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, 2007

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)

Wisconsin **(State or other jurisdiction of incorporation or organization)**	**22-2423556** **(I.R.S. Employer Identification Number)**
Six Concourse Parkway, Suite 3300, Atlanta, Georgia **(Address of principal executive offices)**	**30328** **(Zip Code)**

(770) 829-6200
(Registrant's telephone number, including area code)

N/A
(Former name, 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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐

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

The number of shares outstanding of the Registrant's common stock, $.01 par value, as of August 4, 2007, was 53,011,521.

Table of Contents

SPECTRUM BRANDS, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR QUARTER ENDED July 1, 2007

INDEX

		Page
	Part I—Financial Information	
Item 1.	Financial Statements	3
	Condensed Consolidated Balance Sheets (Unaudited) as of July 1, 2007 and September 30, 2006	3
	Condensed Consolidated Statements of Operations (Unaudited) for the three and nine month periods ended July 1, 2007 and July 2, 2006	4
	Condensed Consolidated Statements of Cash Flows (Unaudited) for the nine month periods ended July 1, 2007 and July 2, 2006	5
	Notes to Condensed Consolidated Financial Statements (Unaudited)	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	33
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	47
Item 4.	Controls and Procedures	48
	Part II—Other Information	
Item 1.	Legal Proceedings	49
Item 1A.	Risk Factors	49
Item 2.	Issuer Purchases of Equity Securities	61
Item 4.	Submission of Matters to a Vote of Security Holders	61
Item 5.	Other Information	61
Item 6.	Exhibits	64
Signatures		65

Table of Contents

PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SPECTRUM BRANDS, INC.

Condensed Consolidated Balance Sheets
July 1, 2007 and September 30, 2006
(Unaudited)
(Amounts in thousands, except per share figures)

	July 1, 2007	September 30, 2006
-ASSETS-		
Current assets:		
Cash and cash equivalents	$ 176,200	$ 28,430
Receivables, less allowance for doubtful accounts of $18,826 and $21,394, respectively	293,891	365,532
Inventories	333,072	460,672
Assets held for sale	849,676	3,499
Deferred income taxes	42,370	50,401
Prepaid expenses and other	46,988	51,281
Total current assets	1,742,197	959,815
Property, plant and equipment, net	260,540	311,839
Goodwill	641,034	1,130,184
Intangible assets, net	843,659	1,061,087
Deferred charges and other	43,299	49,028
Debt issuance costs	47,765	37,367
Total assets	$3,578,494	$ 3,549,320
-LIABILITIES AND SHAREHOLDERS' EQUITY-		
Current liabilities:		
Current maturities of long-term debt	$ 48,498	$ 42,713
Accounts payable	186,234	309,111
Liabilities held for sale	84,691	—
Accrued liabilities	224,575	210,789
Total current liabilities	543,998	562,613
Long-term debt, net of current maturities	2,606,096	2,234,458
Employee benefit obligations, net of current portion	73,257	76,893
Deferred income taxes	64,703	156,578
Other	67,588	66,561
Total liabilities	3,355,642	3,097,103
Shareholders' equity:		
Common stock, $.01 par value, authorized 150,000 shares; issued 68,464 and 67,422 shares, respectively; outstanding 52,168 and 51,491 shares, respectively	682	674
Additional paid-in capital	670,290	651,644
Accumulated deficit	(430,370)	(166,657)
Accumulated other comprehensive income	58,333	39,639
	298,935	525,300
Less treasury stock, at cost, 16,296 and 15,931 shares, respectively	(76,083)	(73,083)
Total shareholders' equity	222,852	452,217
Total liabilities and shareholders' equity	$3,578,494	$ 3,549,320

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

Table of Contents

SPECTRUM BRANDS, INC.

Condensed Consolidated Statements of Operations
For the three and nine month periods ended July 1, 2007 and July 2, 2006
(Unaudited)
(Amounts in thousands, except per share figures)

	THREE MONTHS		NINE MONTHS	
	2007	2006	2007	2006
Net sales	$442,000	$427,517	$1,446,286	$1,408,459
Cost of goods sold	273,718	268,452	891,849	864,833
Restructuring and related charges	4,116	2,708	16,731	4,435
Gross profit	164,166	156,357	537,706	539,191
Selling	94,896	94,263	319,781	292,449
General and administrative	33,034	40,282	115,165	119,925
Research and development	6,052	7,150	19,662	21,517
Goodwill impairment	—	—	214,039	—
Restructuring and related charges	26,532	4,144	37,738	9,127
Total operating expenses	160,514	145,839	706,385	443,018
Operating income (loss)	3,652	10,518	(168,679)	96,173
Interest expense	41,149	31,364	142,120	91,049
Other expense (income), net	914	(131)	4,513	(5,230)
(Loss) income from continuing operations before income taxes	(38,411)	(20,715)	(315,312)	10,354
Income tax (benefit) expense	(8,249)	(5,751)	(57,404)	3,746
(Loss) income from continuing operations	(30,162)	(14,964)	(257,908)	6,608
Income (loss) from discontinued operations, net of tax	22,774	17,509	(5,805)	(1,183)
Net (loss) income	$ (7,388)	$ 2,545	$ (263,713)	$ 5,425
Basic earnings per share:				
Weighted average shares of common stock outstanding	50,753	49,456	50,827	49,458
(Loss) income from continuing operations	$ (0.60)	$ (0.30)	$ (5.08)	$ 0.13
Income (loss) from discontinued operations	0.45	0.35	(0.11)	(0.02)
Net (loss) income	$ (0.15)	$ 0.05	$ (5.19)	$ 0.11
Diluted earnings per share:				
Weighted average shares and equivalents outstanding	50,753	51,854	50,827	50,959
(Loss) income from continuing operations	$ (0.60)	$ (0.29)	$ (5.08)	$ 0.13
Income (loss) from discontinued operations	0.45	0.34	(0.11)	(0.02)
Net (loss) income	$ (0.15)	$ 0.05	$ (5.19)	$ 0.11

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

Table of Contents

SPECTRUM BRANDS, INC.

Condensed Consolidated Statements of Cash Flows
For the nine month periods ended July 1, 2007 and July 2, 2006
(Unaudited)
(Amounts in thousands)

	NINE MONTHS	
	2007	2006
Cash flows from operating activities:		
(Loss) income from continuing operations	$ (257,908)	$ 6,608
Non-cash adjustments to income from continuing operations:		
Gain on sale of assets	—	(8,876)
Depreciation	31,819	30,929
Amortization	28,868	22,405
Amortization of debt issuance costs	5,816	4,976
Impairment of goodwill	214,039	—
Other non-cash adjustments	(4,329)	29,030
Net changes in assets and liabilities, net of acquisitions and discontinued operations	(87,183)	(52,474)
Net cash (used) provided by operating activities of continuing operations	(68,878)	32,598
Net cash used by operating activities of discontinued operations	(79,504)	(24,293)
Net cash (used) provided by operating activities	(148,382)	8,305
Cash flows from investing activities:		
Purchases of property, plant and equipment	(18,422)	(46,897)
Proceeds from sale of equipment	486	5,379
Proceeds from sale of assets held for sale	—	10,641
Payment for acquisitions, net of cash acquired	—	(14,856)
Net cash used by investing activities of continuing operations	(17,936)	(45,733)
Net cash provided by investing activities of discontinued operations	—	80,171
Net cash (used) provided by investing activities	(17,936)	34,438
Cash flows from financing activities:		
Reduction of debt	(1,826,363)	(741,643)
Proceeds from debt financing	2,178,729	686,996
Debt issuance costs	(40,790)	(5,236)
Proceeds from exercise of stock options	—	365
Stock option income tax benefit	—	80
Net cash provided (used) by financing activities	311,576	(59,438)
Effect of exchange rate changes on cash and cash equivalents	2,512	(22)
Net increase (decrease) in cash and cash equivalents	147,770	(16,717)
Cash and cash equivalents, beginning of period	28,430	29,852
Cash and cash equivalents, end of period	$ 176,200	$ 13,135

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. and its subsidiaries (the “Company”) is a global branded consumer products company with positions in seven major product categories: consumer batteries; pet supplies; lawn and garden care; electric shaving and grooming; household insect control; electric personal care; and portable lighting. In the third quarter of the Company’s fiscal year ended September 30, 2006, the Company engaged advisors to assist it with a potential sale of various assets in order to reduce its outstanding indebtedness. In connection with this undertaking, during the first quarter of fiscal 2007 the Company approved and initiated a plan to sell the assets related to its lawn and garden and household insect control product offerings (the “Home and Garden Business”). As a result, the Company has designated certain assets and liabilities related to its Home and Garden Business as held for sale and has designated the Home and Garden Business as a discontinued operation (for additional information see footnote 2, Significant Accounting Policies—Discontinued Operations and footnote 2, Significant Accounting Policies—Assets Held for Sale).

As of January 1, 2007, the Company began managing its business in three reportable segments: (i) Global Batteries & Personal Care, which consists of the Company’s worldwide battery, shaving and grooming, personal care and portable lighting business (“Global Batteries & Personal Care”); (ii) Global Pet Supplies, which consists of the Company’s worldwide pet supplies business (“Global Pet Supplies”); and (iii) Home and Garden, which consists of the discontinued Home and Garden Business (“Home and Garden”). The presentation of all historical segment reporting herein has been reclassified to conform to this segment structure.

The Company’s continuing operations include the worldwide manufacturing and marketing of alkaline, zinc carbon and hearing aid batteries, as well as aquariums and aquatic health supplies and designing and marketing of rechargeable batteries, battery-powered lighting products, electric shavers and accessories, grooming products and hair care appliances. The Company’s continuing operations also include the manufacturing and marketing of specialty pet supplies. The Company’s continuing operations utilize manufacturing and product development facilities located in the United States, Europe, China and Latin America. Through the Company’s Home and Garden Business, presented here as discontinued operations, it manufactures and markets lawn fertilizers, herbicides, insecticides and repellants in North America.

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 (“OEMs”) 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, 8in1 and various other brands. The Company’s Home and Garden Business enjoys name recognition under the Spectracide and Cutter brands, among others. Due to business seasonality, the Company’s operating results for the three and nine month periods ended July 1, 2007 are not necessarily indicative of the results that may be expected for the full year ending September 30, 2007.

2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation: These condensed consolidated financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the United States Securities and Exchange Commission (the “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, 2007, and the results of operations and cash flows for the three and nine month periods ended July 1, 2007 and July 2, 2006. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with generally accepted accounting principles in the United States of America 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, 2006. Certain prior period amounts have been reclassified to conform to the current period presentation. The condensed consolidated financial statements included in this Form 10-Q have been adjusted to reflect the planned disposition of certain assets as discontinued operations for all periods presented.

Significant Accounting Policies and Practices: The condensed consolidated financial statements include the condensed consolidated financial statements of Spectrum Brands, Inc. and its subsidiaries and are prepared in accordance with generally accepted accounting principles in the United States of America. All intercompany transactions have been eliminated. The Company's fiscal year ends September 30. References herein to 2007 and 2006 refer to the fiscal years ended September 30, 2007 and 2006, respectively.

The preparation of condensed consolidated financial statements in conformity with generally accepted accounting principles in the United States of America 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.

Discontinued Operations: In the third quarter of the Company's fiscal year ended September 30, 2006, the Company engaged advisors to assist it with a sale of various assets in order for the Company to reduce its outstanding indebtedness. In connection with this undertaking, during the first quarter of fiscal 2007, the Company approved and initiated a plan to sell the assets related to its Home and Garden Business. (See Assets Held for Sale in Note 2 below where the specific assets and liabilities to be sold are further discussed.)

As a result, effective October 1, 2006, the Company reflected the operations of its Home and Garden Business as discontinued operations. The following amounts have been segregated from continuing operations and are reflected as discontinued operations for the three and nine month periods ended July 1, 2007 and July 2, 2006, respectively:

	Three Months		Nine Months	
	2007	2006	2007	2006
Net sales	$ 258,395	$ 270,752	$ 534,269	$ 534,890
Income (loss) from discontinued operations before income taxes	$ 24,495	$ 24,156	$ (12,398)	$ 5,653
Provision for income tax expense (benefit)	1,721	6,647	$ (6,593)	1,556
Income (loss) from discontinued operations, net of tax	$ 22,774	$ 17,509	$ (5,805)	$ 4,097

On January 25, 2006, the Company sold its "Nu-Gro" fertilizer technology and Canadian professional fertilizer products businesses ("Nu-Gro Pro and Tech") to Agrium Inc. Proceeds from the sale were used to reduce outstanding debt. The sale included two divisions of Spectrum Brands' Nu-Gro subsidiary, representing fiscal 2005 revenue of approximately $80,000 from sales of high-end specialty controlled-release nitrogen fertilizer and other products to professional turf markets and specialty wholesale fertilizer customers. As part of the transaction, the Company signed multi-year reciprocal supply agreements with Agrium. Proceeds from the sale totaled approximately $83,000 after selling expenses and contractual working capital adjustments which were finalized on October 30, 2006.

Effective October 1, 2005, the Company reflected the operations of Nu-Gro Pro and Tech as discontinued operations. The Company discontinued these operations as part of its integration initiatives related to the Company's acquisition of United Industries Corporation ("United"). See footnote 10, Restructuring and Related

Charges, for additional discussion of United integration initiatives. The following amounts have been segregated from continuing operations and are reflected as discontinued operations for the nine month period ended July 2, 2006:

	Nine Months 2006(A)
Net sales	$ 16,314
Loss from discontinued operations before income taxes	$ (6,106)
Provision for income tax benefit	826
Loss from discontinued operations (including estimated loss on disposal of $3,788), net of tax(B)	$ (5,280)

(A) The nine month period ended July 2, 2006 represents results for the discontinued operations for October 2005 through January 2006.
(B) After selling expenses and contractual working capital adjustments were finalized on October 30, 2006, the loss on disposal was adjusted to $3,901. The adjustment to the loss on disposal was recognized in the fourth quarter of fiscal 2006.

Assets Held for Sale: At July 1, 2007, assets totaling $849,676 were included in Assets held for sale in the Condensed Consolidated Balance Sheets (Unaudited). At July 1, 2007, the Company had $841,812 and $84,691 related to certain assets and liabilities, respectively, of the Company's Home and Garden Business included in Assets held for sale and Liabilities held for sale, respectively, in its Condensed Consolidated Balance Sheets (Unaudited). (See—Discontinued Operations in this Note 2 above for additional information). All relevant criteria of Statement of Financial Accounting Standards No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets*, allowing for the classification of assets held for sale have been met for the assets and liabilities of the Home and Garden Business. The following table details the components of the assets and liabilities related to the Company's Home and Garden Business held for sale at July 1, 2007:

	Amount
Receivables, net of allowance for doubtful accounts	$ 135,504
Inventories	130,894
Other current assets	5,397
Property, plant and equipment, net	43,258
Goodwill	298,576
Intangible assets, net	225,405
Other assets	2,778
Total assets held for sale	841,812
Accounts payable	59,585
Other current liabilities	25,106
Total liabilities held for sale	84,691
Total Home and Garden net assets held for sale	$ 757,121

The remaining balance in Assets held for sale in the Condensed Consolidated Balance Sheets (Unaudited) as of July 1, 2007 and the balance as of September 30, 2006 consist primarily of a distribution facility in the Dominican Republic and manufacturing facilities in France and Brazil.

Intangible Assets: Intangible assets are recorded at cost or at fair value if acquired in a purchase business combination. Customer lists and proprietary technology intangibles are amortized, using the straight-line method, over their estimated useful lives of approximately 5 to 19 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. 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.

Statement of Financial Accounting Standards No. 142, *"Goodwill and Other Intangible Assets"* ("SFAS 142") 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 fair values of the Company's goodwill and indefinite-lived intangible assets were tested as of April 1, 2007.

In accordance with SFAS 142, the Company, with the assistance of independent third party valuation specialists, conducted impairment testing on the Company's goodwill. The Company used the discounted estimated future cash flows methodology to determine the fair value of its reporting units. Assumptions critical to the Company's fair value estimates were: (i) the present value factors used in determining the fair value of the reporting units and trade names; (ii) royalty rates used in the Company's trade name valuations; (iii) projected average revenue growth rates used in the reporting unit and trade name models; and (iv) projected long-term growth rates used in the derivation of terminal year values. These and other assumptions are impacted by economic conditions and expectations of management and will change in the future based on period specific facts and circumstances. The Company also tested fair value for reasonableness by comparison to the market capitalization of the Company. The Company first compared the fair value of its reporting units with their carrying amounts, including goodwill. This first step indicated that the fair value of the Company's North America reporting unit, which is included in the Global Batteries & Personal Care operating segment, was less than the Company's North America reporting unit's carrying amount and, accordingly, further testing of goodwill was required to determine the impairment charge required by SFAS 142.

Management then compared the carrying amount of the North America reporting unit's goodwill against the respective implied fair value of goodwill. The carrying amount of the North America reporting unit's goodwill was determined to exceed implied fair value and, therefore, management recorded an impairment charge equal to the excess of the carrying amount of the reporting unit's goodwill over the implied fair value of such goodwill. As a result of this goodwill impairment analysis, the Company recorded a non-cash pretax goodwill impairment charge of approximately $214,039.

In addition, in accordance with SFAS 142, the Company, with the assistance of independent third party valuation specialists, also compared the carrying amounts of trade name intangible assets with their respective fair values. Fair value was determined using a relief from royalty methodology. Management concluded that the fair values of the trade name intangible assets were in excess of their respective carrying amounts and, hence, such assets were not impaired.

The recognition of the $214,039 non-cash impairment of goodwill, recorded as a separate component of Operating expenses, has had a material negative effect on the Company's financial condition and results of operations for the nine month period ended July 1, 2007. The impairment will not result in future cash expenditures.

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. The impairment of goodwill discussed above is primarily attributed to lower forecasted profits of the North America reporting unit, reflecting more conservative future growth rates, coupled with an increase in its carrying value during the six months ended April 1, 2007.

Shipping and Handling Costs: The Company incurred shipping and handling costs of $30,865 and $99,623 for the three and nine month periods ended July 1, 2007, respectively, and $27,819 and $87,353 for the three and nine month periods ended July 2, 2006, respectively. These costs are included in Selling expenses. 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, but generally does not require collateral. The Company monitors its customers' credit and financial condition based on changing economic conditions and will make adjustments to credit policies as required. Provision for losses on uncollectible trade receivables are determined principally on the basis of past collection experience applied to ongoing evaluations of the Company's receivables 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 19% and 20% of the Company's Net sales during the three and nine month periods ended July 1, 2007, respectively, and 21% and 22% of the Company's Net sales during the three and nine month periods ended July 2, 2006, respectively. This major customer also represented approximately 16% and 11% of its trade accounts receivable, net as of July 1, 2007 and September 30, 2006, respectively.

Approximately 58% of the Company's sales during the nine month period ended July 1, 2007 occurred outside the United States. 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: On October 1, 2005 the Company adopted Statement of Financial Accounting Standards 123(R) ("SFAS 123(R)") requiring the Company to recognize expense related to the fair value of its employee stock option awards. The Company recognizes the cost of all share-based awards on a straight-line basis over the vesting period of the award. Total stock compensation expense associated with both stock options and restricted stock awards recognized by the Company during the three and nine month periods ended July 1, 2007 was $10,030 and $18,656, or $6,720 and $12,500, net of taxes, respectively. The amounts before tax are included in Total operating expenses within General and administrative expenses and Restructuring and related charges in the Condensed Consolidated Statements of Operations (Unaudited). See footnote 10, Restructuring and related charges, for further detail regarding our restructuring and related charges. The Company expects that total stock compensation expense for 2007 will be approximately $21,000 before the effect of income taxes. As of July 1, 2007, there was $21,756 of unrecognized compensation cost related to restricted stock that is expected to be recognized over a weighted average period of approximately 3 years.

The Company uses or has used two forms of stock based compensation. Shares of restricted stock have been awarded to certain employees and members of management since fiscal 2001. Prior to the fourth quarter of fiscal 2004, the Company also issued stock options to employees, some of which remained unvested at the adoption date of SFAS 123(R). Restricted stock is now the only form of stock based compensation used by the Company.

Stock options previously awarded generally vest under a combination of time-based and performance-based vesting criteria. Under the time-based vesting, the stock options become exercisable primarily in equal increments over a three year period, while under the performance-based vesting such options become exercisable over the same time period or one day prior to the end of the exercise period, if certain performance criteria are not met.

Restricted stock shares granted through fiscal 2006 generally have vesting periods of three to five years. Approximately 50% of the restricted stock shares are purely time-based and vest on a pro rata basis over either a three or four year vesting period and the remaining 50% are time-based and performance-based. Vesting of such performance based restricted stock will occur upon achievement of certain performance goals established by the Board of Directors of the Company. Generally, performance targets consist of Earnings Per Share ("EPS"), segment Earnings Before Interest and Taxes ("EBIT") and cash flow components. If such performance targets are not met, the performance component of a restricted stock award will not vest in the year that the performance targets applied to and instead will automatically vest one year after the originally scheduled vesting date, effectively making the award time based. The Company recognizes amortization on the time-based component on a straight-line basis over the vesting period. The Company recognizes amortization on the performance-based component over the vesting period, assuming performance targets will not be met, unless and until it is probable that the performance targets will be met. At the point in time when it is probable that the performance target will be met, the recognition period is shortened one year to account for the accelerated vesting requirement of the performance-based component.

During the nine month period ended July 1, 2007, the Company granted approximately 1,163 shares of restricted stock. Of these grants, 194 shares are time-based and vest on a pro rata basis over a three year period and 969 shares are purely performance-based and vest only upon achievement of certain performance goals. Such performance goals consist of reportable segment and consolidated company Earnings Before Interest Taxes Depreciation and Amortization ("EBITDA") and cash flow components. During the three month period ended April 1, 2007 achievement of the performance goals related to the performance-based shares was deemed probable and, accordingly, amortization related to those shares is included in stock compensation expense for the three and nine month periods ended July 1, 2007 disclosed above.

The Company currently has two active incentive plans under which additional shares may be issued to employees as equity compensation. In 1997, the Board adopted the 1997 Rayovac Incentive Plan ("1997 Plan"). Up to 5,000 shares of Common stock may be issued under the 1997 Plan, which expires on August 31, 2007. As of July 1, 2007, there were options with respect to 1,455 shares of common stock outstanding under the 1997 Plan. In 2004, the Board adopted the 2004 Rayovac Incentive Plan ("2004 Plan"). The 2004 Plan supplements the 1997 Plan. Up to 3,500 shares of common stock may be issued under the 2004 Plan, which expires in July 2014. As of July 1, 2007, 3,369 restricted shares had been granted under the 2004 Plan. No options have been granted under the 2004 Plan. The fair value of restricted stock is determined based on the market price of the Company's shares on the grant date. A summary of the status of the Company's non-vested restricted stock as of July 1, 2007, and changes during the nine month period ended July 1, 2007, is as follows:

Restricted Stock	Shares	Weighted Average Grant Date Fair Value	Fair Value
Restricted stock at September 30, 2006	2,046	$ 25.91	$ 53,021
Granted	1,163	8.61	10,014
Vested	(1,270)	19.37	(24,599)
Forfeited	(121)	24.43	(2,966)
Restricted stock at July 1, 2007	1,818	$ 19.51	$ 35,470

The following table summarizes the stock option transactions for the nine month period ended July 1, 2007:

Stock Options	Shares	Weighted Average Price	Aggregate Intrinsic Value
Outstanding at September 30, 2006	1,911	$ 14.65	$ —
Granted	—	—	—
Exercised	—	—	—
Forfeited	(85)	14.36	—
Outstanding at July 1, 2007	1,826	$ 14.66	$ —
Exercisable at July 1, 2007	1,642	$ 14.78	$ —

The following table summarizes information about options outstanding and options outstanding and exercisable as of July 1, 2007:

	Options Outstanding					Options Outstanding and Exercisable		
Range of Exercise Prices	Number of Shares	Weighted-Average Remaining Contractual Life	Weighted-Average Exercise Price		Number of Shares	Weighted-Average Exercise Price	
$4.39	149	0.25 years	$	4.39	149	$	4.39
$11.32 – $14.60	1,203	4.87		13.43	1,030		13.53
$16.19 – $21.50	205	1.17		18.75	202		18.73
$21.63 – $28.70	269	1.99		22.72	261		22.57
	1,826	3.66	$	14.66	1,642	$	14.78

Derivative Financial Instruments: Derivative financial instruments are used by the Company principally in the management of its interest rate, foreign currency and raw material price exposures. The Company does not hold or issue derivative financial instruments for trading purposes. When entered into, the Company formally designates the derivative financial instrument as a hedge of a specific underlying exposure if such criteria are met, 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 derivative financial instruments that are used in hedging transactions are effective at offsetting changes in either the fair value or cash flows of the related underlying exposure. Because of the high correlation between the derivative financial instrument and the underlying exposure being hedged, fluctuations in the value of the derivative financial instruments are generally offset by changes in the fair values or cash flows of the underlying exposures being hedged. Any ineffective portion of a derivative financial instrument's change in fair value is immediately recognized in earnings.

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 Accumulated other comprehensive income ("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 accounts receivable and recognized in earnings as an adjustment to interest expense from the underlying debt to which the swap is designated. During the three month periods ended July 1, 2007 and July 2, 2006, $2,047 and $667 of pretax derivative gains, respectively, from such hedges were recorded as an adjustment to Interest expense. During the three month periods ended July 1, 2007 and July 2, 2006, ineffectiveness from such hedges was $0. During the three month period ended July 1, 2007, $1,150 of pretax derivative gains were recorded as an adjustment to Interest expense from early termination of a Euro-denominated interest rate swap. The hedge was terminated in connection with a reduction in Euro-denominated debt that also occurred in the quarter. During the nine month periods ended July 1, 2007 and July 2, 2006, $5,792 and $502 of pretax derivative gains, respectively, from such hedges were recorded as an adjustment to Interest expense. During the nine month periods ended July 1, 2007 and July 2, 2006, $0 and $431 of pretax derivative gains, respectively, were recorded as adjustments to Interest expense for ineffectiveness from such hedges and included in the amounts listed above.

At July 1, 2007, the Company had a portfolio of United States Dollar ("USD") denominated interest rate swaps outstanding which effectively fixes the interest rates on floating rate debt, exclusive of lender spreads, at rates as follows: 4.15% for a notional principal amount of $175,000 through September 2007, 4.46% for a notional principal amount of $170,000 through October 2008 and 5.49% for a notional principal amount of $225,000 through March 2010. In addition, the Company had a portfolio of EUR-denominated interest rate swaps outstanding which effectively fixes the interest rates on floating rate debt, exclusive of lender spreads, at rates as follows: 2.68% for a notional principal amount of €50,000 through September 2007 and 2.68% for a notional principal amount of €185,000 through September 2008. The derivative net gain on these contracts recorded in AOCI at July 1, 2007 was $5,124, net of tax expense of $3,141. The derivative net gain on these contracts recorded in AOCI at September 30, 2006 was $6,385, net of tax expense of $3,913. At July 1, 2007, the portion of derivative net gains estimated to be reclassified from AOCI into earnings over the next 12 months is $2,394, net of tax.

The Company periodically enters into forward foreign exchange contracts to hedge the risk from forecasted foreign 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 or product or raw material purchases. Until the sale or purchase is recognized, the fair value of the related hedges 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. During the three month periods ended July 1, 2007 and July 2, 2006, $106 and $4, respectively, of pretax derivative gains and losses, from such hedges were recorded as an adjustment to Net sales. During the nine month periods ended July 1, 2007 and July 2, 2006, $644 and $4, respectively, of pretax derivative gains and losses from such hedges were recorded as an adjustment to Net sales. During the three month periods ended July 1, 2007 and July 2, 2006, $1,294 and $384 of pretax derivative losses, respectively, from such hedges were recorded as an adjustment to Cost of good sold. During the nine month periods ended July 1, 2007 and July 2, 2006, $1,843 and $221 of pretax derivative losses, respectively, from such hedges were recorded as an adjustment to Cost of good sold. Following the sale or purchase, subsequent changes in the fair value of the derivative hedge contracts are recorded as a gain or loss in earnings as an offset to the change in value of the related asset or liability recorded in the Condensed Consolidated Balance Sheet (Unaudited). During the three month periods ended July 1, 2007 and July 2, 2006, $390 and $133 of pretax derivative losses, respectively, from such hedges were recorded as an adjustment to earnings in Other income, net. During the nine month periods ended July 1, 2007 and July 2, 2006, $1,146 and $59 of pretax derivative losses, respectively, from such hedges were recorded as an adjustment to earnings in Other income, net. The pretax derivative adjustment to earnings for ineffectiveness from these contracts for the three month periods ended July 1, 2007 and July 2, 2006 was $0. The pretax derivative adjustment to earnings for ineffectiveness from these contracts for the nine month periods ended July 1, 2007 and July 2, 2006 was $0. At July 1, 2007 and September 30, 2006, respectively, the Company had $142,449 and $97,932 of such foreign exchange derivative contracts outstanding. The derivative net loss on these contracts recorded in AOCI at July 1, 2007 was $2,541, net of tax benefit of $1,310. The derivative net gain on these contracts recorded in AOCI at September 30, 2006 was $647, net of tax expense of $326. At July 1, 2007, the portion of derivative net losses estimated to be reclassified from AOCI into earnings over the next 12 months is $1,978, net of tax.

