulations. Each Obligor acknowledges and stipulates that the Loan Agreement and the other Loan Documents executed by such Obligor are legal, valid and binding obligations of such Obligor that are enforceable against such Obligor in accordance with the terms thereof; all of the Obligations are owing and payable without defense, offset or counterclaim (and to the extent there exists any such defense, offset or counterclaim on the date hereof, the same is hereby waived by such Obligor); the security interests and liens granted by such Obligor in favor of Administrative Agent are duly perfected security interests and Liens, with the priority required by the Loan Documents; and as of the close of business on May 22, 2012, the outstanding principal amount of the Loans totaled $11,000,000 and the undrawn face amount of Letters of Credit totaled $28,868,846.20.

5. Representations and Warranties. Each Obligor represents and warrants to Administrative Agent and Lenders, to induce Administrative Agent and the applicable Lenders to enter into this Amendment, that no Default or Event of Default exists immediately prior to and immediately after giving effect to this Amendment; the execution, delivery and performance of this Amendment have been duly authorized by all requisite corporate or limited liability company action, as applicable, on the part of Obligors and this Amendment has been duly executed and delivered by Obligor; and all of the representations and warranties made by Obligors in the Loan Agreement are true and correct in all material respects on and as of the effective date of this Amendment (except for representations and warranties that expressly relate to an earlier date).

6. Reference to Loan Agreement. Upon the effectiveness of this Amendment, each reference in the Loan Agreement to “this Agreement,” “hereunder,” or words of like import shall mean and be a reference to the Loan Agreement, as amended by this Amendment.

7. Breach of Amendment. This Amendment shall be part of the Loan Agreement and a breach of any representation, warranty or covenant herein shall constitute an Event of Default.

8. Conditions Precedent. The effectiveness of the amendments set forth in Section 2 of this Amendment is subject to the satisfaction of each of the following conditions precedent, in form and substance reasonably satisfactory to Administrative Agent, unless satisfaction thereof is specifically waived in writing by Administrative Agent:

(a) No Default or Event of Default shall exist either before or after giving effect to the terms of this Amendment;

(b) No Material Adverse Effect of the type described in clause (a) of the definition thereof in the Loan Agreement shall have occurred before, and none shall occur immediately after, giving effect to the terms of this Amendment;

(c) Borrowers shall have Availability equal to or greater than $100,000,000 both before and immediately after giving effect to the terms of this Amendment;

(d) Administrative Agent shall have received a duly signed counterpart (which may be in electronic form transmitted via email, with originals to follow) of this Amendment from each Obligor and each Lender and such other documentation relating to the transactions referenced in this Amendment, in each case, in form and substance reasonably satisfactory to Administrative Agent, MLPF&S, Borrowers and their respective counsels;

(e) Administrative Agent shall have received an opinion of counsel for Borrowers and Guarantors, in form and substance reasonably satisfactory to Administrative Agent, regarding the absence of any conflict between this Amendment and the new Indenture relating to $300,000,000 in 6.75% unsecured notes of Spectrum due March 15, 2020; and

(f) Administrative Agent, MLPF&S and Lenders shall have received payment of all fees and, to the extent invoiced at least 2 Business Days prior to the date of this Amendment, expenses to be paid by Borrowers to them on the date of this Amendment as provided in the Fee Letter and herein.

9. **Expenses of Administrative Agent**. Obligors agree to pay, **on demand**, all costs and expenses incurred by Administrative Agent in connection with the preparation, negotiation and execution of this Amendment and any other Loan Documents executed pursuant hereto and any and all amendments, modifications, and supplements thereto, including, without limitation, the costs and fees of Administrative Agent's legal counsel and any taxes or expenses associated with or incurred in connection with any instrument or agreement referred to herein or contemplated hereby.

10. **Governing Law.** This Amendment shall be governed by and construed in accordance with the internal laws of the State of New York.

11. **Successors and Assigns.** This Amendment shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

12. **No Novation, etc.** Except as otherwise expressly provided in this Amendment, nothing herein shall be deemed to amend or modify any provision of the Loan Agreement or any other Loan Document, each of which shall remain in full force and effect. This Amendment is not intended to be, nor shall it be construed to create, a novation or accord and satisfaction, and the Loan Agreement as herein modified shall continue in full force and effect.

13. **Counterparts; Electronic Signatures**. This Amendment may be executed in any number of counterparts and by different parties to this Amendment on separate counterparts, each of which, when so executed, shall be deemed an original, but all such counterparts shall constitute one and the same agreement. Any manually executed signature page to this Amendment delivered by a party by facsimile or other electronic transmission shall be deemed to be an original signature hereto.

14. __Further Assurances__. Each Obligor agrees to take such further actions as Administrative Agent shall reasonably request from time to time in connection herewith to evidence or give effect to the amendments set forth herein or any of the transactions contemplated hereby.

15. __Section Titles__. Section titles and references used in this Amendment shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreements among the parties hereto.