The Company periodically enters into forward and swap foreign exchange contracts to 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, Pounds Sterling, Brazilian Reals or Canadian Dollars. These foreign exchange contracts are fair value hedges of a related liability or asset recorded in the Condensed Consolidated Balance Sheet (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. During the three month periods ended July 1, 2007 and July 2, 2006, $3,544 and $3,409 of pretax derivative losses and gains, respectively, from such hedges were recorded as an adjustment to earnings in Other income, net. During the nine month periods ended July 1, 2007 and July 2, 2006, $7,576 and $2,798 of pretax derivative losses and gains, respectively, from such hedges were recorded as an adjustment to earnings in Other income, net. At July 1, 2007 and September 30, 2006, $196,892 and $129,663, respectively, of such foreign exchange derivative contracts were outstanding.

The Company is exposed to risk from fluctuating prices for raw materials, including zinc, urea and di-ammonium phosphates used in its manufacturing processes. The Company hedges a portion of the risk associated with these materials through the use of commodity call options and 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 call options effectively cap the floating price on a specified quantity of raw materials through a specified date. The swaps effectively fix the floating price on a specified quantity of raw materials through a specified date. During the three month periods ended July 1, 2007 and July 2, 2006, $1,788 and $512, of pretax derivative gains, respectively, were recorded as an adjustment to Cost of goods sold for swap or option contracts settled at maturity. During the nine month periods ended July 1, 2007 and July 2, 2006, $14,101 and $238, of pretax derivative gains and losses, respectively, were recorded as an adjustment to Cost of goods sold for swap or option contracts settled at maturity. The hedges are generally highly effective, however, during the three month periods ended July 1, 2007 and July 2, 2006, $160 and $0 respectively, of pretax derivative gains, were recorded as an adjustment to Cost of goods sold for ineffectiveness and $228 and $24 of pretax derivative losses were recorded as an adjustment to Cost of goods sold for ineffectiveness during the nine month periods ended July 1, 2007 and July 2, 2006, respectively. At July 1, 2007, the Company had a series of such swap contracts outstanding through February 2009 with a contract value of $43,244. At September 30, 2006, $43,614 of such commodity contracts was outstanding. The derivative net loss on these contracts recorded in AOCI at July 1, 2007 was $417, net of tax benefit of $212. The derivative net gain on these contracts recorded in AOCI at September 30, 2006 was $3,495, net of tax expense of $1,852. At July 1, 2007, the portion of derivative net losses estimated to be reclassified from AOCI into earnings over the next 12 months is $294, net of tax.

3 OTHER COMPREHENSIVE INCOME

Comprehensive income and the components of other comprehensive income, net of tax, for the three and nine month periods ended July 1, 2007 and July 2, 2006, respectively, are as follows:

	Three Months		Nine Months	
	2007	2006	2007	2006
Net (loss) income	$ (7,388)	$ 2,545	$(263,713)	$ 5,425
Other comprehensive income:				
Foreign currency translation	16,853	8,521	28,843	10,725
Adjustment of additional minimum pension liability	(114)	(392)	(1,728)	(403)
Net unrealized (loss) gain on derivative instruments	(2,765)	4,560	(8,421)	10,779
Net change to derive comprehensive income for the period	13,974	12,689	18,694	21,101
Comprehensive income (loss)	$ 6,586	$15,234	$(245,019)	$26,526

Net exchange gains or losses resulting from the translation of assets and liabilities of foreign subsidiaries are accumulated in the AOCI section of Shareholders’ equity. Also included are the effects of exchange rate changes on intercompany balances of a long-term nature and transactions designated as hedges of net foreign investments. The changes in accumulated foreign currency translation for the three and nine month periods ended July 1, 2007 and July 2, 2006 were primarily attributable to the impact of translation of the net assets of the Company’s European operations, primarily denominated in Euros and Pounds Sterling.

4 NET (LOSS) INCOME PER COMMON SHARE

Net (loss) income per common share for the three and nine month periods ended July 1, 2007 and July 2, 2006, respectively, is calculated based upon the following number of shares:

	Three Months		Nine Months	
	2007	2006	2007	2006
Basic	50,753	49,456	50,827	49,458
Effect of restricted stock and assumed conversion of options	—	2,128	—	1,501
Diluted	50,753	51,584	50,827	50,959

Table of Contents

For the three and nine month periods ended July 1, 2007, the Company has not assumed the exercise of common stock equivalents as the impact would be antidilutive.

5 INVENTORIES

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

	July 1, 2007	September 30, 2006
Raw materials	$ 78,120	$ 121,793
Work-in-process	34,316	36,205
Finished goods	220,636	302,674
	$333,072	$ 460,672

6 GOODWILL AND ACQUIRED INTANGIBLE ASSETS

Goodwill and intangible assets consist of the following:

	Global Batteries & Personal Care	Home and Garden	Global Pet Supplies	Total
Goodwill:				
Balance as of September 30, 2006	$ 330,465	$ 297,330	$502,389	$1,130,184
Asset held for sale	—	(298,576)	—	(298,576)
Purchase price allocation	834	—	(8,103)	(7,269)
Goodwill impairment	(214,039)	—	—	(214,039)
Effect of translation	5,981	1,246	23,507	30,734
Balance as of July 1, 2007	$ 123,241	$ —	$517,793	$ 641,034
Intangible Assets:				
Trade names Not Subject to Amortization				
Balance as of September 30, 2006	$ 393,110	$ 146,634	$297,200	$ 836,944
Additions	—	—	656	656
Asset held for sale	—	(147,041)	—	(147,041)
Purchase price allocation(A)	(3,750)	—	—	(3,750)
Effect of translation	11,856	407	6,384	18,647
Balance as of July 1, 2007	$ 401,216	$ —	$304,240	$ 705,456
Intangible Assets Subject to Amortization				
Balance as of September 30, 2006, gross	$ 15,695	$ 94,121	$150,560	$ 260,376
Less: Accumulated amortization	(3,391)	(15,953)	(19,662)	(39,006)
Balance as of September 30, 2006, net	$ 12,304	$ 78,168	$130,898	$ 221,370
Asset held for sale	—	(78,364)	—	(78,364)
Amortization during period	(749)	—	(9,560)	(10,309)
Effect of translation	672	196	2,052	2,920
Balance as of July 1, 2007, net	$ 12,227	$ —	$123,390	$ 135,617
Pension Intangibles				
Balance as of July 1, 2007	$ 2,586	$ —	$ —	$ 2,586
Total Intangible Assets, net	$ 416,029	$ —	$427,630	$ 843,659

(A) During the nine month period ended July 1, 2007, in accordance with Statement of Financial Accounting Standards No. 109, “Accounting for Income Taxes”, the Company reduced Global Batteries & Personal Care intangible assets as a result of the reversal of a portion of a deferred tax valuation allowance established in connection with the acquisition of Microlite, as all prior goodwill had been previously written off.

SFAS 142 requires companies to test goodwill and indefinite-lived intangible assets for impairment annually, or more often if an event or circumstance indicates that an impairment loss may have been incurred. In accordance with SFAS 142, the Company, with the assistance of independent third party valuation specialists, tested its goodwill and indefinite-lived intangible assets for impairment as of April 1, 2007. As a result the Company recorded a non-cash pretax impairment charge related to goodwill of approximately $214,039 in the three month period ended April 1, 2007. See Note 2, Significant Accounting Policies—Intangible Assets, for further details on the impairment charge.

The carrying value of technology assets was $35,153, net of accumulated amortization of $9,870 at July 1, 2007 and $37,305, net of accumulated amortization of $7,126 at September 30, 2006. Remaining intangible assets subject to amortization include mostly customer relationship intangibles. Of the intangible assets acquired in the United acquisition and the Company's acquisition of Jungle Laboratories Corporation ("Jungle Labs"), customer relationships and technology assets have been assigned a life of approximately 12 years and other intangibles have been assigned lives of 1 year to 4 years. Of the intangible assets acquired in the Company's acquisition of Tetra Holding GmbH ("Tetra"), customer relationships have been assigned a life of approximately 12 years and technology assets have been assigned a 6 year life.

Amortization expense for the three and nine month periods ended July 1, 2007 and July 2, 2006, respectively, is as follows:

	Three Months		Nine Months	
	2007	2006	2007	2006
Proprietary technology amortization	$ 923	$ 643	$ 2,754	$ 1,790
Customer relationships amortization	2,388	2,431	7,054	7,153
Trade names amortization	167	482	501	1,445
	$3,478	$3,556	$10,309	$10,388

The Company estimates annual amortization expense for the next five fiscal years will approximate $13,500 per year.

7 DEBT

Debt consists of the following:

	July 1, 2007		September 30, 2006	
	Amount	Rate(A)	Amount	Rate(A)
Senior Subordinated Notes, due February 1, 2015	$ 700,000	7.4%	$ 700,000	7.4%
Senior Subordinated Notes, due October 2, 2013	347,012	11.3%	—	—
Term Loan B, U.S. Dollar, expiring March 30, 2013	1,000,000	9.5%	—	—
Term Loan B II, U.S. Dollar, expiring March 30, 2013	200,000	9.4%	—	—
Term Loan, Euro, expiring March 30, 2013	352,337	8.6%	—	—
Senior Subordinated Notes, due October 1, 2013	2,873	8.5%	350,000	8.5%
Term Loan, U.S. Dollar, expiring February 6, 2012	—	—	604,827	8.6%
Term Loan, Canadian Dollar, expiring February 6, 2012	—	—	72,488	7.4%
Term Loan, Euro, expiring February 6, 2012	—	—	134,721	6.3%
Term Loan, Euro Tranche B, expiring February 6, 2012	—	—	332,315	6.2%
Revolving Credit Facility, expiring February 6, 2011	—	—	26,200	10.3%
Other notes and obligations	31,279	6.2%	42,698	5.7%
Capitalized lease obligations	21,093	5.1%	13,922	5.0%
	2,654,594		2,277,171	
Less current maturities	48,498		42,713	
Long-term debt	$2,606,096		$2,234,458	

(A) Interest rates on senior credit facilities represent the period-end weighted average rates on balances outstanding exclusive of the effects of any interest rate swaps.

Senior Credit Facilities

On March 30, 2007, the Company refinanced its outstanding senior credit facilities with new senior credit facilities (the “Senior Credit Facilities”) pursuant to a new senior credit agreement (“The Senior Credit Agreement”). The proceeds of borrowings under the Senior Credit Facilities were used to repay all outstanding obligations under the Company’s Fourth Amended and Restated Credit Agreement, dated as of February 7, 2005, pay fees and expenses in connection with the refinancing and the Exchange Offer, described below, and for general corporate purposes. Approximately $11,649 of prepayment premiums in connection with repayment of the previously outstanding senior credit facilities are included in interest expense in the Condensed Consolidated Statements of Operations (Unaudited) for the nine month period ended July 1, 2007.

The Senior Credit Facility permits a portion of the term loan facilities it provides for, in an aggregate principal amount of up to $300,000, to be replaced with an asset based loan facility. During the quarter ended July 1, 2007, the company executed a commitment agreement with certain lenders to enter into a $225,000 U.S. Dollar Asset based loan facility. The Company currently expects to close on the asset based loan facility during the fourth quarter of fiscal 2007.

As of July 1, 2007, the Senior Credit Facilities aggregated to a U.S. Dollar equivalent of $1,602,337 and consisted of a $1,000,000 U.S. Dollar Term B Loan, a $200,000 U.S. Dollar Term B II Loan, a €262,000 Term Loan (USD $352,337 at July 1, 2007) (collectively referred to as the “Term Loan Facilities”), and a $50,000 synthetic letter of credit facility.

$46,869 of Letters of credit were outstanding under the synthetic letter of credit facility at July 1, 2007.

Approximately $35,626 of fees and expenses incurred in association with the Senior Credit Facilities have been capitalized and will be amortized over the term of the facilities. In addition, in connection with the refinancing approximately $15,651 of debt issuance costs associated with the previously outstanding senior credit facilities were written off and are included in Interest expense in the Condensed Consolidated Statements of Operations (Unaudited) for the nine month period ended July 1, 2007.

The Term Loan Facilities are subject to repayment according to a scheduled amortization, with the final payment of all amounts outstanding, plus accrued interest, due on March 30, 2013. Beginning with the fiscal year ending September 30, 2007, the Senior Credit Agreement provides for annual mandatory prepayments, over and above the normal amortization as a result of excess cash flow, as defined in the Senior Credit Agreement. The Senior Credit Agreement also provides for other mandatory prepayments, subject to certain exceptions and reinvestment provisions, of net proceeds as a result of the issuance of debt, sales of certain assets above a specified threshold, receipt of proceeds from certain casualty events and the issuance of equity interests by the Company or any of its subsidiaries.

The Senior Credit Agreement contains financial covenants with respect to debt which include a maximum senior secured leverage ratio. In accordance with the agreement, the limits imposed by such ratio become more restrictive over time. In addition, the Senior Credit Agreement 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.

The Senior Credit Agreement also contains customary events of default and is secured by substantially all of the Company’s domestic assets pursuant to a Guarantee and Collateral Agreement entered into on March 30, 2007.

As of July 1, 2007, the Company was in compliance with all covenants associated with its Senior Credit Facilities.

Senior Subordinated Notes

Beginning on March 16, 2007, the Company conducted an offer to exchange the entire $350,000 of outstanding principal amount of its 8 $^{1}/_{2}$% Senior Subordinated Notes due 2013 (the "Existing Notes") for the same aggregate principal amount of Variable Rate Toggle Senior Subordinated Notes due 2013 (the "New Notes") pursuant to the terms of an exchange offer (the "Exchange Offer"). The terms of the Exchange Offer further provided that holders of Existing Notes who tendered their Existing Notes for exchange following the expiration of a consent solicitation period, which ended on March 29, 2007, would receive a reduced principal amount of New Notes in exchange for tendered Existing Notes. As of the expiration of the Exchange Offer on April 13, 2007, holders of Existing Notes had tendered $347,127 of Existing Notes, which were accepted by the Company, and exchanged, pursuant to the terms of the Exchange Offer, for $347,012 of New Notes. As a result of the terms of the Exchange Offer, during the three month period ended July 1, 2007 the Company recorded a gain from early extinguishment of debt of $75 net of tax expense of $40. At July 1, 2007, $2,873 principal amount of Existing Notes remain outstanding.

In connection with the Exchange Offer, on March 30, 2007 the Company and certain of its domestic subsidiaries, as guarantors, entered into an indenture (the "Indenture") with Wells Fargo Bank, N.A., as trustee (the "Trustee"), governing the New Notes.

Approximately $3,879 of fees and expenses incurred in association with the Exchange Offer have been capitalized and will be amortized over the term of the New Notes. In addition, in connection with the Exchange Offer approximately $8,925 of debt issuance costs associated with the Existing Notes were written off and included in Interest expense in the Condensed Consolidated Statements of Operations (Unaudited) for the nine month period ended July 1, 2007.

Subject to certain conditions, the Company has the option to pay interest on the New Notes entirely in cash or by increasing the principal amount of the New Notes. The New Notes are subject to a variable rate of interest that increases semi-annually, varying depending on whether interest is paid in cash or increased principal. The New Notes currently bear interest at 11.25%. Interest will be payable semi-annually in arrears on October 2 and April 2, beginning on October 2, 2007. At such time as the Fixed Charge Coverage Ratio test under the indentures governing the New Notes is above 2:1, the Company is required to pay interest of 1% over the scheduled rates referred to above. The Company will make each interest payment to the holders of record of the New Notes as of the immediately preceding March 15 and September 15, respectively. The New Notes are general unsecured obligations of the Company. The New Notes are subordinated in right of payment to all existing and future senior debt of the Company, including the indebtedness of the Company pursuant to the Senior Credit Agreement. The New Notes are pari passu in right of payment with all existing and any future senior subordinated indebtedness of the Company, including, without limitation, the Company's 7 $^{3}/_{8}$% Senior Subordinated Notes due 2015 and its Existing Notes which remain outstanding following the closing of the Exchange Offer, and are senior in right of payment to any future subordinated indebtedness of the Company.

The terms of the New Notes are governed by the Indenture. The Indenture contains customary covenants that limit the Company's ability to, among other things, incur additional indebtedness, pay dividends on or redeem or repurchase the Company's equity interests, make certain investments, expand into unrelated businesses, create liens on assets, merge or consolidate with another company, transfer or sell all or substantially all of the Company's assets, and enter into transactions with affiliates. Upon the occurrence of a "change of control," as defined in the Indenture, the Company is required to make an offer to repurchase the outstanding New Notes for a specified redemption price, beginning at 110% of the principal amount being repurchased and declining to 100% on October 1, 2010, in each case plus accrued and unpaid interest on such principal.

The Company may redeem all or a part of the New Notes upon not less than 30 nor more than 60 days notice, at specified redemption prices beginning at 110% of the principal amount being redeemed and declining to 100% on October 1, 2010, in each case plus accrued and unpaid interest on such principal.

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

The Company was in compliance with all covenants associated with its $347,012 principal amount of New Notes, its $2,873 principal amount of Existing Notes that remain outstanding and its $700,000 principal amount of 7 $^{3}/_{8}$% Senior Subordinated Notes due 2015 (collectively referred to as the "Senior Subordinated Notes"), with the exception of the Fixed Charge Coverage Ratio test relating to the indebtedness under the Senior Subordinated Notes, that were in effect as of and during the period ended July 1, 2007. Due to significant restructuring charges and reduced business performance, the Company has not met the minimum requirement of 2:1 for the Fixed Charge Coverage Ratio test under the indentures governing its Senior Subordinated Notes. Until the Company satisfies such test, it is limited in its ability to make significant acquisitions or incur significant additional senior debt beyond its Senior Credit Facilities. The Company does not expect its inability to meet the Fixed Charge Coverage Ratio test to impair its ability to provide adequate liquidity to meet the short-term and long-term liquidity requirements of its existing businesses, although no assurance can be given in this regard.

8 EMPLOYEE BENEFIT PLANS

The Company has several defined benefit pension plans covering certain employees in the United States and other countries, primarily the United Kingdom and Germany. Plans generally provide benefits of stated amounts for each year of service. The Company funds its U.S. pension plans at a level to maintain, within established guidelines, the IRS-defined 90 percent current liability funded status. At January 1, 2007, the date of the most recent calculation, all U.S. funded defined benefit pension plans reflected a current liability funded status equal to or greater than 90 percent. 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 also sponsors or participates in a number of other non-U.S. pension arrangements, including various retirement and termination benefit plans, some of which are covered by local law or coordinated with government-sponsored plans, which are not significant in the aggregate and therefore are not included in the information presented below.

The Company also has various nonqualified deferred compensation agreements with certain of its employees. Under certain of these agreements, the Company has agreed to pay certain amounts annually for the first 15 years subsequent to retirement or to a designated beneficiary upon death. It is management's intent that life insurance contracts owned by the Company will fund these agreements. Under the remaining agreements, the Company has agreed to pay such deferred amounts in up to 15 annual installments beginning on a date specified by the employee, subsequent to retirement or disability, or to a designated beneficiary upon death.

The Company's results of operations for the three and nine month periods ended July 1, 2007 and July 2, 2006, respectively, reflect the following pension and deferred compensation benefit costs:

Components of net periodic pension benefit and deferred compensation benefit cost	Three Months 2007	Three Months 2006	Nine Months 2007	Nine Months 2006
Service cost	$ 782	$ 1,141	$ 2,347	$ 3,283
Interest cost	1,393	1,482	4,179	4,231
Expected return on assets	(1,017)	(1,026)	(3,052)	(2,953)
Settlement and Curtailment	173	—	520	—
Amortization of prior service cost	64	96	191	288
Amortization of transition obligation	—	8	—	25
Recognized net actuarial loss	156	344	468	999
Net periodic benefit cost	$ 1,551	$ 2,045	$ 4,653	$ 5,873

Pension and deferred compensation contributions	Three Months 2007	Three Months 2006	Nine Months 2007	Nine Months 2006
Contributions made during period	$ 1,782	$ 942	$ 2,561	$ 2,938

The Company provides certain health care and life insurance benefits to eligible retired employees. Participants earn retiree health care benefits after reaching age 45 over the next 10 succeeding years of service and remain eligible until reaching age 65. The plan is contributory; retiree contributions have been established as a flat dollar amount with contribution rates expected to increase at the active medical trend rate. The plan is unfunded. The Company is amortizing the transition obligation over a 20-year period.

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 contributes annually from 3% to 6% of participants' compensation based on age or service, and may make additional discretionary contributions. 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, 2007 were $1,648 and $3,658, respectively.

9 SEGMENT RESULTS

As of January 1, 2007, the Company began managing its business in three operating segments: (i) Global Batteries & Personal Care, (ii) Global Pet Supplies; and (iii) Home and Garden. The presentation of all historical segment reporting herein has been reclassified to conform to this segment structure.

Global strategic initiatives and financial objectives for each segment are determined at the corporate level. Each operating segment is responsible for implementing defined strategic initiatives and achieving certain financial objectives. Each operating segment has a general manager responsible for all the sales and marketing initiatives for all product lines within that segment plus the financial results of 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, interest expense, interest income, impairment charges and income tax expense. In connection with the realignment of operating segments discussed above, as of January 1, 2007 expenses associated with global operations, consisting of research and development, manufacturing management, global purchasing, quality operations and inbound supply chain, which were previously reflected in corporate expenses, are now included in the determination of operating segment profits. In addition, certain general and administrative expenses necessary to reflect the operating segments on a stand alone basis and which were previously reflected as corporate expenses, have been included in the determination of operating segment profits. Accordingly, corporate expenses include primarily general and administrative expenses associated with corporate overhead and long-term incentive compensation plans. Segment reporting results prior to January 1, 2007 have been reclassified to conform to the changes described above. 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.

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, 2007 and July 2, 2006, respectively, and at July 1, 2007 and September 30, 2006 is as follows:

	Three Months		Nine Months	
	2007	2006	2007	2006
Net sales from external customers				
Global Batteries & Personal Care	$ 307,024	$ 295,172	$ 1,031,083	$ 1,005,549
Global Pet Supplies	134,976	132,345	415,203	402,910
Total segments	$ 442,000	$ 427,517	$ 1,446,286	$ 1,408,459

	Three Months		Nine Months	
	2007	2006	2007	2006
Intersegment net sales				
Global Pet Supplies	$297	$—	$3,948	$—
Total segments	$297	$—	$3,948	$—

	Three Months		Nine Months	
	2007	2006	2007	2006
Segment profit				
Global Batteries & Personal Care	$ 27,421	$ 10,033	$ 89,373	$ 85,792
Global Pet Supplies	14,422	17,662	49,120	54,447
Total segments	41,843	27,695	138,493	140,239
Corporate expense	7,543	10,325	38,664	30,504
Restructuring and related charges	30,648	6,852	54,469	13,562
Goodwill impairment	—	—	214,039	—
Interest expense	41,149	31,364	142,120	91,049
Other expense (income), net	914	(131)	4,513	(5,230)
(Loss) income from continuing operations before income taxes	$(38,411)	$(20,715)	$(315,312)	$ 10,354

	July 1, 2007	September 30, 2006
Segment total assets		
Global Batteries & Personal Care	$ 1,410,935	$ 1,549,197
Global Pet Supplies	1,190,441	1,170,841
Home and Garden[(A)]	841,812	745,363
Total segments	3,443,188	3,465,401
Corporate	135,306	83,919
Total assets at period end	$ 3,578,494	$ 3,549,320

(A) Represents assets related to the discontinued Home and Garden Business. Such assets at July 1, 2007 are included in Assets held for sale in the Condensed Consolidated Balance Sheets (Unaudited). See Note 2, Significant Accounting Policies—Discontinued Operations and Assets Held for Sale for further details on the discontinued Home and Garden Business.

10 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 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 related functions. Restructuring and related charges reflected in Operating expenses include, but are not limited to, termination and related costs, any asset impairments relating to the functional areas described above, and other costs directly related to the initiatives implemented.

The following table summarizes restructuring and related charges incurred by segment for the three and nine month periods ended July 1, 2007 and July 2, 2006, respectively:

	Three Months		Nine Months	
	2007	2006	2007	2006
Cost of goods sold:				
Global Batteries & Personal Care	$ 945	$ 447	$ 6,522	$ 1,241
Global Pet Supplies	3,143	2,261	10,181	3,194
Corporate	28	—	28	—
Total restructuring and related charges in cost of goods sold	4,116	2,708	16,731	4,435
Operating expenses:				
Global Batteries & Personal Care	6,618	3,300	13,926	7,325
Global Pet Supplies	2,542	844	6,440	1,802
Corporate	17,372	—	17,372	—
Total restructuring and related charges in operating expenses	26,532	4,144	37,738	9,127
Total restructuring and related charges	$30,648	$6,852	$54,469	$13,562

2007 Restructuring Initiatives

The Company has implemented a series of initiatives within the Global Batteries & Personal Care segment in Latin America to reduce operating costs (the "Latin American Initiatives"). These initiatives include the reduction of certain manufacturing operations in Brazil and the restructuring of management, sales, marketing and support functions. The Company incurred $2,543 of pretax restructuring and related charges during the nine month period ended July 1, 2007. Costs associated with the Latin America Initiatives are expected to be incurred through September 2007 and are projected at approximately $3,000.

As of January 1, 2007 the Company began managing its business in three vertically integrated, product-focused reporting segments; Global Batteries & Personal Care, Global Pet Supplies and Home and Garden. As part of this realignment, the Company's Global Operations organization, previously included in corporate expense, consisting of research and development, manufacturing management, global purchasing, quality operations and inbound supply chain, is now included in each of the operating segments. In connection with these changes the Company undertook a number of cost reduction initiatives, primarily headcount reductions, at the corporate and operating segment levels (the "Global Realignment Initiatives"). The Company incurred $31,369 of pretax restructuring and related charges in connection with these initiatives during the nine month period ended July 1, 2007. Costs associated with these initiatives, which are expected to be incurred through December 31, 2008, relate primarily to severance and are projected at approximately $48,000, the majority of which will be cash costs.

The following table summarizes the accrual balance and activity that occurred during the nine month period ended July 1, 2007 associated with the 2007 restructuring initiatives:

2007 Restructuring Initiatives Summary

	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2006	$ —	$ —	$ —
Provisions	18,967	814	19,781
Cash expenditures	(3,058)	(401)	(3,459)
Non-cash expenditures	13	—	13
Accrual balance at July 1, 2007	$ 15,922	$ 413	$16,335
Expensed as incurred[A]	$ 13,266	$ 865	$14,131

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

2006 Restructuring Initiatives

The Company implemented a series of initiatives within the Global Batteries & Personal Care segment in Europe to reduce operating costs and rationalize the Company's manufacturing structure (the "European Initiatives"). These initiatives include the relocation of certain operations at the Ellwangen, Germany packaging center to the Dischingen, Germany battery plant, transferring private label battery production at the Company's Dischingen, Germany battery plant to the Company's manufacturing facility in China and restructuring its sales, marketing and support functions. The Company incurred $4,088 of pretax restructuring and related charges during the nine month period ended July 1, 2007 in connection with the European Initiatives. Costs associated with these initiatives, expected to be incurred through September 2007, relate primarily to severance and are projected at approximately $26,000, the majority of which will be cash costs.

The following table summarizes the accrual balance and activity that occurred during the nine month period ended July 1, 2007 associated with the 2006 restructuring initiatives:

2006 Restructuring Initiatives Summary

	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2006	$ 12,922	$—	$ 12,922
Provisions	3,580	—	3,580
Cash expenditures	(11,678)	—	(11,678)
Non-cash expenditures	313	—	313
Accrual balance at July 1, 2007	$ 5,137	$—	$ 5,137
Expensed as incurred[(A)]	$ 508	$—	$ 508

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

2005 Restructuring Initiatives

In connection with the acquisitions of United and Tetra in 2005, the Company announced a series of initiatives to optimize the global resources of the combined companies. These initiatives included: integrating all of United's Home and Garden administrative services, sales and customer service functions into the Company's operations in Madison, Wisconsin; converting all information systems to SAP; consolidating United's Home and Garden manufacturing and distribution locations in North America; rationalizing the combined companies supply chain; and consolidating administrative, manufacturing and distribution facilities of the Company's Global Pet Supplies business. In addition, certain corporate finance functions were shifted to the Company's global headquarters in Atlanta.

Effective October 1, 2006 the Company reflected the operations of its Home and Garden Business as a discontinued operation. See Note 2, Significant Accounting Policies—Discontinued Operations and Assets Held for Sale for further details on the discontinued Home and Garden Business. As a result, as of October 1, 2006 initiatives to integrate the activities of the Home and Garden Business into the Company's operations in Madison, Wisconsin have been suspended.

Integration activities within Global Pet Supplies continue as the Company works to integrate the Tetra and the United Pet Businesses. Global Pet Supplies integration activities consist primarily of the rationalization of manufacturing facilities and the optimization of the distribution network. As a result of these integration initiatives, two pet supplies facilities were closed in 2005, one in Brea, California and the other in Hazleton, Pennsylvania, one pet supply facility was closed in 2006, in Hauppauge, New York and the Company expects to close one pet supply facility in fiscal 2007, in Moorpark, California.

The Company recorded $16,585 of pretax restructuring and related charges during the nine month period ended July 1, 2007 primarily in connection with its integration activities within the Global Pet Supplies business. The Company's integration activities related to the Global Pet Supplies business are ongoing and are expected to continue through fiscal 2007.

Table of Contents

The following tables summarize the remaining accrual balance and activity that occurred during the nine month period ended July 1, 2007 associated with the 2005 restructuring initiatives:

2005 Restructuring Initiatives Summary

	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2006	$ 8,684	$ 2,657	$11,341
Provisions	(141)	452	311
Cash expenditures	(5,578)	(683)	(6,261)
Non-cash expenditures	(1,175)	(5)	(1,180)
Accrual balance at July 1, 2007	$ 1,790	$ 2,421	$ 4,211
Expensed as incurred[(A)]	$ 1,034	$15,240	$16,274

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

2005 Restructuring Initiatives Summary—Pursuant to Acquisitions[(A)]

	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2006	$ 4,515	$15,278	$19,793
Cash expenditures	(2,321)	(3,678)	(5,999)
Non-cash expenditures	(568)	80	(488)
Accrual balance at July 1, 2007	$ 1,626	$11,680	$13,306

(A) Represents costs to exit activities of the acquired United and Tetra businesses. These costs, which include severance, lease termination costs, inventory disposal costs and other associated costs, relate to the closure of certain acquired Global Pet Supplies and Home and Garden manufacturing and distribution facilities. Such amounts are recognized as liabilities assumed as part of the United acquisition and included in the allocation of the acquisition cost in accordance with the provisions of EITF 95-3 *"Recognition of Liabilities Assumed in Connection with a Purchase Business Combination."*

11 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 in excess of the amounts provided of approximately $2,916, which may result from resolution of these matters, will not have a material adverse effect on the financial condition, results of operations or cash flows of the Company.

The Company's acquisition of Jungle Labs on September 1, 2005 included non-compete arrangements to be earned and paid through August 31, 2007. The purchase agreement for this transaction also contains a provision for total contingent earnout payments not to exceed $3,500. The earnout calculation is based upon net sales of Jungle Labs products through August 31, 2007. The first portion of this earnout, based upon net sales of Jungle Labs products through August 31, 2006, resulted in the Company making earnout payments of approximately $280. Such amounts, and any additional amounts to be paid, will be recorded as additional acquisition consideration.

Included in long-term liabilities assumed in connection with the acquisition of Microlite is a provision for "presumed" credits applied to the Brazilian excise tax on Manufactured Products, or "IPI taxes". Although a previous ruling by the Brazilian Federal Supreme Court has been issued in favor of a specific Brazilian taxpayer with similar tax credits, on February 15, 2007 the Brazilian Federal Supreme Court ruled against certain Brazilian taxpayers with respect to the legality and constitutionality of the IPI "presumed" credits. This decision is expected to be applicable to all similarly-situated taxpayers. At July 1, 2007, these amounts totaled approximately $35,168 and are included in Other long-term liabilities in the Condensed Consolidated Balance Sheets (Unaudited).

The Company, along with certain former Executive Officers, were defendants in a purported class action lawsuit, filed on February 2, 2006 in the U.S. District Court for the Northern District of Georgia. The lawsuit generally alleged that the Company and the individually named defendants made materially false and misleading public statements concerning the Company's operational and financial condition, thereby allegedly causing plaintiff to purchase Company securities at artificially inflated prices. The plaintiff sought unspecified damages, as well as interest, costs and attorneys' fees. On March 6, 2006 defendants filed a motion to dismiss. On October 27, 2006, the Court granted defendants' motion to dismiss without prejudice, and also ordered plaintiffs to file a further amended complaint within 30 days. On November 22, 2006, plaintiffs filed a motion seeking an extension of time to file an amended complaint and a partial lift of the stay of discovery. On May 18, 2007, the Court entered an opinion and order denying that request. Plaintiffs did not file an appeal and, accordingly, this case is now closed.

On November 6, 2006, a purported shareholder derivative action was filed in the Superior Court of Fulton County for the State of Georgia, on the Company's behalf, against the Company as nominal defendant, the Company's Board of Directors, Chairman and former Chief Executive Officer David A. Jones and former Executive Vice President and Chief Financial Officer Randall J. Steward. The plaintiff derivatively claimed breaches of fiduciary duty, abuse of control, gross mismanagement and waste against all of the individually named defendants. The plaintiff also derivatively claimed that the Company's then Chief Executive Officer and then Chief Financial Officer misappropriated confidential company information for personal profit by selling the Company's stock while in possession of material, non-public information regarding the Company's financial condition and future business prospects. The plaintiff sought unspecified damages, profits, the return of all compensation paid by us, costs and attorneys' fees. On February 5, 2007, all defendants filed their answer and defenses, and also moved to dismiss the complaint. By Order dated May 30, 2007, the Court granted defendants' motion and dismissed the complaint. The time for filing an appeal of the dismissal has expired and no such appeal was taken. Accordingly, this case is now closed.

The Company is a defendant in various other matters of litigation generally arising out of the normal course of business. Such litigation includes legal proceedings with Philips in Europe with respect to trademark or other intellectual property rights. The Company does not believe that any other matters or proceedings presently pending will have a material adverse effect on the results of operations, financial condition, liquidity or cash flow of the Company.

12 NEW ACCOUNTING PRONOUNCEMENTS

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 158, *"Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—An Amendment of FASB Statements No. 87, 88, 106, and 132R,"* ("SFAS 158"). This new standard requires an employer to: (a) recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year (with limited exceptions); and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. Those changes will be reported in comprehensive income of a business entity and in changes in net assets of a not-for-profit organization. SFAS 158 applies to plan sponsors that are public and private companies and nongovernmental not-for-profit organizations. The requirement to recognize the funded status of a benefit plan and the disclosure requirements are effective as of the end of the fiscal year ended after December 15, 2006, for entities with publicly traded equity securities. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. As of September 30, 2006, the Company's net unfunded benefit obligation was approximately $55,000, accordingly, the adoption of SFAS 158 will have a material impact on its financial condition, however, the Company does not believe the adoption of SFAS 158 will have a material impact on its results of operations or cash flows.

In September 2006, the SEC staff issued Staff Accounting Bulletin ("SAB") Topic 1N, "*Financial Statements—Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements,*" ("SAB 108"). SAB 108 provides guidance on how to evaluate prior period financial statement misstatements for purposes of assessing their materiality in the current period. If the prior period effect is material to the current period, then the prior period is required to be corrected. Correcting prior year financial statements would not require an amendment of prior year financial statements, but such corrections would be made the next time the company files the prior year financial statements. Upon adoption, SAB 108 allows a one-time transitional cumulative effect adjustment to retained earnings for corrections of prior period misstatements required under this statement. SAB 108 is effective for fiscal years beginning after November 15, 2006. The Company does not believe the adoption of SAB 108 will have a material impact on its financial position, results of operations or cash flows.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "*Fair Value Measurements*," ("SFAS 157"). SFAS 157 provides guidance for using fair value to measure assets and liabilities. The FASB believes SFAS 157 also responds to investors' requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances. Under SFAS 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In SFAS 157, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, SFAS 157 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the reporting entity's own data. Under SFAS 157, fair value measurements would be separately disclosed by level within the fair value hierarchy. The provisions of SFAS 157 are effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including any financial statements for an interim period within that fiscal year. The Company is currently evaluating the impact that SFAS 157 will have on its financial condition, results of operations and cash flows.

In July 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "*Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109*," ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes.* FIN 48 prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 also provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The evaluation of a tax position in accordance with FIN 48 is a two-step process. The first step is recognition whereby the enterprise determines whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, the enterprise should presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. The second step is measurement whereby a tax position that meets the more-likely-than-not recognition threshold is calculated to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006. Earlier application is permitted as long as the enterprise has not yet issued financial statements, including interim financial statements, in the period of adoption. The provisions of FIN 48 are to be applied to all tax positions upon initial adoption of this standard. Only tax positions that meet the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption of FIN 48. The cumulative effect of applying the provisions of FIN 48 should be reported as an adjustment to the opening balance of retained earnings (or other appropriate components of equity or net assets in the statement of financial position) for that fiscal year. The Company is currently evaluating the impact that FIN 48 will have on its financial condition, results of operations and cash flows.

13 CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

In connection with the acquisitions of Remington, United, Tetra and Jungle Labs, the Company completed debt offerings of Senior Subordinated Notes. Payment obligations of the Senior Subordinated Notes are fully and unconditionally guaranteed on a joint and several basis by all of the Company's domestic subsidiaries.

The following consolidating financial data illustrates the components of the condensed consolidated financial statements. 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 condensed 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 Balance Sheets
July 1, 2007
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 111,156	$ 1,679	$ 63,365	$ —	$ 176,200
Receivables, net	131,278	262,744	127,598	(227,729)	293,891
Inventories	60,585	84,588	(421,189)	609,088	333,072
Assets held for sale	757,457	84,691	7,528	—	849,676
Prepaid expenses and other	45,634	10,583	31,386	1,755	89,358
Total current assets	1,106,110	444,285	(191,312)	383,114	1,742,197
Property, plant and equipment, net	28,695	65,727	166,118	—	260,540
Goodwill	(290,278)	559,846	369,140	2,326	641,034
Intangible assets, net	(1,281)	436,814	408,314	(188)	843,659
Deferred charges and other	765,574	(274,598)	580,878	(1,028,555)	43,299
Debt issuance costs	47,765	—	—	—	47,765
Investments in subsidiaries	5,318,872	4,501,874	3,698,060	(13,518,806)	—
Total assets	$ 6,975,457	$ 5,733,948	$ 5,031,198	$ (14,162,109)	$ 3,578,494
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 41,100	$ —	$ 32,738	$ (25,340)	$ 48,498
Accounts payable	368,577	194,773	97,877	(474,993)	186,234
Liabilities held for sale	—	84,691	—	—	84,691
Accrued liabilities	98,297	24,481	101,797	—	224,575
Total current liabilities	507,974	303,945	232,412	(500,333)	543,998
Long-term debt, net of current maturities	2,586,678	(32,476)	97,460	(45,566)	2,606,096
Employee benefit obligations, net of current portion	21,176	1,417	50,664	—	73,257
Deferred income taxes	(160,380)	142,190	82,893	—	64,703
Other	1,693	—	65,895	—	67,588
Total liabilities	2,957,141	415,076	529,324	(545,899)	3,355,642
Shareholders' equity:					
Common stock	684	547	538,382	(538,931)	682
Additional paid-in capital	670,171	1,493,980	4,440,857	(5,934,718)	670,290
Accumulated deficit	(386,977)	162,004	(540,438)	335,041	(430,370)
Accumulated other comprehensive income (loss)	3,810,521	3,662,341	63,073	(7,477,602)	58,333
	4,094,399	5,318,872	4,501,874	(13,616,210)	298,935
Less treasury stock, at cost	(76,083)	—	—	—	(76,083)
Total shareholders' equity	4,018,316	5,318,872	4,501,874	(13,616,210)	222,852
Total liabilities and shareholders' equity	$ 6,975,457	$ 5,733,948	$ 5,031,198	$ (14,162,109)	$ 3,578,494

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Operations
Three Month Period Ended July 1, 2007
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 45,876	$ 144,016	$ 292,911	$ (40,803)	$ 442,000
Cost of goods sold	21,172	108,815	184,750	(41,019)	273,718
Restructuring and related charges	83	3,240	793	—	4,116
Gross profit	24,621	31,961	107,368	216	164,166
Operating expenses:					
Selling	10,192	19,083	65,904	(283)	94,896
General and administrative	(1,434)	(130,622)	146,894	18,196	33,034
Research and development	3,729	1,214	1,109	—	6,052
Restructuring and related charges	19,240	2,541	4,751	—	26,532
	31,727	(107,784)	218,658	17,913	160,514
Operating (loss) income	(7,106)	139,745	(111,290)	(17,697)	3,652
Interest expense	39,279	(4,741)	6,618	(7)	41,149
Other income, net	(17,775)	105,633	1,410	(88,354)	914
(Loss) income from continuing operations before income taxes	(28,610)	38,853	(119,318)	70,664	(38,411)
Income tax expense (benefit)	(16,222)	13,976	(6,075)	72	(8,249)
(Loss) income from continuing operations	(12,388)	24,877	(113,243)	70,592	$ (30,162)
Income from discontinued operations, net of tax	22,774	—	—	—	22,774
Net income (loss)	$ 10,386	$ 24,877	$ (113,243)	$ 70,592	$ (7,388)

Table of Contents

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Operations
Nine Month Period Ended July 1, 2007
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 302,343	$ 406,261	$ 886,457	$(148,775)	$1,446,286
Cost of goods sold	201,046	294,421	545,797	(149,415)	891,849
Restructuring and related charges	463	9,972	6,296	—	16,731
Gross profit	100,834	101,868	334,364	640	537,706
Operating expenses:					
Selling	55,488	60,419	204,280	(406)	319,781
General and administrative	(334,666)	140,805	309,026	—	115,165
Research and development	12,843	3,545	3,274	—	19,662
Goodwill impairment	214,039	—	—	—	214,039
Restructuring and related charges	23,613	5,165	8,960	—	37,738
	(28,683)	209,934	525,540	(406)	706,385
Operating income (loss)	129,517	(108,066)	(191,176)	1,046	(168,679)
Interest expense	137,181	(13,880)	18,705	114	142,120
Other income, net	315,803	182,225	(513)	(493,002)	4,513
(Loss) income from continuing operations before income taxes	(323,467)	(276,411)	(209,368)	493,934	(315,312)
Income tax expense (benefit)	(64,283)	11,299	(4,285)	(135)	(57,404)
(Loss) income from continuing operations	(259,184)	(287,710)	(205,083)	494,069	$ (257,908)
(Loss) from discontinued operations, net of tax	(5,805)	—	—	—	(5,805)
Net (loss) income	$(264,989)	$(287,710)	$ (205,083)	$ 494,069	$ (263,713)

Table of Contents

SPECTRUM BRANDS, INC. AND SUBSIDIARIES

Condensed Consolidating Statement of Cash Flows
Nine Month Period Ended July 1, 2007
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net cash provided (used) by continuing operating activities	$ 238,597	$(121,757)	$ 479,915	$(745,137)	$ (148,382)
Cash flows from investing activities:					
Purchases of property, plant and equipment	(6,784)	(2,365)	(9,273)	—	(18,422)
Proceeds from sale of property, plant and equipment and investments	—	—	486	—	486
Intercompany investments	(27,758)	22,758	5,000	—	—
Net cash (used) provided by investing activities	(34,542)	20,393	(3,787)	—	(17,936)
Cash flows from financing activities:					
Reduction of debt	(978,527)	—	(847,836)	—	(1,826,363)
Proceeds from debt financing	1,547,500	—	631,229	—	2,178,729
Debt issuance costs	(40,790)	—	—	—	(40,790)
Proceeds from (advances related to) intercompany transactions	(623,758)	101,667	(223,046)	745,137	—
Net cash provided (used) by financing activities	(95,575)	101,667	(439,653)	745,137	311,576
Effect of exchange rate changes on cash and cash equivalents	—	—	2,512	—	2,512
Net increase in cash and cash equivalents	108,480	303	38,987	—	147,770
Cash and cash equivalents, beginning of period	2,676	1,376	24,378	—	28,430
Cash and cash equivalents, end of period	$ 111,156	$ 1,679	$ 63,365	$ —	$ 176,200

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

Introduction

We are a global branded consumer products company with positions in seven major product categories: consumer batteries; pet supplies; lawn and garden care; electric shaving and grooming; household insect control; electric personal care; and portable lighting. In the third quarter of our fiscal year ended September 30, 2006, we engaged advisors to assist us with a sale of various assets in order for us to sharpen our focus on strategic growth businesses, reduce our outstanding indebtedness and maximize long-term shareholder value. In connection with this undertaking, during the first quarter of fiscal 2007 we approved and initiated a plan to sell the assets related to our lawn and garden and household insect control product offerings (our "Home and Garden Business"). As a result, we have designated certain assets and liabilities related to our Home and Garden Business as held for sale and have designated our Home and Garden Business as a discontinued operation (for additional information see footnote 2 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, "Significant Accounting Policies—Discontinued Operations" and "Significant Accounting Policies—Assets Held for Sale"). We continue to explore possible strategic options, including divesting certain of our assets to help us sharpen our focus on strategic growth businesses, maximize long-term shareholder value and reduce our outstanding debt balances.

As of January 1, 2007, we began managing our business in three reportable segments: (i) Global Batteries & Personal Care, which consists of the Company's worldwide battery, shaving and grooming, personal care and portable lighting business ("Global Batteries & Personal Care"); (ii) Global Pet Supplies, which consists of our worldwide pet supplies business ("Global Pet Supplies"); and (iii) Home and Garden, which consists of the discontinued Home and Garden Business ("Home and Garden"). The presentation of all historical segment reporting herein has been reclassified to conform to this segment structure.

Our continuing 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. Our continuing operations utilize manufacturing and product development facilities located in the United States, Europe, China and Latin America. Our continuing operations also include the manufacturing and marketing of specialty pet supplies in North America. Through our Home and Garden Business, which we have designated as discontinued operations, we manufacture and market lawn fertilizers, herbicides, insecticides and repellants in North America.

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, 8in1 and various other brands. Our Home and Garden Business enjoys strong name recognition under the Spectracide and Cutter brands, among others.

Our financial performance is influenced by a number of factors including: general economic conditions; foreign exchange fluctuations; trends in consumer markets; 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; fuel prices; and our general competitive position, especially as impacted by our competitors' advertising and promotional activities and pricing strategies. Due to business seasonality, our operating results for the three and nine months ended July 1, 2007 are not necessarily indicative of the results that may be expected for the full year ending September 30, 2007.

Results of Operations

Fiscal Quarter and Fiscal Nine Months Ended July 1, 2007 Compared to Fiscal Quarter and Fiscal Nine Months Ended July 2, 2006

For the three months ended July 1, 2007 (the "Fiscal 2007 Quarter") and nine months ended July 1, 2007 (the "Fiscal 2007 Nine Months"), we have presented our Home and Garden Business as a discontinued operation because of our strategic decision to dispose of this business. Consequently, the results of our Home and Garden Business for the Fiscal 2007 Quarter and Fiscal 2007 Nine Months are reflected in our Condensed Consolidated Statements of Operations (Unaudited) as discontinued operations. We have reclassified our overall results for the three months ended July 2, 2006 (the "Fiscal 2006 Quarter") and the nine months ended July 2, 2006 (the "Fiscal 2006 Nine Months") to conform to this presentation. As a result, and unless specifically stated, all discussions regarding the Fiscal 2007 Quarter, Fiscal 2007 Nine Months, Fiscal 2006 Quarter and Fiscal 2006 Nine Months results, respectively, reflect results from our continuing operations.

Net Sales. Net sales for the Fiscal 2007 Quarter increased to $442 million from $428 million during the Fiscal 2006 Quarter, representing a 3% increase. Favorable foreign currency exchange translation impacted Fiscal 2007 Quarter net sales by approximately $16 million. Net sales for the Fiscal 2007 Nine Months increased to $1,446 million from $1,408 million during the Fiscal 2006 Nine Months, reflecting a 3% increase. Favorable foreign currency exchange translation impacted Fiscal 2007 Nine Month sales by approximately $45 million. Consolidated net sales by product line for the Fiscal 2007 Quarter, Fiscal 2006 Quarter, Fiscal 2007 Nine Months and Fiscal 2006 Nine Months, respectively, are as follows:

	Fiscal Quarter		Fiscal Nine Months	
	2007	2006	2007	2006
	(in millions)			
Product line net sales				
Batteries	$ 193	$ 190	$ 634	$ 633
Pet products	135	132	415	403
Shaving and grooming	52	51	194	197
Personal care	39	33	133	110
Lights	23	22	70	65
Total net sales to external customers	$ 442	$ 428	$ 1,446	$ 1,408

Battery sales for the Fiscal 2007 Quarter increased to $193 million from $190 million during the Fiscal 2006 Quarter, an increase of 2%, with improvement in Europe and Latin America offset by shortfalls in North America. Battery sales for the Fiscal 2007 Nine Months were virtually flat when compared to the Fiscal 2006 Nine Months as sales increases in Latin America of $17 million, driven by favorable pricing and foreign exchange, were more than offset by sales declines of $6 million and $11 million in Europe and North America, respectively. Battery sales in Europe for the Fiscal 2007 Nine Months declined due to the continued product mix shift toward private label sales in the continental European market, which is discussed more fully in *Segment Results* below, while North America battery sales for the period declined primarily due to lower sales of alkaline and rechargeable batteries due to timing of shipments. Net sales of pet products for the Fiscal 2007 Quarter increased $3 million, or 2%, when compared to the same period last year primarily driven by growth in companion animal products. Sales of our aquatic products were virtually flat from the Fiscal 2006 Quarter to the Fiscal 2007 Quarter. For the Fiscal 2007 Nine Months pet product net sales increased $12 million, reflecting a 3% increase from the Fiscal 2006 Nine Months, driven by growth in companion animal products. Shaving & grooming sales for the Fiscal 2007 Quarter were flat. For the Fiscal 2007 Nine Months shaving & grooming net sales decreased $3 million when compared to the same period last year as year over year growth in Europe and Latin America could not offset the weakness in North America associated with men's shaving. Fiscal 2007 Quarter and Fiscal 2007 Nine Months personal care net sales showed strong worldwide growth of $6 million, or 18% and $23 million, or 21%, respectively, from the same periods last year, driven by increases in all geographic regions. Net sales of lights for the Fiscal 2007 Quarter and Fiscal 2007 Nine Months when compared to the same periods last year increased $1 million, or 5%, and $5 million, or 7%, respectively, driven by gains across all geographic regions as a result of new product launches.

Gross Profit

Gross profit for the Fiscal 2007 Quarter was $164 million versus $156 million for the Fiscal 2006 Quarter. Gross profit for the Fiscal 2007 Nine Months was $538 million versus $539 million for the Fiscal 2006 Nine Months. Higher zinc prices, a key raw material in the production of our batteries, reduced the Fiscal 2007 Quarter and Fiscal 2007 Nine Months gross profit by approximately $1 million and $11 million, respectively, when compared to the comparable periods last year. Our gross profit margin for the Fiscal 2007 Quarter increased to 37.1% from 36.6% in the Fiscal 2006 Quarter and decreased to 37.2% in the Fiscal 2007 Nine Months from 38.3% in the Fiscal 2006 Nine Months. Included in cost of goods sold during the Fiscal 2007 Quarter, the Fiscal 2006 Quarter, the Fiscal 2007 Nine Months and the Fiscal 2006 Nine Months were restructuring and related charges of approximately $4 million, $3 million, $17 million and $4 million, respectively. These restructuring and related charges are associated with the ongoing integration activities within our Global Pet Supplies business and the rationalization of our Global Batteries & Personal Care European and Latin American manufacturing organizations. See *Restructuring and Related Charges* section below as well as footnote 10 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, “Restructuring and Related Charges” for additional information regarding our restructuring and related charges. Higher battery pricing in North America and Latin America contributed positively to gross profit margin. Furthermore, the gross profit margin in the Fiscal 2007 Quarter and the Fiscal 2006 Quarter is negatively impacted by restructuring and related charges which reduced gross profit margin by approximately 100 basis points in the Fiscal 2007 Quarter and by approximately 60 basis points in the Fiscal 2006 Quarter. Similarly, while higher battery pricing in North America and Latin America had a positive effect on gross profit margin for the Fiscal 2007 Nine Months, the overall decrease in gross profit margin between the Fiscal 2007 Nine Months and the Fiscal 2006 Nine Months resulted primarily from restructuring and related charges, where such charges reduced gross profit margin by approximately 110 basis points in the Fiscal 2007 Nine Months and by approximately 30 basis points in the Fiscal 2006 Nine Months.

Operating Expense. Operating expenses for the Fiscal 2007 Quarter totaled $161 million versus $146 million for the Fiscal 2006 Quarter. Operating expenses for the Fiscal 2007 Nine Months totaled $706 million versus $443 million for the Fiscal 2006 Nine Months. The increase in operating expenses for the Fiscal 2007 Quarter versus the comparable period last year was driven by (i) an increase in restructuring and related charges, as we incurred of approximately $27 million in the Fiscal 2007 Quarter versus $4 million in the Fiscal 2006 Quarter. The restructuring and related charges incurred in the Fiscal 2007 Quarter are primarily attributable to the ongoing integration of our Global Pet Supplies business, rationalization of our Global Batteries & Personal Care European and Latin America manufacturing, support, sales and marketing organizations and various cost reduction initiatives in connection with our global realignment announced in January 2007 to reduce general and administrative expenses. The restructuring and related charges incurred in the Fiscal 2006 Quarter are primarily attributable to the ongoing integration of our Global Pet Supplies business and rationalization of our Global Batteries & Personal Care European manufacturing, support, sales and marketing organization See the *Restructuring and Related Charges* section below as well as footnote 10 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, “Restructuring and Related Charges” for additional information regarding our restructuring and related charges; and,
(ii) decreased general & administrative expenses of approximately $7 million related to employee terminations savings associated with our global realignment announced in January 2007, (ii) The increase in operating expense for the Fiscal 2007 Nine Months versus the comparable period last year was driven by: (i) a non-cash impairment charge reflected in the Fiscal 2007 Nine Months of approximately $214 million for the write down of goodwill to fair value in accordance with Statement of Financial Accounting Standards No. 142, “*Goodwill and Other Intangible Assets*,” (“SFAS 142”). See “*Goodwill Impairment*” section below, as well as footnote 2 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, “Significant Accounting Policies—Intangible Assets” for

additional information regarding this impairment charge; (ii) restructuring and related charges of approximately $38 million in the Fiscal 2007 Nine Months versus $9 million in the Fiscal 2006 Nine Months. The restructuring and related charges incurred in the Fiscal 2007 Nine Months are attributable to the same integration initiatives undertaken during the Fiscal 2007 Quarter while the restructuring and related charges incurred in the Fiscal 2006 Nine Months are attributable to the same integration initiatives undertaken during the Fiscal 2006 Quarter.; (iii) the write off of professional fees during the Fiscal 2007 Nine Months, which totaled approximately $4 million and are included in general and administrative expense, in connection with our strategic decision to dispose of our Home and Garden Business; and (iv) increased advertising and marketing expenses of approximately $14 million in the Fiscal 2007 Nine Months when compared to the same period in the prior year, to support our new Remington, Rayovac and VARTA marketing campaigns.

Operating (Loss) Income. We recognized operating income of approximately $4 million for the Fiscal 2007 Quarter as compared to operating income of $11 million for the Fiscal 2006 Quarter. For the Fiscal 2007 Nine Months we recognized an operating loss of approximately $169 million as compared to operating income of approximately $96 million for the Fiscal 2006 Nine Months. The decrease in operating income from the Fiscal 2006 Quarter to the Fiscal 2007 Quarter was driven by the increase in restructuring and related charges, as restructuring and related charges totaled approximately $31 million in the Fiscal 2007 Quarter versus approximately $7 million in the Fiscal 2006 Quarter. The Fiscal 2007 Nine Months operating loss is directly attributable to the increase in operating expenses discussed in the section above. The impact of the previously discussed impairment charge, restructuring and related charges and the write off of professional fees incurred in connection with our strategic decision to dispose of the Home and Garden business reduced operating income for the Fiscal 2007 Nine Months by approximately $269 million. Operating income for the Fiscal 2006 Nine Months includes restructuring and related charges of approximately $14 million.