16. **__Release of Claims__. To induce Administrative Agent and each Lender to enter into this Amendment, each Obligor hereby releases, acquits and forever discharges Administrative Agent and each Lender, and all officers, directors, agents, employees, successors and assigns of Administrative Agent and each Lender from any and all liabilities, claims, demands, actions or causes of action of any kind or nature (if there be any), whether absolute or contingent, disputed or undisputed, at law or in equity, or known or unknown, that such Obligor now has or has ever had against Administrative Agent or any Lender arising under or in connection with any of the Loan Documents or otherwise. Each Obligor represents and warrants to Administrative Agent and each Lender that such Obligor has not transferred or assigned to any Person any claim that such Obligor ever had or claimed to have against Administrative Agent or any Lender.**

17. **__Waiver of Jury Trial__. To the fullest extent permitted by applicable law, the parties hereto each hereby waives the right to trial by jury in any action, suit, counterclaim or proceeding arising out of or related to this Amendment**.

[Remainder of page intentionally left blank;
signatures begin on following page.]

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their respective duly authorized officers on the date first written above.

__OBLIGORS__:

SB/RH HOLDINGS, LLC
SPECTRUM BRANDS, INC.
DB ONLINE, LLC
SCHULTZ COMPANY
TETRA HOLDING (US), INC.
UNITED INDUSTRIES CORPORATION
UNITED PET GROUP, INC.
ROV HOLDING, INC.
ROVCAL, INC.
SPECTRUM NEPTUNE US HOLDCO CORPORATION
APN HOLDING COMPANY, INC.
APPLICA AMERICAS, INC.
APPLICA CONSUMER PRODUCTS, INC.
APPLICA MEXICO HOLDINGS, INC.
HP DELAWARE, INC.
HPG LLC
SALTON HOLDINGS, INC.
TOASTMASTER INC.
SEED RESOURCES, L.L.C.

By: ___________________________________
Name:_________________________________
Title:__________________________________

[Signatures continue on following page.]

__LENDERS__:

BANK OF AMERICA, N.A.

By:_________________________________
Name: ______________________________
Title: _______________________________

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH

By:_________________________________
Name: ______________________________
Title: _______________________________

DEUTSCHE BANK TRUST COMPANY AMERICAS

By:_________________________________
Name: ______________________________
Title: _______________________________

By:_________________________________
Name: ______________________________
Title: _______________________________

REGIONS BANK

By:_________________________________
Name: ______________________________
Title: _______________________________

SUNTRUST BANK

By:_________________________________
Name: ______________________________
Title: _______________________________

WELLS FARGO CAPITAL FINANCE, LLC

By:_________________________________
Name: ______________________________
Title: _______________________________

GENERAL ELECTRIC CAPITAL CORPORATION

By:_________________________________
Name: ______________________________
Title: _______________________________

BMO HARRIS BANK, N.A.

By:_________________________________
Name: ______________________________
Title: _______________________________

RBS ASSET FINANCE, INC.,
through its division RBS Business Capital

By:_________________________________
Name: ______________________________
Title: _______________________________

<u>ADMINISTRATIVE AGENT</u>:

BANK OF AMERICA, N.A.,
as Administrative Agent

By:_________________________________
Name: ______________________________
Title: _______________________________

SCHEDULE 1.1(a)

Revolver Commitments

Lender	Revolver Commitment
Bank of America, N.A.	$65,000,000
Regions Bank	$40,000,000
Credit Suisse AG, Cayman Islands Branch	$30,000,000
Deutsche Bank Trust Company Americas	$30,000,000
BMO Harris Bank, N.A.	$30,000,000
SunTrust Bank	$30,000,000
Wells Fargo Capital Finance, LLC	$30,000,000
RBS Asset Finance, through its division RBS Business Capital	$30,000,000
General Electric Capital Corporation	$15,000,000
TOTAL	$300,000,000.00

Exhibit 31.1

CERTIFICATIONS

I, David R. Lumley, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spectrum Brands, Inc. (the "registrant");

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 7, 2012

/S/ DAVID R. LUMLEY

David R. Lumley

Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

I, Anthony L. Genito, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spectrum Brands, Inc. (the “registrant”);

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: August 7, 2012

/S/ ANTHONY L. GENITO

Anthony L. Genito

Chief Financial Officer

Exhibit 32.1

CERTIFICATION OF THE CHIEF EXECUTIVE OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Quarterly Report on Form 10-Q of Spectrum Brands, Inc. (the “Company”) for the quarterly period ended July 1, 2012 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, David R. Lumley, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

	/S/ DAVID R. LUMLEY
Name:	**David R. Lumley**
Title:	**Chief Executive Officer**
Date:	**August 7, 2012**

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act or Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

**CERTIFICATION OF THE CHIEF FINANCIAL OFFICER PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report on Form 10-Q of Spectrum Brands, Inc. (the "Company") for the quarterly period ended July 1, 2012 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Anthony L. Genito, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

	/s/ Anthony L. Genito
Name:	**Anthony L. Genito**
Title:	**Chief Financial Officer**
Date:	**August 7, 2012**

This certification accompanies the Report pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 and shall not be deemed filed by the Company for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to liability under that section. This certification shall not be deemed incorporated by reference in any filing under the Securities Act or Exchange Act, except to the extent that the Company specifically incorporates it by reference.

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to the Company and will be retained by the Company and furnished to the Securities and Exchange Commission or its staff upon request.