Segment Results. As noted above, we manage our business in three reportable segments: (i) Global Batteries & Personal Care, (ii) Global Pet Supplies; and (iii) Home and Garden. The presentation of all historical segment reporting herein has been changed to conform to this segment reporting.

Global strategic initiatives and financial objectives for each segment are determined at the corporate level. Each reportable segment is responsible for implementing defined strategic initiatives and achieving certain financial objectives. Each reportable segment has a general manager responsible for all the sales and marketing initiatives for all product lines within that segment plus the financial results of that segment. Financial information pertaining to our reportable segments is contained in footnote 9 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, “Segment Results.”

We will not present results of Home and Garden in “Segment Results” because it has been designated as a discontinued operation. For additional information about the results of operations for Home and Garden for the Fiscal 2007 Quarter and the Fiscal 2007 Nine Months, please see “Management’s Discussion and Analysis of Financial Condition and Results of Operations—Discontinued Operations” and footnote 2 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, “Significant Accounting Policies—Discontinued Operations”.

We evaluate segment profitability based on income from operations before corporate expense, restructuring and related charges and impairment charges. Corporate expense primarily includes expenses associated with corporate general and administrative areas and long-term compensation plans.

Global Batteries & Personal Care

	Fiscal Quarter		Fiscal Nine Months	
	2007	2006	2007	2006
	(in millions)			
Net sales to external customers	$ 307	$ 295	$1,031	$1,006
Segment profit	$ 27	$ 10	$ 89	$ 86
Segment profit as a % of net sales	8.9%	3.4%	8.7%	8.5%
Assets as of July 1, 2007 and September 30, 2006	$1,411	$1,549	$1,411	$1,549

Segment net sales to external customers in the Fiscal 2007 Quarter increased to $307 million from $295 million during the Fiscal 2006 Quarter. Favorable foreign currency exchange translation impacted net sales in the Fiscal 2007 Quarter by approximately $14 million. The Fiscal 2007 Quarter net sales increase was driven by sales gains in all categories. Battery sales increased to $193 million from $190 million, an increase of 2%, with improvement in all geographic regions. In North America, Rayovac alkaline battery sales at retail increased 9%, largely due to the successful implementation of price increases effective January 1, 2007. In Europe, while battery industry conditions remain challenging, the positive impact of the strong Euro more than offset the negative impact from product mix shifts. These product mix shifts reflect the shift of continental European consumer preferences from branded batteries to lower-priced private label batteries. This shift in market dynamics has resulted in our strategic decision to reduce our presence in the private label market because of the lower margins achieved on private label sales. Further pressuring battery sales growth in Europe is the continued migration of European consumers from high end electronic specialty stores and photo stores, where we enjoy strong market shares, and which generally provide us with higher margin sales, to deep discount and food retail channels where we do not have as strong a presence and where we achieve lower margins on sales. Latin America battery sales trends continued to reflect growth, benefiting from favorable pricing and product mix. Net sales of portable lighting products for the Fiscal 2007 Quarter increased across all geographic regions to $23 million from $22 million in the same period last year, reflecting growth of 5%, driven by new product launches. Personal care net sales for the Fiscal 2007 Quarter of $39 million reflected growth of $6 million, or 18%, from the same period last year driven by increases in all geographic regions. Shaving & grooming net sales increased to $51 million from $50 million in the same period last year, reflecting growth of 2%. Increased shaving & grooming sales in Europe and Latin America were offset by sales declines in North America in the Fiscal 2007 Quarter attributable to weak acceptance of our newly designed Remington men's shavers.

Segment net sales to external customers in the Fiscal 2007 Nine Months increased to $1,031 million from $1,006 million during the Fiscal 2006 Nine Months. Favorable foreign currency exchange translation impacted net sales in the Fiscal 2007 Nine Months by approximately $39 million. Battery sales for the Fiscal 2007 Nine Months were slightly up to $634 million when compared to the Fiscal 2006 Nine Months sales of $633 million as increases in Latin America of $18 million, driven by favorable pricing, were offset by sales declines in Europe and North America of $6 million and $11 million, respectively. Battery sales in Europe declined due to the continued product mix shift in the continental European market discussed above. North America battery sales declined primarily due to timing of alkaline shipments and lower sales of rechargeable batteries. Fiscal 2007 Nine Months shaving & grooming net sales declined to $194 million from $197 million in the same period last year, primarily due to sales declines in North America. The decline in North America shaving and grooming sales was attributable to weak acceptance of our newly designed Remington men's shavers. Fiscal 2007 Nine Months personal care net sales reflected strong worldwide growth of $133 million, an increase of 23% over the same period last year, driven by increases in all geographic regions. Net sales of portable lighting products for the Fiscal 2007 Nine Months increased to $70 million as compared to sales of $66 million for the Fiscal 2006 Nine Months. This sales increase, which was across all geographic regions, was driven by new product launches.

Segment profitability in the Fiscal 2007 Quarter increased to $27 million from $10 million in the Fiscal 2006 Quarter. Segment profitability as a percentage of net sales increased to 8.9% in the Fiscal 2007 Quarter as compared with 3.4% in the comparable period last year. The increase in segment profitability for the Fiscal 2007

Quarter was the result of higher gross profit, driven by sales increases, which more than offset increases in raw material commodity costs coupled with savings from our Fiscal 2006 Global Batteries and Personal Care Restructuring initiatives. See the *Restructuring and Related Charges* section below as well as footnote 10 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, "Restructuring and related charges" for additional information regarding our restructuring and related charges. The favorable gross profit was tempered by higher distribution costs, primarily to address higher sales volumes, and increased marketing and advertising expenses. Segment profitability in the Fiscal 2007 Nine Months increased to $89 million from $86 million in the Fiscal 2006 Nine Months. Segment profitability as a percentage of net sales increased to 8.7% in the Fiscal 2007 Nine Months as compared with 8.5% in the comparable period last year. This increase in segment profitability was primarily due to higher gross profit, driven by sales increases, which more than offset increases in raw material commodity costs. Segment profitability in the Fiscal 2007 Nine Months was positively affected by general and administrative cost savings associated with the global realignment announced in January. However, the positive impact was offset by the negative impact in the Fiscal 2007 Nine Months of approximately $11 million related to higher prices of zinc, $10 million as a result of increased marketing and advertising expenses associated with our new Rayovac, VARTA and Remington marketing campaigns and higher distribution costs associated with higher sales volumes.

Segment assets as of July 1, 2007 decreased to $1,411 million from $1,549 million at September 30, 2006. The decrease is primarily attributable to the impairment of goodwill incurred during our quarter ended April 1, 2007. See "*Goodwill Impairment*" section below as well as footnote 2 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, "Significant Accounting Policies—Intangible Assets" for additional information regarding this impairment charge. Goodwill and intangible assets at July 1, 2007 total approximately $537 million and primarily relate to the ROV Ltd., VARTA, Remington and Microlite acquisitions.

Global Pet Supplies

	Fiscal Quarter		Fiscal Nine Months	
	2007	2006	2007	2006
	(in millions)			
Net sales to external customers	$ 135	$ 132	$ 415	$ 403
Segment profit	$ 14	$ 18	$ 49	$ 54
Segment profit as a % of net sales	10.7%	13.3%	11.8%	13.5%
Assets as of July 1, 2007 and September 30, 2006	$1,190	$1,171	$1,190	$1,171

Segment net sales to external customers in the Fiscal 2007 Quarter increased to $135 million from $132 million in the Fiscal 2006 Quarter. Favorable foreign currency exchange translation impacted net sales in the Fiscal 2007 Quarter by approximately $2 million. The Fiscal 2007 Quarter increase in net sales was primarily driven by continued strong growth, 9% for the period, of our companion animal products. Fiscal 2007 Quarter net sales growth of our aquatic products was flat as sales gains in international markets were offset by softness in the domestic market. Segment net sales to external customers in the Fiscal 2007 Nine Months increased to $415 million from $403 million in the comparable period last year. Favorable foreign currency exchange translation impacted net sales in the Fiscal 2007 Nine Months by approximately $6 million. The increase in net sales was primarily driven by growth of 10% from our companion animal products coupled with growth of 1% from our aquatic products as gains in our international aquatic sales were mostly offset by shortfalls in the domestic market.

Segment profitability in the Fiscal 2007 Quarter decreased to $14 million from $18 million in the Fiscal 2006 Quarter. Segment profitability as a percentage of sales in the Fiscal 2007 Quarter decreased to 10.7% from 13.3% in the same period last year. This decrease in segment profitability was due to increased spending on marketing and advertising coupled with increases in manufacturing and distribution costs, primarily resulting from challenges encountered in our initiative to consolidate distribution and manufacturing facilities. Segment

Table of Contents

profitability in the Fiscal 2007 Nine Months decreased to $49 million, or 11.8% of sales, from $54 million, or 13.5% of sales, in the Fiscal 2006 Nine Months. This decrease in segment profitability was due to increased spending in marketing and advertising coupled with increases in manufacturing and distribution costs as mentioned above. These costs were somewhat tempered by a curtailment gain of approximately $3 million related to the termination of a post-retirement benefit plan.

Segment assets as of July 1, 2007 increased to $1,190 million from $1,171 million at September 30, 2006. The increase is attributable to slightly higher inventories, due to timing, coupled with the impact of foreign currency translation. Goodwill and intangible assets as of July 1, 2007 total approximately $945 million and primarily relate to the acquisitions of Tetra and United Pet Group.

Corporate Expense. Our corporate expenses in the Fiscal 2007 Quarter decreased to $8 million from $10 million in the Fiscal 2006 Quarter. The decrease in expense for the Fiscal 2007 Quarter is primarily due to lower restricted stock compensation associated with the global realignment announced in January 2007. For the Fiscal 2007 Nine Months corporate expenses increased to $39 million from $31 million in the same period last year. The increase in expense for the Fiscal 2007 Nine Months is due to the write off of professional fees incurred in connection with our strategic decision to dispose of the Home and Garden business, increased global management compensation expense accruals related to the achievement of current year bonus targets and certain long-term incentive plans. No such accruals for management compensation expense were included in corporate expense in the Fiscal 2006 Quarter and Fiscal 2006 Nine Months as Fiscal 2006 performance measures were not anticipated to be met and ultimately were not achieved. These increases in the Fiscal 2007 Nine Months are somewhat offset by savings associated with the global realignment announced in January 2007.

Restructuring and Related Charges. The following table summarizes all restructuring and related charges we incurred in the Fiscal 2007 Quarter, Fiscal 2006 Quarter, Fiscal 2007 Nine Months and Fiscal 2006 Nine Months, respectively:

	Fiscal Quarter		Fiscal Nine Months	
	2007	2006	2007	2006
	(in millions)			
Costs included in cost of sales:				
Breitenbach, France facility closure:				
Termination benefits	—	—	—	—
Other associated costs	—	0.1	0.2	0.3
United & Tetra integration:				
Termination benefits	0.1	0.6	0.8	1.1
Other associated costs	3.0	1.6	9.4	2.0
European Initiatives:				
Termination benefits	0.5	0.4	3.3	1.0
Other associated costs	—	—	—	—
Latin America Initiatives:				
Termination benefits	—	—	0.7	—
Other associated costs	0.1	—	1.6	—
Global Realignment Initiatives:				
Termination benefits	0.4	—	0.7	—
Other associated costs	—	—	—	—
Total restructuring and related charges in cost of sales	4.1	2.7	16.7	4.4

	Fiscal Quarter		Fiscal Nine Months	
	2007	2006	2007	2006
	(in millions)			
Costs included in operating expenses:				
United & Tetra integration:				
Termination benefits	—	1.9	(0.1)	1.5
Other associated costs	2.5	0.7	6.3	2.5
European Initiatives:				
Termination benefits	—	1.6	0.8	5.2
Other associated costs	—	—	—	—
Latin America Initiatives:				
Termination benefits	0.2	—	0.2	—
Other associated costs	—	—	—	—
Global Realignment Initiatives:				
Termination benefits	23.8	—	30.5	—
Other associated costs	—	—	0.1	—
Total restructuring and related charges in operating expenses	26.5	4.2	37.8	9.2
Total restructuring and related charges	$30.6	$ 6.9	$ 54.5	$ 13.6

See footnote 10 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, "Restructuring and Related Charges" for additional information regarding our restructuring and related charges.

Our integration activities within Global Pet Supplies are ongoing and are expected to continue through fiscal 2007. Global Pet Supplies integration activities consist primarily of the rationalization of manufacturing facilities and the optimization of the distribution network. As a result of these integration initiatives, two pet supplies facilities were closed in 2005, one in Brea, California and the other in Hazleton, Pennsylvania, one pet supply facility was closed in 2006, in Hauppauge, New York and the Company expects to close one pet supply facility in fiscal 2007, in Moorpark, California. We incurred approximately $16.6 million of pretax restructuring and related charges during the Fiscal 2007 Nine Months in connection with these integration activities. Costs associated with these integration efforts are expected to total approximately $52 million.

We have implemented a series of initiatives within the Global Batteries & Personal Care segment in Europe to reduce operating costs and rationalize our manufacturing structure (the "European Initiatives"). These initiatives include the relocation of certain operations at our Ellwangen, Germany packaging center to our Dischingen, Germany battery plant, transferring private label battery production at our Dischingen, Germany battery plant to our manufacturing facility in China and restructuring our European sales, marketing and support functions. As a result, we have reduced headcount in Europe by approximately 350, or 24%. As a result of the European Initiatives, we incurred approximately $4.1 million of pretax restructuring and related charges during the Fiscal 2007 Nine Months. Upon completion of the European Initiatives, which is expected by September 2007, total annualized savings are projected at $32 million. Costs associated with the European Initiatives, which primarily represent cash costs, relate primarily to severance and are projected to total approximately $26 million.

We also have implemented a series of initiatives within the Global Batteries & Personal Care segment in Latin America to reduce operating costs (the "Latin America Initiatives"). These initiatives include the reduction of certain manufacturing operations in Brazil and the restructuring of management, sales, marketing and support functions. As a result, we expect to reduce headcount in Latin America by approximately 100 employees. In connection with the Latin America Initiatives, we incurred approximately $2.5 million of pretax restructuring and related charges during the Fiscal 2007 Quarter. Costs associated with these initiatives are expected to be incurred through September 2007 and are projected to total approximately $3.0 million with annualized savings of $3.5 million.

In connection with our announcement that we would manage our business in three vertically integrated, product-focused reporting segments our Global Operations organization, previously included in our corporate reporting segment, consisting of research and development, manufacturing management, global purchasing, quality operations and inbound supply chain, is now included in the operating segments on a direct as incurred basis. In connection with these changes we undertook a number of cost reduction initiatives at the corporate and operating segment levels (the “Global Realignment Initiatives”), including a headcount reduction of approximately 100 employees. As a result of the Global Realignment Initiatives, we incurred approximately $31.4 million of pretax restructuring and related charges during the Fiscal 2007 Nine Months. Upon completion of the Global Realignment Initiatives, which is expected by December 31, 2008, total annualized savings are projected at approximately $50 million. Costs associated with the Global Realignment Initiatives, which for the most part represent cash costs, relate primarily to severance and are projected to total approximately $48 million.

Goodwill Impairment. SFAS 142 requires that goodwill and indefinite-lived intangible assets are tested for impairment annually, or more often if an event or circumstance indicates that an impairment loss may have been incurred. In accordance with SFAS 142 we, with the assistance of independent third party valuation specialists, tested our goodwill and trade name intangibles for impairment as of April 1, 2007. As a result of our analyses we recorded a non-cash pretax impairment charge of approximately $214 million reflecting impaired goodwill associated with our North America reportable unit, which is included as part of our Global Batteries & Personal Care reportable segment. The impairment will not result in future cash expenditures. See footnote 2 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, “Significant Accounting Policies—Intangible Assets” for additional information regarding this impairment charge.

Interest Expense. Interest expense in the Fiscal 2007 Quarter increased to $41 million from $31 million in the Fiscal 2006 Quarter. The increase was due to higher interest rates and higher average debt balances. Interest expense in the Fiscal 2007 Nine Months increased to $142 million from $91 million in the Fiscal 2006 Nine Months. The increase was primarily due to the write-off of debt issuance costs of $25 million and prepayment penalties of $12 million incurred in connection with the refinancing of our previously existing senior credit facilities and the exchange of our 8 $^{1}/_{2}$% Senior Subordinated Notes due 2013 for Variable Rate Toggle Senior Subordinated Notes due 2013 pursuant to the terms of an exchange offer, both of which occurred on March 30, 2007. In addition, interest expense in the Fiscal 2007 Nine Months was higher due to higher interest rates and higher average debt balances. See footnote 7 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, “Debt” for additional information regarding the refinancing and the Exchange Offer. Also contributing to the increase in interest expense for the Fiscal 2007 Nine Months were higher interest rates and higher average debt balances.

Income Tax Expense. Our effective tax rate on losses from continuing operations is approximately 21% for the Fiscal 2007 quarter and 18% for the Fiscal 2007 Nine Months. Our effective tax rate on income from continuing operations was approximately 26% for the Fiscal 2006 Quarter and 33% for the Fiscal 2006 Nine Months. We continue to benefit from the implementation of tax reduction strategies associated with prior acquisitions. These benefits, coupled with changes in our book income, including impairment charges, are the primary drivers of the change in our effective tax rate.

As of July 1, 2007, we are projecting that at September 30, 2007, we will have U.S. federal and state net operating loss carryforwards of approximately $718 million, which will expire between 2008 and 2027, and we will have foreign net operating loss carryforwards of approximately $94 million, which will expire between 2007 and 2013. As of September 30, 2006 we had U.S. federal, foreign and state net operating loss carryforwards of $464 million which at that time were scheduled to expire between 2008 and 2026. Annual limitations apply to a portion of these net operating loss carryforwards. At July 1, 2007, we have recorded a net deferred tax asset for the benefit of net operating losses incurred through that date.

The ultimate realization of the 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 currently project that our valuation allowance, established for the tax benefit that may not be realized, will total approximately $71 million at September 30, 2007. Of this amount, approximately $45 million relates to U.S. state net operating losses, and $26 million relates to foreign deferred tax assets. It is our expectation that our ability to utilize our U.S. federal net operating loss carryforwards, as well as other net deferred tax assets which total approximately $203 million at July 1, 2007, will be realized upon the sale of the Home and Garden Business as well as the divestiture of other assets, on favorable contract terms, that will generate adequate U.S. federal taxable income.

Discontinued Operations. In the third quarter of our fiscal year ended September 30, 2006, we engaged advisors to assist us with a sale of various assets in order for us to sharpen our focus on strategic growth businesses, reduce our outstanding indebtedness and maximize long-term shareholder value. In connection with this undertaking, during the first quarter of fiscal 2007 we approved and initiated a plan to sell the assets related to our Home and Garden Business. Accordingly, we have designated our Home and Garden Business as a discontinued operation. Our income from discontinued operations of $22.8 million, net of tax, for the Fiscal 2007 Quarter and the loss of $5.8 million, net of tax, for the Fiscal 2007 Nine Months reflects the operating results of our Home and Garden Business.

Our income from discontinued operations of $17.5 million, net of tax, for the Fiscal 2006 Quarter reflects operating income of the Home and Garden Business. Our loss from discontinued operations of $1.2 million, net of tax, for the Fiscal 2006 Nine Months reflects (i) an operating loss of $5.3 million, net of tax, resulting from the sale of Nu-Gro Pro and Tech, which includes an estimated loss on sale, and (ii) operating income of $4.1 million, net of tax, of the Home and Garden Business.

The sale of Nu-Gro Pro and Tech closed in January 2006. Included in the total operating loss of Nu-Gro Pro and Tech for the Fiscal 2006 Nine Months was an estimated loss on sale, net of tax, of approximately $3.8 million. After selling expenses and contractual working capital adjustments were finalized on October 30, 2006, the loss on disposal was adjusted to $3.9 million. The adjustment to the loss on disposal was recognized in the fourth quarter of fiscal 2006. See footnote 2 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, “Significant Accounting Policies—Discontinued Operations” for additional information regarding these discontinued operations.

Liquidity and Capital Resources

Operating Activities

For the Fiscal 2007 Nine Months, operating activities used $148 million in net cash as compared to providing $8 million in net cash during the same period last year. This change is partly due to a $67 million decline in income from continuing operations when adjusted for non-cash items. This decline in profitability is primarily due to a year over year increase in restructuring and related charges, the prepayment premium associated with the refinancing of our previously existing senior credit facilities, increased year over year spending on marketing and advertising and the write off of professional fees incurred in connection with the sale of the Home and Garden business. In addition, unfavorable changes in operating assets and liabilities reduced operating cash flow by an additional $35 million as compared to the Fiscal 2006 Nine Months. This is primarily due to an increase during the Fiscal 2007 Nine Months in accounts receivable, other accrued liabilities, and inventory coupled with a decrease in accounts payable. Lastly, cash used by discontinued operations was approximately $55 million higher for the Fiscal 2007 Nine Months as compared to the same period last year driven by the Home and Garden operating loss for the period coupled with higher accounts receivable as a result of seasonality and lower accounts payable due to the timing of payments somewhat offset by lower inventories.

Investing Activities

Net cash used by investing activities was $18 million for the Fiscal 2007 Nine Months. For the Fiscal 2006 Nine Months investing activities provided net cash of $34 million. The $52 million decline was primarily due to the non-recurrence in the Fiscal 2007 Nine Months of proceeds received in connection with the January 2006 sale of Nu-Gro Pro and Tech of $84 million and the sale of certain assets held for sale of $11 million. Tempering this decline was a reduction of capital expenditures in the Fiscal 2007 Nine Months to $18 million versus $47 million in the Fiscal 2006 Nine Months. Capital expenditures for fiscal 2007 are expected to be approximately $30 million.

Debt Financing Activities

Senior Credit Facilities

On March 30, 2007, we refinanced our outstanding senior credit facilities with new senior credit facilities (the "Senior Credit Facilities") pursuant to a new senior credit agreement ("The Senior Credit Agreement"). The proceeds of borrowings under the Senior Credit Facilities were used to repay all outstanding obligations under our Fourth Amended and Restated Credit Agreement, dated as of February 7, 2005, pay fees and expenses in connection with the refinancing and the Exchange Offer, described below, and for general corporate purposes. Approximately $11.6 million of prepayment premiums in connection with repayment of the previously outstanding senior credit facilities are included in interest expense in the Condensed Consolidated Statements of Operations (Unaudited) for the nine month period ended July 1, 2007.

The Senior Credit Facility permits a portion of the term loan facilities it provides for, in an aggregate principal amount of up to $300 million, to be replaced with an asset based loan facility. During the quarter ended July 1, 2007, we executed a commitment agreement with certain lenders to enter into a $225 million U.S. Dollar Asset based loan facility. The Company currently expects to close on the asset based loan facility during the fourth quarter of fiscal 2007.

As of July 1, 2007, the Senior Credit Facilities aggregated to a U.S. Dollar equivalent of $1,602 million and consisted of a $1,000 million U.S. Dollar Term B Loan, a $200 million U.S. Dollar Term B II Loan, a €262 million Term Loan (USD $352 million at July 1, 2007) (collectively referred to as the "Term Loan Facilities"), and a $50 million synthetic letter of credit facility. Approximately $47 million of Letters of credit were outstanding under the synthetic letter of credit facility at July 1, 2007.

Approximately $35.6 million of fees and expenses incurred in association with the Senior Credit Facilities have been capitalized and will be amortized over the term of the facilities. In addition, in connection with the refinancing approximately $15.7 million of debt issuance costs associated with the previously outstanding senior credit facilities were written off and are included in Interest expense in the Condensed Consolidated Statements of Operations (Unaudited) for the nine month period ended July 1, 2007.

The Term Loan Facilities are subject to repayment according to a scheduled amortization, with the final payment of all amounts outstanding, plus accrued interest, due on March 30, 2013. Beginning with the fiscal year ending September 30, 2007, the Senior Credit Agreement provides for annual mandatory prepayments, over and above the normal amortization as a result of excess cash flow, as defined in the Senior Credit Agreement. The Senior Credit Agreement also provides for other mandatory prepayments, subject to certain exceptions and reinvestment provisions, of net proceeds as a result of the issuance of debt, sales of certain assets above a specified threshold, receipt of proceeds from certain casualty events and the issuance of equity interests by us or any of our subsidiaries.

The Senior Credit Agreement contains financial covenants with respect to debt which include a maximum senior secured leverage ratio. In accordance with the agreement, the limits imposed by such ratio become more restrictive over time. In addition, the Senior Credit Agreement contains customary restrictive covenants, including, but not limited to, restrictions on our 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.

The Senior Credit Agreement also contains customary events of default and is secured by substantially all of our domestic assets pursuant to a Guarantee and Collateral Agreement entered into on March 30, 2007.

As of July 1, 2007, we were in compliance with all covenants associated with our Senior Credit Facilities.

Senior Subordinated Notes

Beginning on March 16, 2007, we conducted an offer to exchange the entire $350 million of outstanding principal amount of our 8 1/2% Senior Subordinated Notes due 2013 (the “Existing Notes”) for the same aggregate principal amount of Variable Rate Toggle Senior Subordinated Notes due 2013 (the “New Notes”) pursuant to the terms of an exchange offer (the “Exchange Offer”). The terms of the Exchange Offer further provided that holders of Existing Notes who tendered their Existing Notes for exchange following the expiration of a consent solicitation period, which ended on March 29, 2007, would receive a reduced principal amount of New Notes in exchange for tendered Existing Notes. As of the expiration of the Exchange Offer on April 13, 2007, holders of Existing Notes had tendered $347.1 million of Existing Notes, which we accepted, and exchanged, pursuant to the terms of the Exchange Offer, for $347.0 million of New Notes. As a result of the terms of the Exchange Offer, during the three month period ended July 1, 2007 we recorded a gain from early extinguishment of debt of $.1 million net of tax. At July 1, 2007, $2.9 million principal amount of Existing Notes remain outstanding.

In connection with the Exchange Offer, on March 30, 2007 we and certain of our domestic subsidiaries, as guarantors, entered into an indenture (the “Indenture”) with Wells Fargo Bank, N.A., as trustee (the “Trustee”), governing the New Notes.

Approximately $3.9 million of fees and expenses incurred in association with the Exchange Offer have been capitalized and will be amortized over the term of the New Notes. In addition, in connection with the Exchange Offer approximately $8.9 million of debt issuance costs associated with the Existing Notes were written off and included in Interest expense in the Condensed Consolidated Statements of Operations (Unaudited) for the nine month period ended July 1, 2007.

Subject to certain conditions, we have the option to pay interest on the New Notes entirely in cash or by increasing the principal amount of the New Notes. The New Notes are subject to a variable rate of interest that increases semi-annually, varying depending on whether interest is paid in cash or increased principal. The New Notes currently bear interest at 11.25%. Interest will be payable semi-annually in arrears on October 2 and April 2, beginning on October 2, 2007. At such time as the Fixed Charge Coverage Ratio test under the indentures governing the New Notes is above 2:1, we are required to pay interest of 1% over the scheduled rates referred to above. We will make each interest payment to the holders of record of the New Notes as of the immediately preceding March 15 and September 15, respectively. The New Notes are our general unsecured obligations. The New Notes are subordinated in right of payment to all of our existing and future senior debt, including the indebtedness pursuant to the Senior Credit Agreement. The New Notes are pari passu in right of payment with all of our existing and any future senior subordinated indebtedness, including, without limitation, our 7 3/8% Senior Subordinated Notes due 2015 and our Existing Notes which remain outstanding following the closing of the Exchange Offer, and are senior in right of payment to any of our future subordinated indebtedness.

The terms of the New Notes are governed by the Indenture. The Indenture contains customary covenants that limit our ability to, among other things, incur additional indebtedness, pay dividends on or redeem or repurchase our equity interests, make certain investments, expand into unrelated businesses, create liens on assets, merge or consolidate with another company, transfer or sell all or substantially all of our assets, and enter into transactions with affiliates. Upon the occurrence of a “change of control,” as defined in the Indenture, we are required to make an offer to repurchase the outstanding New Notes for a specified redemption price, beginning at 110% of the principal amount being repurchased and declining to 100% on October 1, 2010, in each case plus accrued and unpaid interest on such principal.

We may redeem all or a part of the New Notes upon not less than 30 nor more than 60 days notice, at specified redemption prices beginning at 110% of the principal amount being redeemed and declining to 100% on October 1, 2010, in each case plus accrued and unpaid interest on such principal.

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

We were in compliance with all covenants associated with our $347 million principal amount of New Notes, our $2.9 million principal amount of Existing Notes that remain outstanding and our $700 million principal amount of 7 3/8% Senior Subordinated Notes due 2015 (collectively referred to as the "Senior Subordinated Notes"), with the exception of the Fixed Charge Coverage Ratio test relating to the indebtedness under the Senior Subordinated Notes, that were in effect as of and during the period ended July 1, 2007. Due to significant restructuring charges and reduced business performance, we have not met the minimum requirement of 2:1 for the Fixed Charge Coverage Ratio test under the indentures governing our Senior Subordinated Notes. Until we satisfy such test, we are limited in our ability to make significant acquisitions or incur significant additional senior debt beyond our Senior Credit Facilities. We do not expect our inability to meet the Fixed Charge Coverage Ratio test to impair our ability to provide adequate liquidity to meet the short-term and long-term liquidity requirements of our existing businesses, although no assurance can be given in this regard.

Equity Financing Activities

During the Fiscal 2007 Nine Months we granted approximately 1.2 million shares of restricted stock. Of these grants, approximately 0.2 million shares are time-based and vest on a pro rata basis over a three year period and 1.0 million shares are performance-based and vest upon achievement of certain performance goals. All vesting dates are subject to the recipient's continued employment with us. The total market value of the restricted shares on the date of grant was approximately $10.0 million which has been recorded as unearned restricted stock compensation. Unearned compensation is being 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 our fiscal year ended September 30, 2006.

Critical Accounting Policies and Critical Accounting Estimates

Our condensed consolidated financial statements (Unaudited) 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 our fiscal year ended September 30, 2006.

Recently Issued Accounting Standards

In September 2006, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards No. 158, "*Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans—An Amendment of FASB Statements No. 87, 88, 106, and 132R,*" ("SFAS 158"). This new standard requires an employer to: (a) recognize in its statement of financial position an asset for a plan's overfunded status or a liability for a plan's underfunded status; (b) measure a plan's assets and its obligations that determine its funded status as of the end of the employer's fiscal year (with limited exceptions); and (c) recognize changes in the funded status of a defined benefit postretirement plan in the year in which the changes occur. Those changes will be reported in comprehensive income of a business entity and in changes in net assets of a not-for-profit organization. SFAS 158 applies to plan sponsors that are public and private companies and nongovernmental not-for-profit organizations. The requirement to recognize the funded status of a benefit plan and the disclosure requirements are effective as of the end of the fiscal year ending after December 15, 2006, for entities with publicly traded equity securities, and at the end of a company's first fiscal year ending after June 15, 2007, for all other entities. The requirement to measure plan assets and benefit obligations as of the date of the employer's fiscal year-end statement of financial position is effective for fiscal years ending after December 15, 2008. As of September 30, 2006, our net unfunded benefit obligation was approximately $55 million, accordingly, the adoption of SFAS 158 will have a material impact on our financial condition, however, we do not believe the adoption of SFAS 158 will have a material impact on our results of operations or cash flows.

In September 2006, the United States Securities and Exchange Commission (the "SEC") staff issued Staff Accounting Bulletin ("SAB") Topic 1N, "*Financial Statements—Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*," ("SAB 108"). SAB 108 provides guidance on how to evaluate prior period financial statement misstatements for purposes of assessing their materiality in the current period. If the prior period effect is material to the current period, then the prior period is required to be corrected. Correcting prior year financial statements would not require an amendment of prior year financial statements, but such corrections would be made the next time the company files the prior year financial statements. Upon adoption, SAB 108 allows a one-time transitional cumulative effect adjustment to retained earnings for corrections of prior period misstatements required under this statement. SAB 108 is effective for fiscal years beginning after November 15, 2006. We do not believe the adoption of SAB 108 will have a material impact on our financial position, results of operations or cash flows.

In September 2006, the FASB issued Statement of Financial Accounting Standards No. 157, "*Fair Value Measurements*," ("SFAS 157"). SFAS 157 provides guidance for using fair value to measure assets and liabilities. The FASB believes SFAS 157 also responds to investors' requests for expanded information about the extent to which companies measure assets and liabilities at fair value, the information used to measure fair value and the effect of fair value measurements on earnings. SFAS 157 applies whenever other standards require (or permit) assets or liabilities to be measured at fair value but does not expand the use of fair value in any new circumstances. Under SFAS 157, fair value refers to the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants in the market in which the reporting entity transacts. In SFAS 157, the FASB clarifies the principle that fair value should be based on the assumptions market participants would use when pricing the asset or liability. In support of this principle, SFAS 157 establishes a fair value hierarchy that prioritizes the information used to develop those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets and the lowest priority to unobservable data, for example, the reporting entity's own data. Under SFAS 157, fair value measurements would be separately disclosed by level within the fair value hierarchy. The provisions of SFAS 157 are effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. Earlier application is encouraged, provided that the reporting entity has not yet issued financial statements for that fiscal year, including any financial statements for an interim period within that fiscal year. We are currently evaluating the impact that SFAS 157 will have on our financial condition, results of operations and cash flows.

In July 2006, the FASB issued FASB Interpretation ("FIN") No. 48, "*Accounting for Uncertainty in Income Taxes—An Interpretation of FASB Statement No. 109*," ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with Statement of Financial Accounting Standards No. 109, *Accounting for Income Taxes.* FIN 48 also prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. FIN 48 provides guidance on de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. The evaluation of a tax position in accordance with FIN 48 is a two-step process. The first step is recognition whereby the enterprise determines whether it is more likely than not that a tax position will be sustained upon examination, including resolution of any related appeals or litigation processes, based on the technical merits of the position. In evaluating whether a tax position has met the more-likely-than-not recognition threshold, the enterprise should presume that the position will be examined by the appropriate taxing authority that has full knowledge of all relevant information. The second step is measurement whereby a tax position that meets the more-likely-than-not recognition threshold is calculated to determine the amount of benefit to recognize in the financial statements. The tax position is measured at the largest amount of benefit that is greater than 50% likely of being realized upon ultimate settlement. The provisions of FIN 48 are effective for fiscal years beginning after December 15, 2006. Earlier application is permitted as long as the enterprise has not yet issued financial statements, including interim financial statements, in the period of adoption. The provisions of FIN 48 are to be applied to all tax positions upon initial adoption of this standard. Only tax positions that meet the more-likely-than-not recognition threshold at the effective date may be recognized or continue to be recognized upon adoption of FIN 48. The cumulative effect of applying the provisions of FIN 48 should be reported as an adjustment to the opening balance of retained earnings (or other appropriate components of equity or net assets in the statement of financial position) for that fiscal year. We are currently evaluating the impact that FIN 48 will have on our financial condition, results of operations and cash flows.

In June 2006, the Emerging Issues Task Force ("EITF") issued EITF 06-3, "How Taxes Collected from Customers and Remitted to Governmental Authorities Should Be Presented in the Income Statement (That is, Gross versus Net Presentation)", to clarify diversity in practice on the presentation of different types of taxes in the financial statements. The EITF concluded that, for taxes within the scope of the issue, a company may adopt a policy of presenting taxes either gross within revenue or net. That is, it may include charges to customers for taxes within revenues and the charge for the taxes from the taxing authority within cost of sales, or, alternatively, it may net the charge to the customer and the charge from the taxing authority. If taxes are reported on a gross basis, and are significant, an entity should disclose the amounts of those taxes subject to EITF 06-3. The guidance is effective for interim and annual reporting periods beginning after December 15, 2006. The Company currently records its sales net of any value added or sales tax and the adoption of EITF 06-3 will not have a material impact on our financial position, results of operations or cash flows.

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 for purposes other than trading to mitigate the risk from such exposures.

A discussion of our accounting policies for derivative financial instruments is included in footnote 2 to our Condensed Consolidated Financial Statements (Unaudited) filed with this report, "Significant Accounting Policies—Derivative Financial Instruments."

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 affects interest expense. We 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.

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 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, urea and di-ammonium phosphates used in the manufacturing process. We use commodity swaps, calls and puts to manage such risk. The maturity of, and the quantities covered by, the contracts are closely correlated to our anticipated purchases of the commodities. The cost of calls, and the premiums received from the puts, are amortized over the life of the contracts and are recorded in cost of goods sold, along with the effects of the swap, put 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.

As of July 1, 2007, the potential change in fair value of outstanding interest rate derivative instruments, assuming a 1 percentage point unfavorable shift in the underlying interest rates would be a loss of $10.0 million. The net impact on reported earnings, after also including the reduction in one year's interest expense on the related debt due to the same shift in interest rates, would be a net gain of $5.5 million.

As of July 1, 2007, 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 $35.5 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 $4.2 million.

As of July 1, 2007, 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 $4.2 million. The net impact on reported earnings, after also including the reduction in cost of one year's purchases of the related commodities, would be a net gain of $3.7 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 Rule 13a-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 in recording, processing, summarizing and reporting on a timely basis that information required to be disclosed by us in reports that we file or submit under the Exchange Act, and are effective in ensuring that information required to be disclosed by the Company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the Company's management, including the Company's 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 Securities Exchange Act of 1934, as amended) 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. The Company's 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 control 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

Aside from the information provided below, there have been no material developments in the status of our legal proceedings since the filing of our Annual Report on Form 10-K for the fiscal year ended September 30, 2006.

The Company, along with certain former Executive Officers, were defendants in a purported class action lawsuit, filed on February 2, 2006 in the U.S. District Court for the Northern District of Georgia. The lawsuit generally alleged that the Company and the individually named defendants made materially false and misleading public statements concerning the Company's operational and financial condition, thereby allegedly causing plaintiff to purchase Company securities at artificially inflated prices. The plaintiff sought unspecified damages, as well as interest, costs and attorneys' fees. On March 6, 2006 defendants filed a motion to dismiss. On October 27, 2006, the Court granted defendants' motion to dismiss without prejudice, and also ordered plaintiffs to file a further amended complaint within 30 days. On November 22, 2006, plaintiffs filed a motion seeking an extension of time to file an amended complaint and a partial lift of the stay of discovery. On May 18, 2007, the Court entered an opinion and order denying that request. Plaintiffs did not file an appeal and, accordingly, this case is now closed.

On November 6, 2006, a purported shareholder derivative action was filed in the Superior Court of Fulton County for the State of Georgia, on the Company's behalf, against the Company as nominal defendant, the Company's Board of Directors, Chairman and former Chief Executive Officer David A. Jones and former Executive Vice President and Chief Financial Officer Randall J. Steward. The plaintiff derivatively claimed breaches of fiduciary duty, abuse of control, gross mismanagement and waste against all of the individually named defendants. The plaintiff also derivatively claimed that the Company's then Chief Executive Officer and then Chief Financial Officer misappropriated confidential company information for personal profit by selling the Company's stock while in possession of material, non-public information regarding the Company's financial condition and future business prospects. The plaintiff sought unspecified damages, profits, the return of all compensation paid by us, costs and attorneys' fees. On February 5, 2007, all defendants filed their answer and defenses, and also moved to dismiss the complaint. By Order dated May 30, 2007, the Court granted defendants' motion and dismissed the complaint. The time for filing an appeal of the dismissal has expired and no such appeal was taken. Accordingly, this case is now closed.

Item 1A. Risk Factors

Forward Looking Statements

We have made or implied certain forward-looking statements in this Quarterly Report on Form 10-Q. All statements, other than statements of historical facts included in this Quarterly Report, including the statements under "Management's Discussion and Analysis of Financial Condition and Results of Operations" regarding our business strategy, future operations, financial position, estimated revenues, projected costs, projected synergies, prospects, plans and objectives of management, as well as information concerning expected actions of third parties, are forward-looking statements. When used in this Quarterly Report, the words "anticipate," "intend," "plan," "estimate," "believe," "expect," "project," "could," "will," "should," "may" and similar expressions are also intended to identify forward-looking statements, although not all forward-looking statements contain such identifying words.

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

- the impact of restrictions in our debt instruments on our ability to operate our business, finance our capital needs or pursue or expand business strategies;
- the impact of unusual items resulting from the implementation of new business strategies, divestitures or current and proposed restructuring activities;
- difficulties or delays in the integration of operations of acquired businesses and our ability to achieve anticipated synergies and efficiencies with respect to those acquisitions;
- any failure to comply with financial covenants and other provisions and restrictions of our debt instruments;
- the impact of fluctuations in the cost of raw materials;
- interest rate and exchange rate fluctuations;
- the loss of, or a significant reduction in, sales to a significant retail customer;
- competitive promotional activity or spending by competitors or price reductions by competitors;
- the introduction of new product features or technological developments by competitors and/or the development of new competitors or competitive brands;
- the effects of general economic conditions, including inflation, labor costs and stock market volatility or changes in trade, monetary or fiscal policies in the countries where we do business;
- changes in consumer preferences and demand for our products;
- our ability to develop and successfully introduce new products, protect our intellectual property and avoid infringing the intellectual property of third parties;
- our ability to successfully implement, achieve and sustain manufacturing and distribution cost efficiencies and improvements, and fully realize anticipated cost savings;
- the cost and effect of unanticipated legal, tax or regulatory proceedings or new laws or regulations (including environmental, public health and consumer protection regulations);
- public perception regarding the safety of our products, including the potential for environmental liabilities, product liability claims, litigation and other claims;
- changes in accounting policies applicable to our business;
- government regulations;
- the seasonal nature of sales of our products; and
- the effects of political or economic conditions, terrorist attacks, acts of war or other unrest in international markets.

Some of the above-mentioned factors are described in further detail in the section entitled “Risk Factors” set forth below. You should assume the information appearing in this Quarterly Report on Form 10-Q is accurate only as of July 1, 2007 or as otherwise specified, as our business, financial condition, results of operations and prospects may have changed since that date. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the SEC, we undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events or otherwise to reflect actual results or changes in factors or assumptions affecting such forward-looking statement.

RISK FACTORS

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

Our substantial indebtedness could adversely affect our business, financial condition and results of operations and prevent us from fulfilling our obligations under the terms of our indebtedness.

We have, and we will continue to have, a significant amount of indebtedness. As of July 1, 2007, we had total indebtedness of approximately $2.7 billion.

Our substantial indebtedness could have material adverse consequences for our business, including:

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

In addition, a portion of our debt bears interest at variable rates. If market interest rates increase, the interest rate on our variable-rate debt will increase and will create higher debt service requirements, which would adversely affect our cash flow. While we may enter into agreements limiting our exposure to higher debt service requirements, any such agreements may not offer complete protection from this risk.

The terms of our indebtedness impose restrictions on us that may affect our ability to successfully operate our business.

Our Senior Credit Agreement and the indentures governing our outstanding Senior Subordinated Notes each contain covenants that, among other things, limit our ability to:

- incur additional indebtedness;
- borrow money or sell preferred stock;
- create liens;
- pay dividends on or redeem or repurchase stock;
- make certain types of investments;
- issue or sell stock in our restricted subsidiaries;
- restrict dividends or other payments from restricted subsidiaries;

- issue guarantees of debt;
- transfer or sell assets and utilize proceeds of any such sales;
- enter into agreements that restrict our restricted subsidiaries from paying dividends, making loans or otherwise transferring assets to us or to any of our other restricted subsidiaries;
- enter into or engage in transactions with affiliates; or
- merge, consolidate or sell all or substantially all of our assets.

In addition, pursuant to the Senior Credit Agreement we are be required to meet a number of financial ratios and tests. These covenants could materially and adversely affect our ability to finance our operations or capital needs and to engage in other business activities that may be in our best interest. These covenants may also restrict our ability to expand or pursue our business strategies. Our ability to generate cash flow to make payments on our debt, and to comply with these covenants, may be affected by a number of factors and events, including factors and events beyond our control, such as prevailing economic, financial and competitive conditions and changes in regulations, and we cannot be sure that we will be able to comply with our covenants and obligations in all our debt instruments. A breach of our covenants could result in a default under the indentures governing our Senior Subordinated Notes and/or our Senior Credit Agreement. If there were an event of default under the indentures for the notes and/or our Senior Credit Agreement, holders of such defaulted debt could cause all amounts borrowed under these instruments to be due and payable immediately. Additionally, if we fail to repay the debt under the Senior Credit Facility when it becomes due, the lenders under the Senior Credit Facility could proceed against certain of our assets and capital stock which we have pledged to them as security. If the lenders under the Senior Credit Facility caused all amounts borrowed under these instruments to be due and payable immediately, all amounts outstanding under our Senior Subordinated Notes would also be subject to acceleration by action of the trustee under the respective indentures governing those notes or the respective holders of at least 25% in principal amount of the respective notes outstanding. Our assets and cash flow may not be sufficient to repay borrowings under our outstanding debt instruments in the event of a default thereunder.

Our ability to comply with such agreements may be affected by events beyond our control, including prevailing economic, financial and industry conditions. The breach of any such covenants or restrictions in such agreements could result in a default under the indentures governing our Senior Subordinated Notes or the Senior Credit Agreement. Such an event of default under our debt agreements would permit lenders or noteholders, as the case may be, to declare all amounts borrowed from them to be due and payable, together with accrued and unpaid interest. If we were unable to repay debt to our senior lenders, such lenders could proceed against the collateral securing such debt.

The New Notes permit the Company to increase the principal amount of its outstanding New Notes in lieu of making cash interest payments.

On any interest payment date prior to October 2, 2010, the Company may, at its option and subject to certain conditions related to the trading price of its common stock, pay interest due on any semi-annual interest payment date by increasing the principal amount of such outstanding New Notes pro-rata by the amount of interest then payable. Any increase in the aggregate outstanding principal amount of the New Notes will subject the Company to higher interest payments and increased indebtedness exposure in future periods and could have the adverse effects described above in *"Our substantial indebtedness could adversely affect our business, financial condition and results of operations and prevent us from fulfilling our obligations under the terms of our indebtedness."*

We have retained a financial advisor to assist us in evaluating strategic options which may be available to us, including the possibility of sales of various assets; however, we may not be able to successfully consummate any such asset sale on a timely basis, on terms acceptable to us or at all.

We continue to explore possible strategic options, including divesting certain of our assets, to help us sharpen our focus on strategic growth businesses, maximize long-term shareholder value and reduce our outstanding debt balances. Even if we are able to identify a suitable disposition opportunity, we may not be able to successfully divest any such assets on terms and conditions and in a timeframe favorable to the Company, or at all.

We may not be able to generate sufficient future taxable income to fully utilize our net operating loss and credit carryforwards.

We currently project that at September 30, 2007, we will have U.S. net operating loss carryforwards of approximately $718 million. These net operating loss carryforwards expire at various times between 2008 and 2027. We expect to utilize certain of our U.S. net operating loss carryforwards, which totaled approximately $558 million at July 1, 2007, upon divestiture of certain assets on favorable contractual terms. While we expect to fully utilize the remaining $160 million within the carryforward period to reduce our income tax liabilities, future taxable income may not be sufficient for full utilization of the carryforwards. If we are unable to fully utilize our net operating losses and credit carryforwards, our effective tax rate may increase and our results of operations could be materially and negatively impacted.

We participate in very competitive markets and we may not be able to compete successfully.

The markets in which we participate are very competitive. In the consumer battery market, our primary competitors are Duracell (a brand of Procter & Gamble and its Gillette subsidiary), Energizer and Panasonic (a brand of Matsushita). In the electric shaving and grooming and electric personal care product markets, our primary competitors are Braun (a brand of Procter & Gamble), Norelco (a brand of Philips), Vidal Sassoon, Revlon and Helen of Troy. In the pet supplies market, our primary competitors are The Hartz Mountain Corporation and Central Garden & Pet Company. In our Home and Garden Business, which we have designated as a discontinued operation, our principal national competitors are The Scotts Company, Central Garden & Pet Company and S.C. Johnson. In each of our markets, we also face competition from numerous other companies.

We and our competitors compete for consumer acceptance and limited shelf space based upon brand name recognition, perceived quality, price, performance, product packaging and design innovation, as well as creative marketing, promotion and distribution strategies. Our ability to compete in these consumer product markets may be adversely affected by a number of factors, including, but not limited to, the following:

- We compete against many well established companies that may have substantially greater financial and other resources, including personnel and research and development resources, greater overall market share and fewer regulatory burdens than we do.
- In some key product lines, our competitors may have lower production costs and higher profit margins than we do, which may enable them to compete more aggressively in offering retail discounts and other promotional incentives.
- Product improvements or effective advertising campaigns by competitors may weaken consumer demand for our products.
- Consumer purchasing behavior may shift to distribution channels where we do not have a strong presence.
- Consumer preferences may change to lower margin products or products other than those we market.

If our product offerings are unable to compete successfully in these product markets, our sales, results of operations and financial condition could be materially and adversely affected.

Our dependence on, and the price of, raw materials may adversely affect our profits.

The principal raw materials used to produce our products—including granular urea, zinc powder, electrolytic manganese dioxide powder and steel—are sourced either on a global or regional basis, and the prices of those raw materials are susceptible to price fluctuations due to supply/demand trends, energy costs, transportation costs, government regulations and tariffs, changes in currency exchange rates, price controls, the economic climate and other unforeseen circumstances. We regularly engage in forward purchase and hedging derivative transactions in an attempt to effectively manage the raw material costs we expect to incur over the next 12 to 24 months. These efforts may not be effective and, if we are unable to pass raw materials price increases on to our customers, our future profitability may be materially adversely affected. Specifically with respect to transportation costs, certain modes of delivery are subject to fuel surcharges which are determined based upon the current cost of diesel fuel in relation to pre-established agreed upon costs. We may be unable to pass these fuel surcharges on to our customers.

In addition, we have exclusivity arrangements and minimum purchase requirements with certain of our suppliers for our Home and Garden Business, which we have designated as a discontinued operation, which increase our dependence upon and exposure to those suppliers. Some of those agreements include caps on the price we pay for our supplies and in certain instances, these caps have allowed us to purchase materials at below market prices. Any renewal of those contracts may not include or reduce the effect of those caps and could even impose above market prices in an attempt by the applicable supplier to make up for any below market prices paid by us prior to the renewal of the agreement. Any failure to timely obtain suitable supplies at competitive prices could materially adversely affect our business, financial condition and results of operations.

Consolidation of retailers and our dependence on a small number of key customers for a significant percentage of our sales may negatively affect our profits.

During the past decade, retail sales of the consumer products we market have been increasingly consolidated into a small number of regional and national mass merchandisers and warehouse clubs. This trend towards consolidation is occurring on a worldwide basis. As a result of this consolidation, a significant percentage of our sales are attributable to a very limited group of retailer customers, including Wal-Mart, The Home Depot, Carrefour, Target, Lowe’s, PetSmart, Canadian Tire, PetCo and Gigante. Sales to Wal-Mart, The Home Depot, Lowes and Target are attributable in part to our Home and Garden Business, which we have designated as a discontinued operation. Wal-Mart Stores, Inc., our largest retailer customer, accounted for approximately 20% and 22% of net consolidated sales in the first nine months of fiscal 2007 and fiscal 2006, respectively. Our sales generally are made through the use of individual purchase orders, consistent with industry practice. Because of the importance of these key customers, demands for price reductions or promotions by such customers, reductions in their purchases, changes in their financial condition or loss of their accounts could have a material adverse effect on our business, financial condition and results of operations. In addition, as a result of the desire of retailers to more closely manage inventory levels, there is a growing trend among them to purchase our products on a “just-in-time” basis. This requires us to shorten our lead-time for production in certain cases and more closely anticipate demand, which could in the future require us to carry additional inventories and increase our working capital and related financing requirements. Furthermore, we primarily sell branded products and a move by one of our customers to sell significant quantities of private label products which directly compete with our products could have a material adverse effect on our business, financial condition and results of operations.

Our on-going efforts to integrate Tetra may be unsuccessful.

If we cannot successfully complete the integration of Tetra, our business, financial condition and results of operations may be materially and adversely affected. The integration of separately-managed companies operating in different markets involves a number of risks, including, but not limited to, the following:

- entering markets in which we have limited prior experience;
- the diversion of management’s attention from daily operations to the integration of operations;

- demands on management related to the increase in our size after the acquisitions Tetra;
- difficulties in the assimilation and retention of employees;
- difficulties in the assimilation of different corporate cultures and practices, and of broad and geographically dispersed personnel and operations;
- difficulties in the integration of departments, information technology systems, accounting systems, technologies, books and records and procedures, as well as in maintaining uniform standards and controls, including internal accounting controls, procedures and policies; and
- expenses of any undisclosed or potential legal liabilities.

Prior to the acquisition of Tetra, Spectrum and Tetra operated as separate entities. To date we have not been able to maintain the levels of revenue, earnings or operating efficiency that Tetra had achieved or might achieve separately. Successfully completing our on-going efforts to integrate Tetra will depend on our ability to manage those operations, realize opportunities for revenue growth presented by strengthened product offerings and expanded geographic market coverage and, to some degree, eliminate redundant and excess costs. The anticipated savings opportunities discussed elsewhere in this report are based on projections and assumptions, all of which are subject to change. Our continuing efforts to complete the integration may not be successful and may not result in the expected benefits or savings to the extent or in the time frame anticipated, or at all, or such benefits and savings may require higher costs than anticipated.

We may face a number of risks related to foreign currencies.

Our foreign sales and certain of our expenses are transacted in foreign currencies. During the fiscal 2007 nine months approximately 56% of our net sales and 32% of our operating expenses were denominated in currencies other than U.S. dollars. We expect that the amount of our revenues and expenses transacted in foreign currencies will increase as our Latin American, European and Asian operations grow and our exposure to risks associated with foreign currencies could increase accordingly. Significant changes in the value of the U.S. dollar in relation to foreign currencies could have a material effect on our business, financial condition and results of operations. Changes in currency exchange rates may also affect our sales to, purchases from and loans to our subsidiaries as well as sales to, purchases from and bank lines of credit with our customers, suppliers and creditors that are denominated in foreign currencies.

If we are unable to improve existing products and develop new, innovative products, or if our competitors introduce new or enhanced products, our sales and market share may suffer.

Both we and our competitors make significant investments in research and development. If our competitors successfully introduce new or enhanced products that eliminate technological advantages our products may have in a certain market segment or otherwise outperform our products, or are perceived by consumers as doing so, we may be unable to compete successfully in market segments affected by these changes. In addition, we may be unable to compete if our competitors develop or apply technology which permits them to manufacture products at a lower relative cost. The fact that many of our principal competitors have substantially greater resources than us increases this risk. The patent rights or other intellectual property rights of third parties, restrictions on our ability to expand or modify manufacturing capacity or constraints on our research and development activity may also limit our ability to introduce products that are competitive on a performance basis.

Our future success will depend, in part, upon our ability to improve our existing products and to develop, manufacture and market new, innovative products. If we fail to successfully introduce, market and manufacture new products or product innovations, our ability to maintain or grow our market share may be adversely affected, which in turn could materially adversely affect our business, financial condition and results of operations.

Our foreign operations may expose us to a number of risks related to conducting business in foreign countries.

Our international operations and exports and imports to and from foreign markets are subject to a number of special risks which could have a material adverse effect on our businesses, financial condition and results of operations. These risks include, but are not limited to:

- changes in the economic conditions or consumer preferences or demand for our products in these markets;
- economic and political destabilization, governmental corruption and civil unrest;
- restrictive actions by multi-national governing bodies, foreign governments or subdivisions thereof (e.g., duties, quotas and restrictions on transfer of funds);
- changes in foreign labor laws and regulations affecting our ability to hire and retain employees;
- changes in U.S. and foreign laws regarding trade and investment; and
- difficulty in obtaining distribution and support for our products.

There are two particular EU Directives, the Restriction on the Use of Hazardous Substances in Electrical and Electronic Equipment (“RoHS”) and the Waste of Electrical and Electronic Equipment (“WEEE”), that may have a material impact on our business. RoHS, effective July 1, 2006, requires us to eliminate specified hazardous materials from products we sell in EU member states. WEEE requires us to collect and treat, dispose of or recycle certain products we manufacture or import into the EU at our own expense. Complying or failing to comply with the EU directives may harm our business. For example:

- Although contractually assured with our suppliers, we may be unable to procure appropriate RoHS compliant material in sufficient quantity and quality and/or be able to incorporate it into our product procurement processes without compromising quality and/or harming our cost structure.
- We may face excess and obsolete inventory risk related to non-compliant inventory that we may continue to hold in fiscal 2007 for which there is reduced demand and we may need to write down.

Many of the developing countries in which we operate do not have significant governmental regulation relating to the environment, occupational safety, employment practices or other business matters routinely regulated in the United States or do not rigorously enforce such regulation. As these countries and their economies develop, it is possible that new regulations or increased enforcement of existing regulations may increase the expense of doing business in these countries. In addition, social legislation in many countries in which we operate may result in significantly higher expenses associated with labor costs, terminating employees or distributors and with closing manufacturing facilities. Increases in our costs as a result of increased regulation or enforcement could materially and adversely affect our business, results of operations and financial condition.

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

Sales of our battery and electric shaving and grooming products are seasonal. A large percentage of sales for our battery and electric personal care products occur during our first fiscal quarter that ends on or about December 31, due to the impact of the December holiday season. Sales of products relating to our Home and Garden Business, which we have designated as a discontinued operation, are also seasonal. A large percentage of our sales for our lawn and garden and household insect control products occur during the spring and summer, typically our second and third fiscal quarters. As a result of this seasonality, our inventory and working capital needs relating to these products fluctuate significantly during the year. In addition, orders from retailers are often made late in the period preceding the applicable peak season, making forecasting of production schedules and inventory purchases difficult. If we are unable to accurately forecast and prepare for customer orders or our working capital needs, or there is a general downturn in business or economic conditions during these periods our business, financial condition and results of operations could be materially and adversely affected.

We may not be able to adequately establish and protect our intellectual property rights.

To establish and protect our intellectual property rights, we rely upon a combination of national foreign and multi-national patent, trademark and trade secret laws, together with licenses, confidentiality agreements and other contractual covenants. The measures we take to protect our intellectual property rights may prove inadequate to prevent misappropriation of our technology or other intellectual property. We may need to resort to litigation to enforce or defend our intellectual property rights. If a competitor or collaborator files a patent application claiming technology also invented by us, or a trademark application claiming a trademark, service mark or trade dress also used by us, in order to protect our rights, we may have to participate in an expensive and time consuming interference proceeding before the United States Patent and Trademark Office or any similar foreign agency. In addition, our intellectual property rights may be challenged by third parties. Even if our intellectual property rights are not directly challenged, disputes among third parties could lead to the weakening or invalidation of our intellectual property rights. Furthermore, competitors may independently develop technologies that are substantially equivalent or superior to our technology. Obtaining, protecting and defending intellectual property rights can be time consuming and expensive, and may require us to incur substantial costs, including the diversion of management and technical personnel. Moreover, the laws of certain foreign countries in which we operate or may operate in the future do not protect intellectual property rights to the same extent as do the laws of the U.S., which may negate our competitive or technological advantages in such markets. Also, some of the technology underlying our products is the subject of nonexclusive licenses from third parties. As a result, this technology could be made available to our competitors at any time. If we are unable to adequately protect our intellectual property rights, our business, financial condition and results of operations could be materially and adversely affected.

Third-party intellectual property infringement claims against us could adversely affect our business.

From time to time we have been subject to claims that we are infringing upon the intellectual property of others and it is possible that third parties will assert infringement claims against us in the future. For example, we are involved in a number of legal proceedings with Philips with respect to trademarks owned by Philips relating to the shape of the head portion of Philips' three-head rotary shaver. An adverse finding against us in these or similar trademark or other intellectual property litigations may have a material adverse effect on our business, financial condition and results of operations. Any such claims, with or without merit, could be time consuming and expensive, and may require us to incur substantial costs, including the diversion of management and technical personnel, cause product delays or require us to enter into licensing or other agreements in order to secure continued access to necessary or desirable intellectual property. Our business will be harmed if we cannot obtain a necessary or desirable license, can obtain such a license only on terms we consider to be unattractive or unacceptable or if we are unable to redesign or re-brand our products or redesign our processes to avoid actual or potential intellectual property infringement. In addition, an unfavorable ruling in an intellectual property litigation could subject us to significant liability, as well as require us to cease developing, manufacturing or selling the affected products or using the affected processes or trademarks. There can be no assurance that we would prevail in any intellectual property infringement action, be able to obtain a license to any third party intellectual property on commercially reasonable terms, successfully develop non-infringing alternative technology, trademarks or trade dress on a timely basis or license non-infringing alternatives, if any exist, on commercially reasonable terms. Any significant intellectual property impediment to our ability to develop and commercialize our products could have a material adverse effect on our business, financial condition and results of operations.

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

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

- relationships with our suppliers
- the financial condition of our suppliers;
- the ability to import outsourced products; or
- our suppliers' ability to manufacture and deliver outsourced products on a timely basis.

If our relationship with one of our key suppliers is adversely affected, we may not be able to quickly or effectively replace such supplier and may not be able to retrieve tooling, molds or other specialized production equipment or processes used by such supplier in the manufacture of our products.

In addition, we manufacture the majority of our foil cutting systems for our shaving product lines, using specially designed machines and proprietary cutting technology, at one of our facilities. Damage to this facility, or prolonged interruption in the operations of this facility for repairs or other reasons, would have a material adverse effect on our ability to manufacture and sell our shaving products which would in turn harm our business, financial condition and results of operations.

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

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

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

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

We may be exposed to significant product liability claims which our insurance may not cover and which could harm our reputation.

In the ordinary course of our business, we may be named as defendants in lawsuits involving product liability claims. In any such proceeding, plaintiffs may seek to recover large and sometimes unspecified amounts of damages and the matters may remain unresolved for several years. Any such matters could have a material adverse effect on our business, results of operations and financial condition if we are unable to successfully defend against or settle these matters or if our insurance coverage is insufficient to satisfy any judgments against us or settlements relating to these matters. Although we have product liability insurance coverage and an excess umbrella policy, our insurance policies may not provide coverage for certain or any claims against us or may not be sufficient to cover all possible liabilities. Moreover, any adverse publicity arising from claims made against us, even if the claims were not successful, could adversely affect the reputation and sales of our products.

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

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

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

Risk of environmental liability is inherent in our business. As a result, material environmental costs may arise in the future. In particular, we may incur capital and other costs to comply with increasingly stringent environmental laws and enforcement policies, such as the EU Directives, RoHS and WEEE, discussed above. Although we believe that we are substantially in compliance with applicable environmental regulations at our facilities, we may not be in compliance with such regulations in the future, which could have a material adverse effect upon our business, financial condition and results of operations.

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

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

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

Certain of our products sold through and facilities operated under our Global Pet Business and under our Home and Garden Business, which we have designated as a discontinued operation, are regulated by the United States Environmental Protection Agency (the “EPA”), the United States Food and Drug Administration (the “FDA”) or other federal consumer protection and product safety agencies and are subject to the regulations such agencies enforce, as well as similar state, foreign and multinational agencies and regulations. For example, in the

United States, all products containing pesticides must be registered with the EPA and, in many cases, similar state and foreign agencies before they can be manufactured or sold. The inability to obtain or the cancellation of any registration could have an adverse effect on our business, financial condition and results of operations. The severity of the effect would depend on which products were involved, whether another product could be substituted and whether our competitors were similarly affected. We attempt to anticipate regulatory developments and maintain registrations of, and access to, substitute chemicals and other ingredients. We may not always be able to avoid or minimize these risks.

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

In addition, the use of certain pesticide and fertilizer products which are sold through our Global Pet Business and through our Home and Garden Business, which we have designated as a discontinued operation, may be regulated by various local, state, federal and foreign environmental and public health agencies. These regulations may require that only certified or professional users apply the product or that certain products be used only on certain types of locations (such as “not for use on sod farms or golf courses”), or that users post notices on properties to which products have been or will be applied, or notify individuals in the vicinity that products will be applied in the future, may provide that the product cannot be applied for aesthetic purposes, or may ban the use of certain ingredients. Compliance with such public health regulations could increase our cost of doing business and expose us to additional requirements with which we may be unable to comply.

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

We manufacture and market a number of complex chemical products bearing our brands relating to our Home and Garden Business, which we have designated as a discontinued operation, such as fertilizers, growing media, herbicides and pesticides. On occasion, customers and some current or former employees have alleged that some products failed to perform up to expectations or have caused damage or injury to individuals or property. In 2007, certain pet food manufactured in China which was tainted with a mildly toxic chemical known as melamine and sold in the United States was linked to numerous companion animal fatalities and triggered a widespread recall of pet food by many major pet food suppliers. While we take precautions to ensure that the manufacturers we use are complying with all applicable food health regulations, all of our manufacturers may not adhere to these regulations at all times. Further, sales of our pet food and pet treat products may be adversely affected because of general consumer distrust of pet food suppliers who manufacture pet food or pet treats in China or distribute pet food or pet treats manufactured in China or negative public perceptions resulting from enhanced scrutiny by the FDA or other governmental authorities of pet food and pet treats and related animal food products. Public perception that any of our products are not safe, whether justified or not, could impair our reputation, damage our brand names and have a material adverse effect on our business, financial condition and results of operations.

Item 2. Issuer Purchases of Equity Securities

Period	Total Number of Shares Purchased[1]	Average Price Paid Per Share[2]	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number of Shares that may Yet Be Purchased Under the Plans or Programs
Three Months Ended July 1, 2007				
4/2/07 – 4/29/07	270	$ 6.42	—	—
4/30/07 – 5/27//07	232,091	8.45	—	—
5/28/07 – 7/1/07	55,410	6.73	—	—
Total	287,771	$ 8.11	—	—

(1) During the three months ended July 1, 2007, the Company credited certain employees with amounts equal to the value of shares of capital stock that were owned and forfeited by such employees to satisfy tax withholding obligations on the vesting of restricted shares. Share numbers represent shares owned and forfeited by employees to satisfy tax withholding requirements on the vesting of restricted shares. Credits for these shares were based on the closing price of the Company's shares on the date of vesting. None of these transactions was made pursuant to a publicly announced repurchase plan or program.

(2) Average price paid per share of shares owned and forfeited by employees to satisfy tax withholding requirements on the vesting of restricted shares is calculated based on the amount credited to employees and used to satisfy tax withholding obligations.

Item 4. Submission of Matters to a Vote of Security Holders

Our Annual Meeting of Shareholders was held on May 9, 2007. At our Annual Meeting, in an uncontested election, our shareholders elected Thomas R. Shepherd, Charles A. Brizius and Scott A. Schoen to our Board of Directors to serve a three year term. Mr. Shepherd received 37,529,180 votes in favor of his election and 7,622,744 votes were withheld. Mr. Brizius received 43,865,826 votes in favor of his election and 1,286,098 votes were withheld. Mr. Schoen received 43,348,815 votes in favor of his election and 1,803,109 votes were withheld. The terms of office as a director of the following current directors continued after the meeting: Kent J. Hussey, William P. Carmichael, John D. Bowlin, John S. Lupo, David A. Jones and Barbara S. Thomas.

Also, at our Annual Meeting of Shareholders our shareholders ratified the appointment of KPMG LLP as our independent registered public accounting firm for fiscal 2007. Votes cast were 44,394,938 in favor, 586,720 against and 170,269 abstained.

Further, at our Annual Meeting of Shareholders our shareholders rejected a shareholder proposal regarding declassification of our Board of Directors. Votes cast were 12,924,328 in favor, 25,905,875 against and 211,721 abstained. In addition, there were 6,110,000 broker non-votes.

Item 5. Other Information

As previously reported in the Company's Current Report on Form 8-K filed with the SEC on May 25, 2007, on May 23, 2007, David A. Jones resigned from his position as the Company's Chief Executive Officer effective as of May 23, 2007. Mr. Jones will continue to serve as a director and Chairman of the Board until September 30, 2007. In connection with Mr. Jones' resignation, the Company and Mr. Jones entered into a separation agreement, dated May 25, 2007 (the "Jones separation agreement"). The Jones separation agreement is described in the Company's Current Report on Form 8-K filed with the SEC on May 25, 2007 which is incorporated herein by reference. A copy of the Jones separation agreement is filed as exhibit 10.10 to this Quarterly Report on Form 10-Q.

As previously reported in the Company's Current Report on Form 8-K filed with the SEC on May 25, 2007, effective May 23, 2007, Kent J. Hussey was appointed as Chief Executive Officer of the Company. Further, as previously reported in the Company’s Current Report on Form 8-K filed with the SEC on June 29, 2007, the Company and Mr. Hussey entered into an amendment of Mr. Hussey’s Amended and Restated Employment Agreement, dated as of April 1, 2005 (the “Hussey employment agreement”). The Hussey employment agreement is described in the Company’s Current Report on Form 8-K filed with the SEC on June 29, 2007 which is incorporated herein by reference. A copy of the Hussey employment agreement is filed as exhibit 10.1 to this Quarterly Report on Form 10-Q.

As previously reported in the Company’s Current Report on Form 8-K filed with the SEC on June 6, 2007, Randall J. Steward resigned from his position as the Company’s Executive Vice President and Chief Financial Officer effective June 6, 2007. Effective, June 6, 2007, Anthony L. Genito was appointed as the Company’s Senior Vice President and Chief Financial Officer. Further, as previously reported in the Company’s Current Report on Form 8-K filed with the SEC on August 3, 2007, in connection with Mr. Steward’s resignation, the Company and Mr. Steward entered into a separation agreement, dated August 1, 2007 (the “Steward separation agreement”). The Steward separation agreement is described in the Company’s Current Report on Form 8-K filed with the SEC on August 3, 2007 which is incorporated herein by reference. A copy of the Steward separation agreement is filed as exhibit 10.11 to this Quarterly Report on Form 10-Q.

As previously reported in the Company’s Current Report on Form 8-K filed with the SEC on July 25, 2007, Kenneth V. Biller retired from his position as the Company’s President of Global Operations effective September 30, 2007. Mr. Biller’s responsibilities will be assumed by other members of the Company’s senior management team. In connection with Mr. Biller’s retirement, the Company and Mr. Biller entered into a separation agreement dated July 20, 2007, which was amended July 24, 2007 (as so amended, the “Biller separation agreement”). The Biller separation agreement is described in the Company’s Current Report on Form 8-K filed with the SEC on July 25, 2007 which is incorporated herein by reference. A copy of the Biller separation agreement and the amendment thereto are filed as exhibit 10.12 and exhibit 10.13, respectively, to this Quarterly Report on Form 10-Q.

As previously reported in the Company’s Current Report on Form 8-K filed with the SEC on June 29, 2007, on June 25, 2007, Rémy E. Burel resigned from his position as the Company’s President, Europe & Rest of World. Mr. Burel will continue as an employee of Spectrum Brands GmbH until January 31, 2007, pursuant to the terms of the Amended and Restated Registered Director’s Agreement with Spectrum Brands Europe GmbH, dated April 1, 2005, as amended by Amendment No. 1 dated June 30, 2005 (as amended, the “Burel employment agreement”). Andreas Rouve has been appointed Managing Director, Europe, and will assume Mr. Burel’s responsibilities.

In connection with Mr. Burel’s resignation, the Company and Mr. Burel entered into a separation agreement dated August 6, 2007 (the “Burel separation agreement”). Mr. Burel will be entitled to receive substantially the same compensation and other benefits to which he would be entitled under the Burel Employment Agreement, upon the termination by Spectrum Brands Europe GmbH of his employment “without Cause.” In addition, the Burel separation agreement provides that Mr. Burel will be entitled to a pro-rated cash bonus in an amount equal to one-third of the annual bonus amount Mr. Burel would have otherwise earned for the fiscal year ending September 30, 2008, subject to the Company’s satisfaction of performance measures, and payable at the time bonuses, if any, are paid to Company employees under the Company’s management incentive plan, but in any event, no later than December 31, 2008. All restricted stock awards and stock options previously granted to Mr. Burel will continue to be governed by the terms of the underlying award agreements. In addition to other customary provisions, the Separation Agreement provides for mutual general releases, subject to certain customary-carve-outs. As a result of the Separation Agreement, only the noncompetition, nonsolicitation, confidentiality and liquidated damages provisions of the Burel employment agreement remain in effect. A copy of the Burel separation agreement is filed as exhibit 10.14 to this Quarterly Report on Form 10-Q.

Effective June 6, 2007, Amy J. Yoder was designated as a member of the Company’s “Spectrum Leadership Team,” the senior management team responsible for overall corporate strategy and guidance, and began reporting directly to the Company's Chief Executive Officer. Ms. Yoder has served as the Company's Executive Vice President, Home and Garden since joining the Company on April 2, 2007.

In connection with her hiring, the Company entered into an employment agreement with Ms. Yoder dated March 27, 2007. The following description of the terms of the employment agreement with Ms. Yoder is qualified in its entirety by reference to her agreement, which is filed as Exhibit 10.8 to this Quarterly Report on form 10-Q.

The term of Ms. Yoder's employment agreement runs through September 30, 2010 and is subject to automatic one year renewals thereafter. Ms. Yoder's employment agreement provides that she has the right to resign and terminate her employment agreement at any time upon providing at least 60 days' notice. Upon such resignation, the Company must pay any unpaid base salary or other compensation earned through the date of termination to Ms. Yoder.

Ms. Yoder's employment agreement provides generally that upon the Company's termination of her employment without cause or for death or disability, the Company will pay to Ms. Yoder, or her estate, two times her base salary and annual bonus, to be paid out over the following 24 months, plus a pro rata bonus for the year of termination. Ms. Yoder's employment agreement also provides that if she resigns upon the occurrence of specified circumstances that would constitute "Good Reason" (as defined therein), then her resignation would be treated as a termination by the Company without cause.

Under Ms. Yoder's employment agreement, the Company has the right to terminate her employment for "Cause" (as defined therein), in which event the Company shall be obligated to pay to her any unpaid base salary accrued through the date of termination. Ms. Yoder's employment agreement also provides that, during the term of her employment agreement and for one year thereafter, she shall not provide services of the same or similar kind that she provides to the Company, have a significant financial interest in any competitor of the Company or solicit any of the Company's customers or employees.

Under her employment agreement, beginning April 2, 2007, Ms. Yoder became entitled to a base salary of $400,000 per annum. The Company's Board of Directors will review Ms. Yoder's base salary from time to time and may increase it in its discretion. Ms. Yoder is also entitled to an annual bonus equal to 75% of her annual salary, subject to the Company achieving certain annual performance goals established by the Board of Directors. The board may, in its discretion increase the annual bonus amount.

Pursuant her employment agreement, Ms. Yoder is entitled to participate in the Company's equity-based compensation plans. Ms. Yoder received a restricted stock grant of 35,000 shares of the Company's common stock under the 2004 Rayovac Incentive Plan (the "Plan") on April 2, 2007. All of the shares granted to her are subject to time-based restrictions. In addition, restrictions will lapse on all shares in the event of a change in control of the Company, as defined in the Plan, or the sale of certain Company assets. Upon the termination of a recipient's employment with the Company for any reason other than a termination by the Company without cause, a termination by the executive for "Good Reason" or death or disability, such recipient shall forfeit to the Company all shares for which restrictions have not lapsed as of the date of such termination.

The form of Restricted Stock Award Agreement pursuant to which the preceding restricted stock grants was made has been previously filed by the Company as Exhibit 10.4 to the Company's Current Report on Form 8-K filed April 7, 2005, and the preceding description of the terms of the restricted stock grant is qualified in its entirety by reference to the terms of such agreement. The Restricted Stock Award Agreement incorporate the terms of the Plan, which was filed as Exhibit 10.24 to the Company's Quarterly Report on Form 10-Q for the period ended June 27, 2004.

Commencing with fiscal year 2008 and subject to approval by the Board of Directors, Ms. Yoder is eligible to receive each fiscal year a Company-stock based award or other consideration, valued at 125% of her base salary, with such award containing vesting conditions to be based on Company performance objectives established by the Board of Directors.

Mr. Genito is party to a severance agreement with the Company dated October 1, 2005. The following description of the terms of the severance agreement with Mr. Genito is qualified in its entirety by reference to his severance agreement, which is filed as Exhibit 10.9 to this Quarterly Report on form 10-Q.

The current term of Mr. Genito's severance agreement runs through October 1, 2007 and is subject to automatic one year renewals thereafter. Mr. Genito's severance agreement provides that either he or the Company may terminate his employment at any time for any reason or no reason at all. In the event that the Company terminates his employment without cause or for death or disability, generally, Mr. Genito's severance agreement provides that the Company will pay to Mr. Genito, or his estate, two times his base salary and two times his annual bonus. The base salary payable in the event of a termination would be paid semi-monthly over the 24 month period following termination. The annual bonus amount payable is determined as if the Company had achieved 100% of the applicable performance goals set by the Board of Directors of the company for the fiscal year in which the termination occurs. The annual bonus amount payable pursuant to the severance agreement would be paid to the executive in two installments, the first on or before December 31 of the year in which the termination occurs and the second on or before December 31 of the following year. However, Mr. Genito's severance agreement also provides that the Company has the right to terminate his employment for "Cause" (as defined therein), in which event he would not receive the benefits described above.

Mr. Genito's severance agreement also provides that for the two years following the date of his termination, he will not provide services of the same or similar kind that he provides to the Company, have a significant financial interest in any competitor of the Company or solicit any of the Company's customers or employees.

Item 6. Exhibits

Please refer to the Exhibit Index.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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 10, 2007

SPECTRUM BRANDS, INC.

By: /s/ ANTHONY L. GENITO

Anthony L. Genito
Senior 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 the Current Report on Form 8-K filed with the SEC on June 14, 2004).
Exhibit 2.2	Agreement and Plan of Merger, dated January 3, 2005, by and among Rayovac Corporation, Lindbergh Corporation and United Industries Corporation (filed by incorporation by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on January 4, 2005).
Exhibit 2.3	Share Purchase Agreement dated as of March 14, 2005 by and among Rayovac Corporation, Triton Managers Limited, acting in its own name but for the account of those Persons set forth on Annex I to the Share Purchase Agreement, BGLD Managers Limited, acting in its own name but for the account of BGLD Co-Invest Limited Partnership, AXA Private Equity Fund II-A, a Fonds Commun de Placement à Risques, represented by its management company AXA Investment Managers Private Equity Europe S.A., AXA Private Equity Fund II-B, a Fonds Commun de Placement à Risques, represented by its management company AXA Investment Managers Private Equity Europe S.A., Harald Quandt Holding GmbH, and Tetra Managers Beteiligungsgesellschaft mbH, being all of the shareholders of Tetra Holding GmbH, and Triton Managers Limited, as Sellers' Representative (filed by incorporation by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC on March 18, 2005).
Exhibit 2.4	Share Purchase Agreement, dated November 22, 2005, by and among Agrium Inc., United Industries Corporation, and Nu-Gro Holding Company L.P. (filed by incorporation by reference to the Current Report on Form 8-K filed with the SEC on November 29, 2005).
Exhibit 2.5	Amendment No. 1, dated December 19, 2005, to the Share Purchase Agreement, dated November 22, 2005, by and among Agrium Inc., United Industries Corporation, and Nu-Gro Holding Company L.P. (filed by incorporation by reference to the Current Report on Form 8-K filed with the SEC on January 30, 2006).
Exhibit 3.1	Amended and Restated Articles of Incorporation of Spectrum Brands, Inc., as amended on May 2, 2005 (filed by incorporation by reference to Exhibit 3.1 to the Quarterly Report on Form 10-Q for the quarterly period ended April 3, 2005, filed with the SEC on May 13, 2005).
Exhibit 3.2	Amended and Restated By-laws of Spectrum Brands, Inc. (filed by incorporation by reference to Exhibit 3.2 to the Quarterly Report on Form 10-Q for the quarterly period ended April 3, 2005, filed with the SEC on May 13, 2005).
Exhibit 4.1	Indenture dated as of February 7, 2005 by and among Rayovac Corporation, certain of Rayovac Corporation's domestic subsidiaries and U.S. Bank National Association (filed by incorporation by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on February 11, 2005).
Exhibit 4.2	Supplemental Indenture dated as of May 3, 2005 to the Indenture dated as of February 7, 2005 by and among Spectrum Brands, Inc., certain of Spectrum Brands, Inc.'s domestic subsidiaries and U.S. Bank National Association (filed by incorporation by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on May 5, 2005).
Exhibit 4.3	Indenture, dated September 30, 2003, by and among Rayovac Corporation, ROV Holding, Inc., Rovcal, Inc., Vestar Shaver Corp., Vestar Razor Corp., Remington Products Company, L.L.C., Remington Capital Corporation, Remington Rand Corporation, Remington Corporation, L.L.C. and U.S. Bank National Association (filed by incorporation by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on October 15, 2003).

Exhibit 4.4	Supplemental Indenture, dated October 24, 2003, by and among Rayovac Corporation, ROV Holding, Inc., Rovcal, Inc., Remington Products Company, L.L.C. and U.S. Bank National Association (filed by incorporation by reference to Exhibit 4.3 to the Registration Statement on Form S-4 filed with the SEC on November 6, 2003).
Exhibit 4.5	Third Supplemental Indenture dated as of February 7, 2005 to the Indenture dated as of September 30, 2003 by and among Rayovac Corporation, certain of Rayovac Corporation's domestic subsidiaries and U.S. Bank National Association (filed by incorporation by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on February 11, 2005).
Exhibit 4.6	Fourth Supplemental Indenture dated as of May 3, 2005 to the Indenture dated as of September 30, 2003 by and among Spectrum Brands, Inc., certain of Spectrum Brands, Inc.'s domestic subsidiaries and U.S. Bank National Association (filed by incorporation by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on May 5, 2005).
Exhibit 4.7	Fifth Supplemental Indenture dated as of March 29, 2007, among the Company, certain subsidiaries of the Company, as guarantors, and U.S. Bank National Association, as trustee (filed by incorporation by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on April 4, 2007).
Exhibit 4.8	Indenture dated as of March 30, 2007, among Spectrum Brands, Inc. (the "Company"), certain subsidiaries of the Company, as guarantors, and Wells Fargo Bank, N.A., as trustee (filed by incorporation by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on April 4, 2007).
Exhibit 4.9	Registration Rights Agreement dated as of February 7, 2005 by and between Rayovac Corporation, certain of Rayovac's domestic subsidiaries, Banc of America Securities LLC, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and ABN AMRO Incorporated (filed by incorporation by reference to Exhibit 4.3 to the Current Report on Form 8-K filed with the SEC on February 11, 2005).
Exhibit 10.1	Amended and Restated Employment Agreement, dated as of June 29, 2007, by and between the Company and Kent J. Hussey.*
Exhibit 10.2	Amended and Restated Employment Agreement, dated as of October 1, 2005, between the Company and David A. Jones (incorporated by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on October 5, 2005).
Exhibit 10.3	Amended and Restated Employment Agreement, dated as of April 1, 2005, by and between the Company and Kenneth V. Biller (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on April 7, 2005).
Exhibit 10.4	Amended and Restated Employment Agreement, effective as of January 16, 2007, by and between the Company 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 on January 19, 2007).
Exhibit 10.5	Amended and Restated Registered Director's Agreement, dated April 1, 2005, by and between Spectrum Brands Europe GmbH and Remy Burel (incorporated by reference to Exhibit 10.3 to the Current Report on Form 8-K filed with the SEC on April 7, 2005), as later amended by Amendment No. 1 to the Amended and Restated Registered Director's Agreement (such Amendment No. 1 is incorporated by reference to Exhibit 10.4 to the Quarterly Report on Form 10-Q filed with the SEC on August 12, 2005).
Exhibit 10.6	Amended and Restated Employment Agreement, dated as of April 1, 2005, by and between the Company and Randall J. Steward (filed by incorporation by reference to Exhibit 10.5 to the Annual Report on Form 10-K for the year ended September 30, 2005, filed with the SEC on December 14, 2005).

Exhibit 10.7	Amended and Restated Employment Agreement, effective as of January 16, 2007, by and between the Company and David R. Lumley (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on January 19, 2007).
Exhibit 10.8	Employment Agreement dated March 27, 2007, by and between the Company and Amy J. Yoder.*
Exhibit 10.9	Severance Agreement, effective as of October 1, 2005 by and between the Company and Anthony L. Genito.*
Exhibit 10.10	Separation Agreement and Release, dated as of May 25, 2007, by and between the Company and David A. Jones.*
Exhibit 10.11	Separation Agreement and Release, dated as of August 1, 2007, by and between the Company and Randall J. Steward.*
Exhibit 10.12	Separation Agreement and Release, dated as of July 20, 2007, by and between the Company and Kenneth V. Biller.*
Exhibit 10.13	First Amendment to the Separation Agreement and Release, dated as of July 24, 2007, by and between the Company and Kenneth V. Biller.*
Exhibit 10.14	Separation Agreement and Release, dated as of [August 6, 2007], by and between the Company and Remy Burel.*
Exhibit 10.15	Credit Agreement dated as of March 30, 2007, among the Company, Goldman Sachs Credit Partners L.P., as administrative agent, and the other parties and financial institutions party thereto (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on April 4, 2007).
Exhibit 10.16	Guarantee and Collateral Agreement dated as of March 30, 2007, among the Company, certain subsidiaries of the Company and Goldman Sachs Credit Partners L.P., as administrative agent (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on April 4, 2007).
Exhibit 10.17	Exchange and Forbearance Agreement dated as of March 12, 2007 (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on March 12, 2007).
Exhibit 10.18	Registration Rights Agreement, dated February 7, 2005, by and among Rayovac Corporation and those Persons listed on Schedule 1 attached thereto, who were, immediately prior to the Effective Time, stockholders of United Industries Corporation (filed by incorporation by reference to Exhibit 10.6 to the Current Report on Form 8-K filed with the SEC on February 11, 2005).
Exhibit 10.19	Standstill Agreement by and between Rayovac Corporation, Thomas H. Lee Equity Fund IV, L.P., THL Equity Advisors IV, LLC, Thomas H. Lee Partners, L.P., and Thomas H. Lee Advisors, L.L.C. (filed by incorporation by reference to Exhibit 10.7 to the Current Report on Form 8-K filed with the SEC on February 11, 2005).
Exhibit 10.20	Technical Collaboration, Sale and Supply Agreement, dated as of March 5, 1998, by and among Rayovac Corporation, Matsushita Battery Industrial Co., Ltd. and Matsushita Electric Industrial Co., Ltd. (filed by incorporation by reference to Exhibit 10.15 to the Quarterly Report on Form 10-Q for the quarterly period ended March 28, filed with the SEC on May 5, 1998).
Exhibit 10.21	Rayovac Corporation 1996 Stock Option Plan (filed by incorporation by reference to Exhibit 10.11 to the Quarterly Report on Form 10-Q for the quarterly period ended June 29, 1997, filed with the SEC on August 13, 1997).
Exhibit 10.22	1997 Rayovac Incentive Plan (filed by incorporation by reference to Exhibit 10.13 to the Registration Statement on Form S-1 filed with the SEC on October 31, 1997).

Exhibit 10.23	2004 Rayovac Incentive Plan (filed by incorporation by reference to Exhibit 10.24 to the Quarterly Report on Form 10-Q for the quarterly period ended June 27, 2004, filed with the SEC on August 11, 2004).
Exhibit 10.24	Form of Award Agreements under 2004 Rayovac Incentive Plan (filed by incorporation by reference to Exhibit 10.21 to the Annual Report on Form 10-K for the year ended September 30, 2004, filed with the SEC on December 14, 2004).
Exhibit 10.25	Form of Restricted Stock Award Agreement under the 2004 Rayovac Incentive Plan (filed by incorporation by reference to Exhibit 10.4 to the Current Report on Form 8-K filed with the SEC on April 7, 2005).
Exhibit 10.26	Form of Superior Achievement Program Restricted Stock Award Agreement under the 2004 Rayovac Incentive Plan (filed by incorporation by reference to Exhibit 10.5 to the Current Report on Form 8-K filed with the SEC on April 7, 2005).
Exhibit 10.27	Rayovac Corporation Supplemental Executive Retirement Plan (filed by incorporation by reference to Exhibit 10.21 to the Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2002, filed with the SEC on February 12, 2003).
Exhibit 10.28	Amendment No. 3 to Rayovac Corporation Supplemental Executive Retirement Plan (filed by incorporation by reference to Exhibit 10.28 to the Quarterly Report on Form 10-Q for the quarterly period ended June 27, 2004, filed with the SEC on August 11, 2004).
Exhibit 10.29	Rayovac Corporation Deferred Compensation Plan, as amended (filed by incorporation by reference to Exhibit 10.22 to the Quarterly Report on Form 10-Q for the quarterly period ended December 29, 2002, filed with the SEC on February 12, 2003).
Exhibit 10.30	Amendment No. 3 and Amendment No. 4 to Rayovac Corporation Deferred Compensation Plan (filed by incorporation by reference to Exhibit 10.25 to the Annual Report on Form 10-K for the year ended September 30, 2004, filed with the SEC on December 14, 2004).
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.*

* Filed herewith

Exhibit 10.1

<u>AMENDMENT TO EMPLOYMENT AGREEMENT</u>

THIS AMENDMENT TO EMPLOYMENT AGREEMENT (the "Amendment") is entered into as of the 29th day of June, 2007, by and between Spectrum Brands, Inc. ("the "Company") and Kent J. Hussey (the "Executive")

WHEREAS, the Company and the Executive previously entered into an Amended and Restated Employment Agreement (the "Agreement"), dated April 1, 2005; and

WHEREAS, the Company and the Executive wish to amend various provisions of the Agreement consistent with the Company's and the Executive's desire for the Company to employ the Executive in a capacity different from that described in the Agreement and pursuant to the terms and conditions set forth in the Agreement, as modified by this Amendment; and

WHEREAS, the Executive is willing and able to accept such employment on such terms and conditions; and

WHEREAS, Executive's continued employment with the Company is expressly conditioned upon the agreement by the Executive to the terms and conditions of such employment as contained in the Agreement, as modified by this Amendment.

NOW, THEREFORE, in consideration of the premises and mutual agreements contained herein (promises that include benefits to which the Executive would not otherwise be entitled), and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive hereby agree as follows:

1. Section 1 of the Agreement is hereby amended in its entirety to read as follows:

> 1. <u>Employment Duties and Acceptance</u>. The Company hereby employs the Executive, and the Executive agrees to serve and accept employment with the Company, as Chief Executive Officer, reporting directly to the Board of Directors of the Company (the "Board"). As Chief Executive Officer, the Executive shall oversee and direct the operations of the Company and perform such other duties consistent with the responsibilities of the Chief Executive Officer, all subject to the direction and control of the Board. During the Term (as defined below) the Executive shall devote substantially all of his working time and efforts to such employment.

2. Section 2 of the Agreement is hereby amended in its entirety to read as follows:

> 2. <u>Term of Employment</u>. Subject to termination of employment under Section 4 hereof, the Executive's employment and appointment hereunder shall be for a term commencing on May 23, 2007 and expiring on May 22, 2008 (the "Initial Term"). Upon expiration of the Initial Term and subject to termination of employment under Section 4 hereof, this Agreement shall automatically extend for successive renewal periods of one (1) year

(“Renewal Term(s)”). The Initial Term and any Renewal Terms shall be collectively referred to as the “Term.”

3. The first sentence of Section 3(a) of the Agreement is hereby deleted and the following substituted therefor:

The Executive shall receive a base salary of Seven Hundred Fifty Thousand Dollars ($750,000) per annum effective May 23, 2007 for the duration of the Term (“Base Salary”), which Base Salary shall be paid in equal semi-monthly installments each year, to be paid semi-monthly in arrears.

4. The first sentence of Section 3(b) of the Agreement is hereby deleted and the following substituted therefor:

The Executive shall receive a bonus for each fiscal year ending during the Term, payable annually in arrears, which shall be based on a target of One Hundred percent (100%) of Base Salary paid during such fiscal year, provided the Company achieves certain annual performance goals established by the Board from time to time (the “Bonus”).

5. Section 3(e) of the Agreement is hereby amended in its entirety to read as follows:

(e) Long-Term Incentive Award. Subject to Board approval, Executive shall be eligible to receive each fiscal year during the Term (commencing with fiscal year 2008) a Company-stock based award or other consideration valued at 150% of Executive’s Base Salary at the time of the award, and with such award containing certain vesting conditions to be based on achievement of Company’s performance objectives established by the Board from time to time.

6. Section 3(f) of the Agreement is hereby deleted in its entirety.

7. Section 3(g) of the Agreement is hereby designated as Section 3(f) and amended to replace the words “four (4)” therein with “five (5).”

8. Section 3(h) of the Agreement is hereby designated as Section 3(g).

9. Section 3(i) of the Agreement is hereby designated as Section 3(h) and amended in its entirety to read as follows:

(h) Vehicle. Pursuant to the Company’s policy for use of vehicles by executives, Executive shall be provided the use of a leased vehicle suitable for a Chief Executive Officer of a company similar to the Company. Unless the Executive’s employment is terminated by the Company for Cause or by the Executive pursuant to Section 4(d), Executive shall be entitled to purchase such vehicle for $100 upon the earlier of (i) the expiration of the lease for such vehicle or (ii) the termination of Executive's employment. In the event of the termination of the Company's leased car policy, Executive shall be entitled thereafter to receive the monthly car allowance then in effect under the Company's policy for his position.

10. Section 3(j) of the Agreement is hereby designated as Section 3(i) and amended in its entirety to read as follows:

(i) D&O Insurance. The Company shall indemnify the Executive against any and all claims and costs of defense arising from or relating to Executive's performance of his job responsibilities to the maximum extent provided by law, but not for any action, suit, arbitration or other proceeding (or portion thereof) initiated by the Executive, unless authorized or ratified by the Board. Such indemnification shall be covered by the terms of the Company's policy of insurance for directors and officers in effect from time to time (the "D&O Insurance"). Copies of the Company's charter, by-laws and D&O Insurance will be made available to the Executive upon request.

11. Section 3(k) of the Agreement is hereby designated as Section 3(j).

12. Section 4(d) of the Agreement is hereby amended in its entirety to read as follows:

(d) Voluntary Termination by Executive. The Executive shall be entitled to voluntarily terminate his employment hereunder upon sixty (60) days prior written notice to the Company. Except as provided in Section 4(e), any such termination shall be treated as a termination by the Company for "Cause" under Section 5, unless notice of such termination was given within sixty (60) days after a Change in Control (which, for purposes of this Agreement, shall have the meaning given that term in the 2004 Rayovac Incentive Plan), in which case such termination shall be treated in accordance with Section 5(c) hereof.

13. Section 4(e) of the Agreement is hereby amended in its entirety to read as follows:

(e) Termination by Executive Arising Out of Constructive Termination. The Executive shall be entitled to terminate his employment and appointment hereunder, without prior notice, upon, but in no event later than three months after, the occurrence of a Constructive Termination. For the purposes of this Agreement and any stock option agreements or restricted stock award agreements between the Company and the Executive, any such termination shall be treated as a termination by the Company without Cause. For this purpose, a "Constructive Termination" shall mean:

(i) any reduction, not consented to by Executive, in Executive's Base Salary then in effect;

(ii) the relocation, not consented to by Executive, of the Company's office at which Executive is principally employed as of the date hereof to a location more than fifty (50) miles from such office, or the requirement by the Company that Executive be based at an office other than the Company's office at such location on an extended basis, except for required travel on the Company's business to an extent substantially consistent with Executive's business travel obligations;

(iii) a substantial diminution or other substantive adverse change, not consented to by Executive, in the nature or scope of Executive's responsibilities, authorities, powers, functions or duties; or

(iv) a breach by the Company of any of its other material obligations under this Agreement and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Executive.

14. Section 5(a) of the Agreement is hereby amended in its entirety to read as follows:

(a) Termination by the Company with Cause or Voluntarily by the Executive. If the Executive's employment hereunder is terminated by the Company with Cause or if the Executive voluntarily terminates his employment hereunder (except under circumstances constituting a Constructive Discharge, or as provided in Section 5(c)), the Executive's salary and other benefits specified in Section 3 shall cease at the time of such termination, and the Executive shall not be entitled to any compensation specified in Section 3 which was not required to be paid prior to such termination; provided, however, that the Executive shall be entitled to continue to participate in the Company's medical benefit plans to the extent required by law. Upon any termination of employment, the Company shall promptly pay to the Executive accrued salary and vacation pay, reimbursement for expenses incurred through the date of termination in accordance with Company policy, and accrued benefits through the Company's benefit plans, programs and arrangements.

15. Section 5(b) of the Agreement is hereby amended in its entirety to read as follows:

(b) Without Cause, Death or Disability. If the Executive's employment hereunder is terminated by the Company (a) without Cause or (b) by reason of death or Disability, and the Executive executes a separation agreement with a release of claims agreeable to the Company (to the extent that the Executive is physically and mentally capable to execute such an agreement), the ongoing compensation obligations specified in Section 3 shall be discontinued as of the date of termination and the Company shall thereafter timely remit the amounts and provide the Executive the benefits as follows:

(i) The Company shall pay to the Executive as severance, an amount in cash equal to double the sum of (A) the Executive's Base Salary, and (B) the annual Bonus (if any) earned by the Executive pursuant to any annual bonus or incentive plan maintained by the Company in respect of the fiscal year ending immediately prior to the fiscal year in which the termination occurs. Additionally, the Company shall pay to the Executive an amount equal to a pro rata portion of the annual Bonus the Executive actually would have earned for the fiscal year in which termination occurs if the Executive had not terminated employment. Such pro-ration shall be based on the number of weeks the Executive worked during such fiscal year prior to such termination divided by 52. Except as otherwise provided below, payment of this cash amount will be made at the time at which a Bonus would have been paid to the Executive for the fiscal year in which termination occurs if the Executive had not terminated Employment with the Company.

Notwithstanding the foregoing, the aggregate amount described in the preceding paragraph shall be paid to the Executive in a single-sum payment on the first day of the seventh month following the date of the Executive's termination of employment except to the extent that payment is not required to be delayed under to comply with section 409A of the Internal Revenue Code of 1986, as amended, and any Treasury regulations or other guidance promulgated thereunder, pertaining to "specified employees," in which case, the payment will be made upon the Executive's termination of employment.

(ii) For the greater of (i) the 24-month period immediately following such termination or (ii) the remainder of the Initial Term, the Company shall arrange to provide the Executive and his dependents the additional benefits specified in Section 3(c) substantially similar to those provided to the Executive and his dependents by the Company immediately prior to the date of termination, at no greater cost to the Executive than the cost to the Executive immediately prior to such date. Benefits otherwise receivable by the Executive pursuant to this Section 5(b)(ii) shall cease immediately upon the discovery by the Company of the Executive's breach of the covenants contained in Section 6 or 7 hereof. In addition, benefits otherwise receivable by the Executive pursuant to this Section 5(b)(ii) shall be reduced to the extent benefits of the same type are received by or made available to the Executive during the 24-month period following the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the date of termination.

(iii) The Executive's accrued vacation (determined in accordance with Company policy) at the time of termination shall be paid as soon as reasonably practicable.

(iv) Executive shall continue to be entitled to indemnification pursuant to Section 3(i) for events occurring prior to the date of Executive's termination.

(v) Any outstanding awards made pursuant to Section 3(e) will become vested immediately.

(vi) Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state, or local law and any additional withholding to which the Executive has agreed.

16. Section 5(c) of the Agreement is hereby amended in its entirety to read as follows:

(c) Following Change in Control. If the Executive elects to terminate his employment within sixty (60) days following a Change in Control in accordance with Section 4(d), and the Executive executes a separation agreement with a release of claims agreeable to the Company (to the extent that the Executive is physically and mentally capable to execute such an agreement), then such termination by the Executive shall be treated as a termination by the Company without Cause, and the Executive shall be entitled to the compensation provided in Section 5(b), except that instead of the payment provided for in Section 5(b)(i)(B) hereof, the Executive shall be entitled to the annual Bonus (if any) earned pursuant to any annual bonus or incentive plan maintained by the Company in respect of the fiscal year in which such termination occurs, and he shall be entitled to the full amount of such Bonus even if he terminates his employment before the end of such fiscal year. Notwithstanding the foregoing, the Company may require that the Executive continue to remain in the employ of the Company for up to a maximum of three (3) months following the Change in Control (the "Post-Term Period"). Notwithstanding the foregoing, if payment in accordance with the preceding sentence would subject the Executive to tax under section 409A of the Internal Revenue Code of 1986, as amended, then payment will be suspended until the first date as of which payment can be made without subjecting the Executive to such tax.

17. Section 5(d) is hereby further amended to eliminate Section 5(d)(i), to redesignate Section 5(d)(ii) as Section 5(d)(i), and to redesignate Section 5(d)(iii) as Section 5(d)(ii).

18. Section 6(a) is hereby amended in its entirety to read as follows:

(a) The Executive agrees that during the during his employment and for the two-year period immediately following the termination of his employment for any reason (hereafter, the “Non-Competition Period”), he will not, directly or indirectly, either separately, jointly or in association with others, as an officer, director, consultant, agent, employee, owner, principal, partner or stockholder of any business, provide services of the same or similar kind or nature that he provides to the Company to, or have a financial interest in (excepting only the ownership of not more than 5% of the outstanding securities of any class listed on an exchange or the Nasdaq Stock Market), any competitor of the Company (which means any person or organization that is in the business of or makes money from designing, developing, or selling products or services similar to those products and services developed, designed or sold by the Company); provided, however, that the Executive may provide services to or have a financial interest in a business that competes with the Company if his employment or financial interest is with a separately managed or operated division or affiliate of such business that does not compete with the Company. The Executive recognizes, acknowledges and agrees that his duties and responsibilities hereunder will be performed throughout the United States and Canada and will result in Executive’s having material contact with the Company’s customers, suppliers, vendors, and employees throughout the United States and Canada. Accordingly, the Parties acknowledge and agree that the restrictions set forth in this Section 6(a) shall extend to the United States and Canada (hereafter, the “Restricted Territory”) and that this geographic scope is reasonable based on the geographic scope of Executive’s duties and responsibilities.

19. Section 6(b) is hereby amended in its entirety to read as follows:

(b) Without limiting the generality of clause (a) above, the Executive further agrees that, during the Non-Competition Period, he will not, within the Restricted Territory, directly or indirectly, either separately, jointly or in association with others, solicit, divert, take away, or attempt to solicit, divert, or take away, any customer or person to whom the Company has sent a written sales or servicing proposal or contract in connection with the business of the Company within the immediately preceding two-year period (hereafter, a “Prospective Customer”), for the purpose of or with the intention of selling or providing to such customer or Prospective Customer any product or service similar to any product or service sold, provided, offered, or under development by the Company during the two-year period immediately preceding the termination of Executive’s employment for any reason (or during the preceding two years if during Executive’s employment); provided, however, that this restriction shall only apply to customers or Prospective Customers of the Company with whom Executive had contact or about whom the Executive acquired confidential information by virtue of his employment with the Company at any time during such two-year period.

20. Section 6(d) is hereby amended to add the following sentence at the end thereof:

Sections 6(a), 6(b), and 6(c) each are intended to be considered and construed as separate and independent covenants; any ruling that any one or more of these sections is overbroad or otherwise invalid shall not affect the validity of any of the other sections or any other section of this Agreement.

21. Section 7(a) is hereby amended in its entirety to read as follows:

(a) The Executive agrees to hold in strict confidence and, except as the Company may authorize or direct, not disclose to any person or use (except in the performance of his services hereunder) any confidential information or materials received by the Executive from the Company and any confidential information or materials of other parties received by the Executive in connection with the performance of his duties hereunder. For purposes of this Section 7(a), confidential information or materials shall include, but are not limited to, existing and potential customer information, existing and potential supplier information, product information, design and construction information, pricing and profitability information, financial information, sales and marketing strategies and techniques and business ideas or practices (hereafter "Confidential Information"). The restriction on the Executive's use or disclosure of Confidential Information shall remain in force during the Executive's employment hereunder and until the earlier of (x) the expiration of a period of two (2) years thereafter or (y) such time as the Confidential Information is of general knowledge in the industry through no fault of the Executive or any agent of the Executive. The Executive also agrees to return to the Company promptly upon its request any Company information or materials in the Executive's possession or under the Executive's control. This Section 7(a) is not intended to preclude Executive from being gainfully employed by another. Rather, it is intended to prohibit Executive from using the Company's confidential information or materials in any subsequent employment or employment undertaken that is not for the benefit of the Company during the identified period.

22. Section 7(c) is hereby amended to add the following sentence at the end thereof:

Nothing in this Agreement or elsewhere shall prevent the Executive from retaining his desk calendars, address book and rolodex.

23. Section 8 is hereby amended in its entirety to read as follows:

8. Notices. All notices or other communications hereunder shall be in writing and shall be deemed to have been duly given (a) when delivered personally, (b) upon confirmation of receipt when such notice or other

communication is sent by facsimile or telex, (c) one day after delivery to an overnight delivery courier, or (d) on the fifth day following the date of deposit in the United States mail if sent first class, postage prepaid, by registered or certified mail. The addresses for such notices shall be as follows:

(a) For notices and communications to the Company:

Spectrum Brands, Inc.
Six Concourse Parkway
Suite 3300
Atlanta, GA 30328
Facsimile: (770) 829-6298
Attention: John Wilson

(b) For notices and communications to the Executive: at the address set forth in the records of the Company, as updated at the request of the Executive from time to time.

Any party hereto may, by notice to the other, change its address for receipt of notices hereunder.

24. The changes to the Agreement made by this Amendment shall be effective as of May 23, 2007 (the “Effective Date”). Except as modified by this Amendment, the Agreement remains in full force and effect, and the execution of this Amendment shall not affect the rights of the Company or the Executive under the terms of the Agreement as in effect immediately prior to the Effective Date with respect to events occurring before the Effective Date.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SPECTRUM BRANDS, INC

/s/ John T. Wilson

By: John T. Wilson
Vice President, Secretary and General Counsel

EXECUTIVE:

/s/ Kent J. Hussey

Name: Kent J. Hussey

Exhibit 10.8

EXECUTION COPY

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this “Agreement”) is entered into as of the 27th of March 2007, by and between Spectrum Brands, Inc., a Wisconsin corporation (the “Company”) and Amy J. Yoder (the “Executive”).

WHEREAS, the Company desires to employ the Executive upon the terms and conditions set forth herein; and

WHEREAS, the Executive is willing and able to accept such employment on such terms and conditions; and

WHEREAS, Executive’s continued employment with the Company is expressly conditioned upon the agreement by the Executive to the terms and conditions of such employment as contained in this Agreement.

NOW, THEREFORE, in consideration of the premises and mutual agreements contained herein (promises that include benefits to which Executive would not otherwise be entitled or receive), and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive hereby agree as follows:

1. Employment Duties and Acceptance. The Company hereby employs the Executive, and the Executive agrees to serve and accept employment with the Company as Executive Vice President, Home & Garden, initially reporting to the co-COO, Batteries, Personal Care and Home & Garden and effective July 1, 2007 report directly to the Chairman and Chief Executive Officer of the Company, with responsibility for managing the Company’s Home & Garden business (the “Home & Garden Business”). During the Term (as defined below) the Executive shall devote substantially all of her working time and efforts to such employment .

2. Term of Employment. Subject to termination of employment under Section 4 hereof, the Executive’s employment and appointment hereunder shall be for a term commencing on the date hereof and expiring on September 30, 2010 (the “Initial Term”). Upon expiration of the Initial Term and subject to termination of employment under Section 4 hereof, this Agreement shall automatically extend for successive renewal periods of one (1) year (“Renewal Term(s)”). The Initial Term and any Renewal Terms shall be collectively referred to as the “Term”.

3. Compensation. So long as Executive’s employment has not been terminated pursuant to Section 4 hereof, in consideration of the performance by the Executive of her duties hereunder, the Company shall pay or provide to the Executive the following compensation and such other compensation as the Board may determine which the Executive agrees to accept in full satisfaction for her services, it being understood that necessary withholding taxes, FICA contributions and the like shall be deducted from such compensation:

(a) Base Salary. The Executive shall receive a base salary of Four Hundred Thousand Dollars ($400,000) per annum effective April 2nd, 2007 for the duration of the Term ("Base Salary"), which Base Salary shall be paid in equal semi-monthly installments each year, to be paid semi-monthly in arrears. The Board of Directors of the Company (the "Board") will review from time to time the Base Salary payable to the Executive hereunder and may, in its discretion, increase the Executive's Base Salary. Any such increased Base Salary shall be and become the "Base Salary" for purposes of this Agreement.

(b) Bonus. The Executive shall receive a bonus for each fiscal year ending during the Term, payable annually in arrears, which shall be based on a target of Seventy Five Percent (75%) of Base Salary paid during such fiscal year, provided the Company achieves certain annual performance goals established by the Board from time to time (the "Bonus"). The Board may, in its discretion, increase the annual Bonus. Any such increased annual Bonus shall be and become the "Bonus" for such fiscal year for purposes of this Agreement.

(c) Insurance Coverages. The Executive shall be entitled to such insurance and all other benefits as are generally made available from time to time by the Company to its executive officers who report to the Chief Executive Officer.

(d) New Restricted Stock Award. The Company shall grant the Executive restricted shares of the Company's common stock as follows. On April 2nd, 2007 Executive shall be awarded 35,000 shares of the Company's common stock, shares that will include restrictions prohibiting the sale, transfer, pledge, assignment or other encumbrance of such stock ("Restricted Shares"), provided, however, that all such restrictions shall lapse on March 31, 2010. Notwithstanding anything else set forth above, (i) restrictions on Restricted Shares shall also lapse on the earlier of a change in control of the Company (as defined in the company's stock plan governing such award) ("Change in Control"), or the sale by the Company of all or substantially all of the stock or assets of the Home & Garden Business ("Sale of the Home & Garden Business"), and (ii) any unlapsed shares of Restricted Stock shall be forfeited to the Company in the event the Executive's employment with the Company terminates prior to the earlier of a Change in Control or the Sale of the Home & Garden Business, for any reason other than a termination of Executive's employment by the Company without Cause, by Executive for Good Reason or upon death or Disability hereunder.

(e) Long-Term Incentive Award. Subject to Board approval, Executive shall be eligible to receive each fiscal year during the Term (commencing with fiscal year 2008) a Company-stock based award or other consideration valued at 125% of Executive's Base Salary at the time of the award, and with such award containing certain vesting conditions to be based on achievement of Company's performance objectives established by the Board from time to time. In the event such award provides for accelerated vesting upon Change in Control, such accelerated vesting shall also apply upon a Sale of the Home & Garden Business.

(f) Vacation. The Executive shall be entitled to four (4) weeks vacation each year.

(g) Other Expenses. The Executive shall be entitled to reimbursement of all reasonable and documented expenses actually incurred or paid by the Executive in the performance of the Executive's duties under this Agreement, upon presentation of expense statements, vouchers or other supporting information in accordance with Company policy. All expense reimbursements and other perquisites of the Executive are reviewable periodically by the Compensation Committee of the Board.

(h) Vehicle Allowance. Subject to the Company's policy in effect from time to time, during the Executive's employment, a monthly auto allowance of Fifteen Hundred Dollars ($1500) will be paid subject to normal withholdings.

(i) D&O Insurance. The Executive shall be entitled to indemnification from the Company to the maximum extent provided by law, but not for any action, suit, arbitration or other proceeding (or portion thereof) initiated by the Executive, unless authorized or ratified by the Board. Such indemnification shall be covered by the terms of the Company's policy of insurance for directors and officers in effect from time to time (the "D&O Insurance"). Copies of the Company's charter, by-laws and D&O Insurance will be made available to the Executive upon request.

(j) Legal Fees. The Company shall pay the Executive's actual and reasonable legal fees incurred in connection with the preparation of this Agreement.

4. Termination.

(a) Termination by the Company with Cause. The Company shall have the right at any time to terminate the Executive's employment hereunder upon written notice upon the occurrence of any of the following (any such termination being referred to as termination for "Cause"):

(i) the commission by the Executive of any deliberate and premeditated act taken by the Executive in bad faith against the interests of the Company;

(ii) the Executive has been convicted of, or pleads nolo contendere with respect to any felony, or of any lesser crime or offense having as its predicate element fraud, dishonesty or misappropriation of the property of the Company;

(iii) the habitual drug addiction or intoxication of the Executive which negatively impacts her job performance or the Executive's failure of a company-required drug test;

(iv) the willful failure or refusal of the Executive to perform her duties as set forth herein or the willful failure or refusal to follow the direction of the CEO, provided such failure or refusal continues after thirty (30) days of the receipt of notice in writing from the Board of such failure or refusal, which notice refers to this Section 4(a) and indicates the Company's intention to terminate the Executive's employment hereunder if such failure or refusal is not remedied within such thirty (30) day period; or

(v) the Executive materially breaches any of the terms of this Agreement or any other agreement between the Executive and the Company which breach is not cured within thirty (30) days subsequent to notice from the company to the Executive of such breach, which notice refers to this Section 4(a) and indicates the Company's intention to terminate the Executive's employment hereunder if such breach is not cured within such thirty (30) day period.

(b) Termination by Company for Death or Disability. The Company shall have the right at any time to terminate the Executive's employment hereunder upon thirty (30) days prior written notice upon the Executive's inability to perform her duties hereunder by reason of any mental, physical or other disability for a period of at least six (6) consecutive months (for purposes hereof, "disability" has the same meaning as in the Company's disability policy), if within 30 days after such notice of termination is given, the Executive shall not have returned to the full-time performance of her duties. The Company's obligations hereunder shall, subject to the provisions of Section 5(b), also terminate upon the death of the Executive.

(c) Termination by Company without Cause. The Company shall have the right at any time to terminate the Executive's employment for any other reason without Cause upon sixty (60) days prior written notice to the Executive. Any failure by the Company to renew the Term of this Agreement shall be deemed a termination by the Company without Cause as of the expiration of the Term for all purposes of this Agreement.

(d) Voluntary Termination by Executive. The Executive shall be entitled to voluntarily terminate her employment (without Good Reason) hereunder upon sixty (60) days prior written notice to the Company. Any such termination shall be treated as a termination by the Company for "Cause" under Section 5.

(e) Termination by the Executive for Good Reason. The Executive shall be entitled to terminate her employment and appointment hereunder upon the occurrence of Good Reason. Any such termination shall be treated as a termination by the Company without Cause. For this purpose, a "Good Reason" shall mean:

(i) any reduction, not consented to by Executive, in Executive’s Base Salary or target annual bonus opportunity then in effect;

(ii) a substantial diminution or other substantive adverse change, not consented to by Executive, in the nature or scope of Executive’s responsibilities, authorities, powers, functions or duties (“Substantial Diminution”), provided however that the reduction in the size or scope of the Home & Garden business due to divestitures or transfers of assets to third parties shall not constitute such a Substantial Diminution;

(iii) a breach by the Company of any of its other material obligations under this Agreement and the failure of the Company to cure such breach within thirty (30) days after written notice thereof by Executive; or

(iv) the failure of the Company to obtain the agreement from any successor to the Company to assume and agree to perform this Agreement; or

(v) a Sale of the Home & Garden Business to a third party unaffiliated with the Company, provided, however, (a) that Executive shall only have the right to terminate her employment for Good Reason under this Section 4(e)(v) by providing notice to the Company to this effect during the sixty (60) day period preceding the one (1) year anniversary of the closing of the Sale of the Home & Garden Business with such termination of employment to be effective on the one (1) year anniversary date of such closing and (b) that as a further condition Executive shall have remained employed by the acquirer of the Home & Garden Business during the full one (1) year period following such closing date. Notwithstanding anything else in this Agreement to the contrary, and provided that Executive remain employed by such acquirer of the Home & Garden Business for the full one (1) year following such closing, the Executive’s annual Bonus payment applicable to such one (1) year period shall equal at least 100% of the target amount.

Further in this regard, should Executive’s employment in connection with the Home & Garden Business not be terminated prior to or at the closing of the Sale of the Home & Garden Business or should Executive’s employment be terminated by the Company without Cause in relation to the Sale of the Home & Garden Business, the Company shall deposit on such closing date an amount equal to double the sum of (i) Executive’s Base Salary and (ii) the target Bonus amount Executive would be eligible to receive if the Company met 100% of the applicable performance goals established by the Board or, if higher, the amount determined pursuant to

Section 3(b) for the fiscal year ending immediately prior to the closing of the Sale of the Home & Garden Business (“Severance Amount”) into a reasonable and customary escrow account to secure Executive’s potential severance benefits under this Section. Should Executive (a) be terminated with Cause or should she voluntarily terminate her employment with the acquirer before the expiration of the one year period following the closing of the Sale of the Home & Garden Business or (b) not elect to terminate her employment for Good Reason within the sixty (60) day notice period set forth above, the full escrow amount shall be returned to the Company and the Company shall have no further obligation in this regard.

Notwithstanding anything else in this Agreement to the contrary, should Executive’s employment be terminated without Cause or by reason of Death or Disability following the Closing Date but before the first anniversary of the closing date of the Sale of the Home & Garden Business or upon her proper election to terminate her employment for Good Reason as permitted hereunder, the escrow agent shall pay out the Severance Amount to the Executive over twenty-four (24) months as described in Section 5(b)(i) commencing on Executive’s termination, and Company shall have no other severance obligations under Section 5(b)(i) in this regard. Any and all interest on sums held in escrow shall be paid to Company.

Notwithstanding the foregoing, if any payment in accordance with this paragraph would subject the Executive to tax under section 409A of the Internal Revenue Code of 1986, as amended, then payment will be suspended until the first date as of which payment can be made without subjecting the Executive to such tax, at which time a lump sum payment of suspended payments will be made to Executive.

(f) Notice of Termination. Any termination (except due to the death of the Executive) shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 8. For purposes of this Agreement, a “Notice of Termination” means a written notice given prior to the termination which (i) indicates the specific termination provision in this Agreement relied upon, (ii) sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive’s employment under the provision so indicated and (iii) if the termination date is other than the date of receipt of such notice, specifies the termination date of this Agreement (which date shall be not more than fifteen (15) days after the giving of such notice, unless a longer notice is required pursuant to another section of this Agreement). The failure by any party to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Cause or Good Reason shall not waive any right of such party hereunder or preclude such party from asserting such fact or circumstance in enforcing its rights hereunder.

5. Effect of Termination of Employment.

(a) Termination by the Company With Cause or Voluntarily by the Executive. If the Executive's employment is terminated by the Company with Cause or if Executive voluntarily terminates her employment hereunder (except for Good Reason), the Executive's salary and other benefits specified in Section 3 shall cease at the time of such termination, and the Executive shall not be entitled to any compensation specified in Section 3 which was not required to be paid prior to such termination; provided, however, that the Executive shall be entitled to continue to participate in the Company's medical benefit plans to the extent required by law. Upon any such termination of employment, the company shall promptly pay to the Executive accrued salary and vacation pay, reimbursement for expenses incurred through the date of termination in accordance with Company policy, and accrued benefits through the Company's benefit plans, programs and arrangements.

(b) Without Cause or for Good Reason, Death or Disability. If the Executive's employment is terminated (a) by the Company without Cause , (b) by Executive for Good Reason or (c) by reason of death or Disability, and the Executive executes a separation agreement with a release of claims agreeable to the Company (to the extent that the Executive is physically and mentally capable to execute such an agreement), the Executive's salary and other benefits specified in Section 3 shall cease at the time of such termination, and the Executive shall not be entitled to any compensation specified in Section 3 which was not required to be paid prior to such termination; provided, however, the Company shall pay the Executive the amounts and provide the Executive the benefits as follows:

(i) The Company shall pay to the Executive as severance, an amount in cash equal to double the sum of (i) the Executive's Base Salary, and (ii) the annual Bonus (if any) earned by the Executive pursuant to any annual bonus or incentive plan maintained by the Company in respect of the fiscal year ending immediately prior to the fiscal year in which the termination occurs (or, if such termination is by the Company without Cause and is done so in relation to the Sale of the Home & Garden Business, the Severance Amount, if higher), such cash amount to be paid to the Executive ratably monthly in arrears over the 24-month period immediately following such termination. Additionally, the Company shall promptly pay to the Executive in cash following a termination under this Section 5(b) a pro rata portion of the target annual Bonus applicable to the fiscal year in which such termination occurs (based on the number of weeks worked during such fiscal year prior to such termination divided by 52) provided that, at the time of such termination, such pro rata portion is accrued on the Company's books and that such accrual reasonably reflects the probability and extent such bonus would be paid.

Notwithstanding the foregoing, if any payment in accordance with this paragraph would subject the Executive to tax under section 409A of the Internal Revenue Code of 1986, as amended, then payment will be suspended until the first date as of which payment can be made without subjecting the Executive to such tax, at which time a lump sum payment of suspended payments will be made to Executive.

(ii) For the greater of (i) the 24-month period immediately following such termination or (ii) the remainder of the Initial Term, the Company shall arrange to provide the Executive and her dependents the additional benefits specified in Section 3(c) substantially similar to those provided to the Executive and her dependents by the Company immediately prior to the date of termination, at no greater cost to the Executive or the Company than the cost to the Executive and the Company immediately prior to such date. Benefits otherwise receivable by the Executive pursuant to this Section 5(b)(ii) shall cease immediately upon the discovery by the Company of the Executive's breach of the covenants contained in Section 6 or 7 hereof. In addition, benefits otherwise receivable by the Executive pursuant to this Section 5(b)(ii) shall be reduced to the extent benefits of the same type are received by or made available to the Executive during the 24-month period following the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the date of termination.

(iii) The Executive's accrued vacation (determined in accordance with Company policy) at the time of termination shall be paid as soon as reasonably practicable.

(iv) Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state, or local law and any additional withholding to which the Executive has agreed.

(v) If the Executive's employment with the Company terminates during the Term, the Executive shall not be required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Section 5, and there shall be no reduction or offset of such payments following Executive's obtaining any other employment.

6. Agreement Not to Compete.

(a) The Executive agrees that during the Non-Competition Period (as defined below), she will not, directly or indirectly, in any capacity, either separately, jointly or in association with others, as an officer, director, consultant, agent, employee, owner, principal, partner or stockholder of any business, or in any other capacity, provide services of the same or similar kind or nature that she provides to the Company to, or have a financial interest in (excepting only the ownership of not more than 5% of the outstanding securities of any class listed on an exchange or the Nasdaq Stock Market), any competitor of the Company in the home and/or garden categories (which means any person or organization that is in the business of or makes money from designing, developing, or selling products or services similar to those products and services developed, designed or sold by the Company's Home & Garden Business); provided, however, that the Executive may provide services to or have a financial interest in a business that competes with the Company's Home & Garden Business if her employment or financial interest is with a separately managed or operated division or affiliate of such business that does not compete with the Company. The "Non-Competition Period" is (a) the longer of the Executive's employment hereunder plus (b) a period of one (1) year thereafter. In recognition, acknowledgement and agreement that the Company's business and operations extend throughout North America and beyond, the parties agree that the geographic scope of this covenant not to compete shall extend to North America.

(b) Without limiting the generality of clause (a) above, the Executive further agrees that during the Non-Competition Period, she will not, directly or indirectly, in any capacity, either separately, jointly or in association with others, solicit or otherwise contact any of the Company's customers with whom the Executive had contact, responsibility for, or had acquired confidential information about by virtue of her or her employment with the Company at any time during her or her employment, if such contact is for the general purpose of selling products that satisfy the same general needs as any products that the Company had available for sale to its customers during the Non-Competition Period.

(c) The Executive agrees that during the Non-Competition Period, she shall not initiate contact in order to induce, solicit or encourage any person to leave the Company's employ. Nothing in this paragraph is meant to prohibit an employee of the Company that is not a party to this Agreement from becoming employed by another organization or person.

(d) If a court determines that the foregoing restrictions are too broad or otherwise unreasonable under applicable law, including with respect to time or space, the court is hereby requested and authorized by the parties hereto to revise the foregoing restrictions to include the maximum restrictions allowed under the applicable law.

(e) For purposes of this Section 6 and Section 7, the “Company” refers to the Company and any incorporated or unincorporated affiliates of the Company.

7. Secret Processes and Confidential Information.

(a) The Executive agrees to hold in strict confidence and, except as the Company may authorize or direct, not disclose to any person or use (except in the performance of her services hereunder) any confidential information or materials received by the Executive from the Company and any confidential information or materials of other parties received by the Executive in connection with the performance of her duties hereunder. For purposes of this Section 7(a), confidential information or materials shall include existing and potential customer information, existing and potential supplier information, product information, design and construction information, pricing and profitability information, financial information, sales and marketing strategies and techniques and business ideas or practices. The restriction on the Executive’s use or disclosure of the confidential information or materials shall remain in force during the Executive’s employment hereunder and until the earlier of (x) a period of two (2) years thereafter or (y) such information is of general knowledge in the industry through no fault of the Executive or any agent of the Executive. The Executive also agrees to return to the Company promptly upon its request any Company information or materials in the Executive’s possession or under the Executive’s control. This Section 7(a) is not intended to preclude Executive from being gainfully employed by another. Rather, it is intended to prohibit Executive from using the Company’s confidential information or materials in any subsequent employment or employment undertaken that is not for the benefit of the Company during the identified period.

(b) The Executive will promptly disclose to the Company and to no other person, firm or entity all inventions, discoveries, improvements, trade secrets, formulas, techniques, processes, know-how and similar matters, whether or not patentable and whether or not reduced to practice, which are conceived or learned by the Executive during the period of the Executive’s employment with the Company, either alone or with others, which relate to or result from the actual or anticipated business or research of the Company or which result, to any extent, from the Executive’s use of the Company’s premises or property (collectively called the “Inventions”). The Executive acknowledges and agrees that all the Inventions shall be the sole property of the Company, and the Executive hereby assigns to the Company all of the Executive’s rights and interests in and to all of the Inventions, it being acknowledged and agreed by the Executive that all the Inventions are works made for hire. The Company shall be the sole owner of all domestic and foreign rights and interests in the Inventions. The Executive agrees to assist the Company at the Company’s expense to obtain and from time to time enforce patents and copyrights on the Inventions.

(c) Upon the request of, and, in any event, upon termination of the Executive's employment with the Company, the Executive shall promptly deliver to the Company all documents, data, records, notes, drawings, manuals and all other tangible information in whatever form which pertains to the Company, and the Executive will not retain any such information or any reproduction or excerpt thereof. Nothing in this Agreement of elsewhere shall prevent the Executive from retaining her desk calendars, address book and rolodex.

(d) Nothing in this Section 7 diminishes or limits any protection granted by law to trade secrets or relieves the Executive of any duty not to disclose, use or misappropriate any information that is a trade secret for as long as such information remains a trade secret.

8. Notices. All notices or other communications hereunder shall be in writing and shall be deemed to have been duly given (a) when delivered personally, (b) upon confirmation of receipt when such notice or other communication is sent by facsimile or telex, (c) one day after delivery to an overnight delivery courier, or (d) on the fifth day following the date of deposit in the United States mail if sent first class, postage prepaid, by registered or certified mail. The addresses for such notices shall be as follows:

(a) For notices and communications to the Company:

Spectrum Brands, Inc.
Six Concourse Parkway
Suite 3300
Atlanta, GA 30328
Facsimile: (770) 829-6298
Attention: General Counsel

(b) For notices and communications to the Executive: at the address set forth in the records of the Company, as updated at the request of the Executive from time to time.

Any party hereto may, by notice to the other, change its address for receipt of notices hereunder.

9. General.

(a) Governing Law. This Agreement shall be construed under and governed by the laws of the State of Missouri, without reference to its conflicts of law principles.

(b) Amendment; Waiver. This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument executed by all of the parties hereto or, in the case of a waiver, by the party waiving compliance. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.

(c) Successors and Assigns. This Agreement shall be binding upon the Executive, without regard to the duration of her employment by the Company or reasons for the cessation of such employment, and inure to the benefit of her administrators, executors, heirs and assigns, although the obligations of the Executive are personal and may be performed only by him. This Agreement shall also be binding upon and inure to the benefit of the Company and its subsidiaries, successors and assigns, including any corporation with which or into which the Company or its successors may be merged or which may succeed to their assets or business.

(d) Counterparts. This Agreement may be executed in two counterparts, each of which shall be deemed an original but which together shall constitute one and the same instrument.

(e) Non-exclusivity of Rights. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation during her employment hereunder in any benefit, bonus, incentive or other plan or program provided by the Company or any of its affiliates and for which the Executive may qualify. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan or program of the Company or any affiliated company at or subsequent to the date of the Executive's termination of employment with the Company shall, subject to the terms hereof or any other agreement entered into by the Company and the Executive on or subsequent to the date hereof, be payable in accordance with such plan or program.

(f) Mitigation. In no event shall the Executive be obligated to seek other employment by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement. In the event that the Executive shall give a Notice of Termination for Good Reason and it shall thereafter be determined that Good Reason did not exist, the employment of the Executive shall, unless the Company and the Executive shall otherwise mutually agree, be deemed to have terminated, at the date of giving such purported Notice of Termination, and the Executive shall be entitled to receive only those payments and benefits which he would have been entitled to receive at such date had he terminated her employment voluntarily at such date under Section 4(d) of this Agreement.

(g) Equitable Relief. The Executive expressly agrees that breach of any provision of Sections 6 or 7 of this Agreement would result in irreparable injuries to the Company, that the remedy at law for any such breach will be inadequate and that upon breach of such provisions, the Company, in addition to all other available remedies, shall be entitled as a matter of right to injunctive relief in any court of competent jurisdiction without the necessity of proving the actual damage to the Company.

(h) Severability. Sections 6(a), 6(b), 6(c), 7(a), 7(b) and 9(h) of this Agreement shall be considered separate and independent from the other sections of this Agreement and no invalidity of any one of those sections shall affect any other section or provision of this Agreement. However, because it is expressly acknowledged that the pay and benefits provided under this Agreement are provided, at least in part, as consideration for the obligations imposed upon Executive under Sections 6(a), 6(b), 6(c), 7(a) and 7(b), should Executive challenge those obligations or any court determine that any of the provisions under these Sections is unlawful or unenforceable, such that Executive need not honor those provisions, then Executive shall not receive the pay and benefits, provided for in this Agreement following termination, if otherwise available to Executive, irrespective of the reason for the end of Executive's employment.

(j) Entire Agreement. This Agreement and the schedule hereto constitute the entire understanding of the parties hereto with respect to the subject matter hereof and supersede all prior negotiations, discussions, writings and agreements between them with respect to the subject matter hereof.

[signature page follows]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SPECTRUM BRANDS, INC.

By: /s/ David A. Jones
David A. Jones
Chief Executive Officer

EXECUTIVE:

/s/ Amy J. Yoder
Name: Amy J. Yoder

Exhibit 10.9

SEVERANCE AGREEMENT

This Agreement, effective as of October 1, 2005 (the "Effective Date"), is made by and between Spectrum Brands, Inc. (the "Company"), a Wisconsin corporation, with its World Headquarters located at 6 Concourse Parkway, Suite 3300 Atlanta, GA 30328, and its North American Headquarters located at 601 Rayovac Drive, Madison, WI 53711, and Anthony Genito (the "Executive").

BACKGROUND

During the course of employment with the Company, the Executive has been and will be privy to important confidential information of the Company, and has developed and will continue to develop substantial skills and knowledge related to the Company's industry, which skills and knowledge would be of substantial value to the Company's competition.

The Company considers it essential to the best interests of its shareholders to foster the continued employment of its key managers, and to limit their ability to compete with the Company after their employment terminates.

The Executive and the Company wish to execute this Agreement to formalize some of the terms of Executive's employment.

CONSIDERATION

The Executive's continued employment with the Company is expressly conditioned upon the agreement by the Executive to the terms and conditions of such employment as contained in this Agreement. In consideration of the promises contained within this Agreement (promises that include benefits to which Executive would not otherwise be entitled or receive), Executive's promotion to Senior Vice President, the payment of $50.00, and for other and good valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and the Executive hereby agree as follows:

UNDERTAKINGS

1. **Term of Agreement**. The term of this Agreement shall commence on the date hereof and shall continue in effect for a period of one year from the Effective Date. The initial term shall thereafter be automatically extended for successive one-year periods unless otherwise terminated in accordance with this Agreement (such initial term together with any extensions thereof, the "Term").

2. **Severance Payments**.

2.1 If the Executive's employment is terminated during the Term (a) by the Company without Cause (as defined below) or (b) by reason of death or Disability (as defined below), and the Executive executes a separation agreement with a release of claims agreeable to the Company (to the extent the Executive is physically and mentally capable to execute such an agreement), then the Company shall pay the Executive the amounts, and provide the Executive the benefits, described in Section 2.2 (the "Severance Payments").

2.2 (a) The Company shall pay to the Executive as severance, an amount in cash equal to the sum of (i) two times the Executive's base salary in effect at the time such termination occurs, to be paid in equal semi-monthly installments over the Non-Competition Period (as defined below), and (ii) two times the annual bonus to which the Executive is entitled with respect to the fiscal year in which the termination occurs under any annual bonus or incentive plan maintained by the Company in an amount determined as if the Company had achieved 100% of the applicable performance goals set by the Board of Directors of the Company for such fiscal year, one-half of which shall be paid to the Executive on or before the December 31st following the end of such fiscal year and the remaining one-half of which shall be paid on or before the following December 31st. Notwithstanding the foregoing, if payment in accordance with the preceding sentence would subject the Executive to tax under section 409A of the Internal Revenue Code of 1986, as amended, then payment will be suspended until the first date as of which payment can be made without subjecting the Executive to such tax.

(b) For the 24-month period immediately following such termination, the Company shall arrange to provide the Executive and his dependents insurance benefits substantially similar to those provided to the Executive and his dependents by the Company immediately prior to the date of termination, at no greater cost to the Executive than the cost to the Executive immediately prior to such date. Benefits otherwise receivable by the Executive pursuant to this Section 2.2(b) shall cease immediately upon the discovery by the Company of the Executive's breach of the covenants contained in Sections 5 or 6 hereof. In addition, benefits otherwise receivable by the Executive pursuant to this Section 2.2(b) shall be reduced to the extent benefits of the same type are received by or made available to the Executive during the 24-month period following the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the date of termination.

2.3 Any payments provided for hereunder shall be paid net of any applicable withholding required under federal, state, or local law and any additional withholding to which the Executive has agreed.

2.4 If the Executive's employment with the Company terminates during the Term, the Executive shall not be required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Section 2.

3. **Termination Procedures**. During the Term, any purported termination of the Executive's employment (other than by reason of death) shall be communicated by written notice of termination from one party to the other in accordance with Section 8 hereof. The notice of termination shall indicate the specific termination provision in this Agreement relied upon and shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated.

4. **At-Will Employment**. Employment of Executive by the Company is "At-Will." This means that either the Executive or the Company may terminate the employment relationship at any time for any reason or no reason at all. No writing or oral statements from employees, managers, or other executives of the Company can modify the at-will employment relationship. Only a written document executed by the Executive and the President of the Company, after authorization by the Board of Directors of the Company, may modify the at-will employment relationship.

5. **Executive's Covenant Not to Compete and Non-Solicitation Covenant**.

5.1 During the Non-Competition Period, the Executive will not, directly or indirectly, either separately, jointly, or in association with others, as an officer, director, consultant, agent, employee, owner, principal, partner, or stockholder of any business, or in any other capacity, provide services of the same or similar kind or nature that he or she provides to the Company to, or have a financial interest in (excepting only the ownership of not more than 5% of the outstanding securities of any class listed on an exchange or the Nasdaq Stock Market), any competitor of the Company or any of its subsidiaries (which means any person or organization that is in the business of or makes money from designing, developing, or selling products or services similar to those products and services developed, designed or sold by the Company). For purposes of this Agreement, the "Non-Competition Period" means the period beginning on the date hereof and continuing until the date which is the two-year anniversary of the date of termination. In recognition, acknowledgement and agreement that the Company's business and operations extend throughout North America and beyond, the parties agree that the geographic scope of this covenant not to compete shall extend to North America.

5.2 Without limiting the generality of Section 5.1 above, during the Non-Competition Period the Executive will not, directly or indirectly, in any capacity, either separately, jointly, or in association with others, solicit or otherwise contact any of the Company's customers with whom the Executive had contact, responsibility for, or had acquired confidential information about by virtue of his or her employment with the Company at any time during his or her employment, if such contact is for the general purpose of selling products that satisfy the same general needs as any products that the Company had available for sale to its customers during the Non-Competition Period.

5.3 During the Non-Competition Period, the Executive shall not, initiate contact in order to induce, solicit, or encourage any person to leave the Company's employ. Nothing in this paragraph is meant to prohibit an employee of the Company that is not a party to this Agreement from becoming employed by another organization or person.

5.4 For purposes of this Section 5 and Section 6, the "Company" refers to the Company and any incorporated or unincorporated affiliates of the Company.

6. **<u>Secret Processes, Confidential Information and Trade Secrets</u>**.

6.1 The Executive will hold in strict confidence and, except as the Company may authorize or direct, not disclose to any person or use (except in the performance of his services hereunder) any confidential information or materials received by the Executive from the Company or any confidential information or materials of other parties received by the Executive in connection with the performance of his duties hereunder. For purposes of this Section 6.1, confidential information or materials shall include existing and potential customer information, existing and potential supplier information, product information, design and construction information, pricing and profitability information, financial information, sales and marketing strategies and techniques, and business ideas or practices. The restriction on the Executive's use or disclosure of the confidential information or materials shall remain in force during the Executive's employment hereunder and until the earlier of (a) a period of two (2) years thereafter or (b) until such information is of general knowledge in the industry through no fault of the Executive or any agent of the Executive. This Section 6.1 is not intended to preclude Executive from being gainfully employed by another. Rather, it is intended to prohibit Executive from using the Company's confidential information or materials in any subsequent employment or employment undertaken that is not for the benefit of the Company during the identified period.

6.2 The Executive will promptly disclose to the Company and to no other person, firm or entity all inventions, discoveries, improvements, trade secrets, formulas, techniques, processes, know-how and similar matters, whether or not patentable and whether or not reduced to practice, which are conceived or learned by the Executive during the period of the Executive's employment with the Company, either alone or with others, which relate to or result from the actual or anticipated business or research of the Company or which result, to any extent, from the Executive's use of the Company's premises or property (collectively called the "Inventions"). The Executive acknowledges and agrees that all Inventions shall be the sole property of the Company, and the Executive hereby assigns to the Company all of the Executive's rights and interests in and to all of the Inventions, it being acknowledged and agreed by the Executive that all the Inventions are works made for hire. The Company shall be the sole owner of all domestic and foreign rights and interests in the Inventions. The Executive will assist the Company at the Company's expense to obtain and from time to time enforce patents and copyrights on the Inventions.

6.3 Upon the request of, and, in any event, upon termination of the Executive's employment with the Company, the Executive shall promptly deliver to the Company all documents, data, records, notes, drawings, manuals, and all other tangible information in whatever form which pertains to the Company, and the Executive will not retain any such information or any reproduction or excerpt thereof.

6.4 Nothing in this Section 6 diminishes or limits any protection granted by law to trade secrets or relieves the Executive of any duty not to disclose, use or misappropriate any information that is a trade secret for as long as such information remains a trade secret.

7. **Successors; Binding Agreement**

7.1 In addition to any obligations imposed by law upon any successor to the Company, the Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business or assets of the Company to expressly assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place. Failure of the Company to obtain such assumption and agreement prior to the effectiveness of any such succession shall be a breach of this Agreement and shall entitle the Executive to the Severance Payments, except that, for purposes of implementing the foregoing, the date on which any such succession becomes effective shall be deemed the date of termination. For purposes of this Agreement, “Company” shall mean Rayovac Corporation, a Wisconsin corporation, and shall include any successor to its business or assets which assumes and agrees to perform this Agreement by operation of law, or otherwise.

7.2 The services that are to be performed by Executive under this Agreement are acknowledged to be personal, and Executive may not assign his or her responsibilities or duties under this Agreement to another without the express written permission of the Company.

7.3 This Agreement shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive shall die while any amount would still be payable to the Executive hereunder (other than amounts which, by their terms, terminate upon the death of the Executive) if the Executive had continued to live, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the executors, personal representatives or administrators of the Executive's estate.

8. **Notices**. For the purpose of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given (a) when delivered personally, (b) upon confirmation of receipt when such notice or other communication is sent by facsimile or telex, (c) one day after delivery to an overnight delivery courier, or (d) on the fifth day following the date of deposit in the United States mail if sent first class, postage prepaid, by registered or certified mail.

For purposes of providing notice under this Agreement, when provided to the Company, the following address may be used: 601 Rayovac Drive, Madison, Wisconsin 53711. And, when provided to the Executive, Executive's last known address may be used.

9. **Survival**. The obligations of the Company and the Executive under this Agreement which by their nature may require either partial or total performance after the expiration of the Term (including, without limitation, those under Sections 2, 5 and 6 hereof) shall survive such expiration.

10. **Amendment; Waiver**. This Agreement may be amended, modified, superseded, or canceled, and the terms hereof may be waived, only by a written instrument executed by all of the parties hereto or, in the case of a waiver, by the party waiving compliance. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.

11. **Equitable Relief**. Executive expressly acknowledges that breach of any provision of Sections 5 or 6 of this Agreement would result in irreparable injuries to the Company, the remedy at law for any such breach will be inadequate, and upon breach of such provisions, the Company, in addition to all other available remedies, shall be entitled as a matter of right to injunctive relief in any court of competent jurisdiction without the necessity of proving the actual damage to the Company.

12. **Entire Agreement**. This Agreement constitutes the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior negotiations, discussions, writings, and agreements between them.

13. **Severability**. Sections 5.1, 5.2, 5.3, 6.1, 6.2, and 11 of this Agreement shall be considered separate and independent from the other sections of this Agreement and no invalidity of any one of those sections shall affect any other section or provision of this Agreement. However, because it is expressly acknowledged that the Severance Payments are provided as consideration for the obligations imposed upon Executive under Sections 5.1, 5.2, 5.3, 6.1, and 6.2, should any court determine that any of the provisions under these Sections is unlawful or unenforceable, such that Executive need not honor those provisions, then Executive shall not receive the Severance Payments or insurance benefits provided for in this Agreement.

14. **Counterparts**. This Agreement may be executed in two counterparts, each of which shall be deemed to be an original but both of which together will constitute one and the same instrument.

15. **Definitions**. For purposes of this Agreement, the following terms shall have the meanings indicated below:

(a) "Cause" for termination by the Company of the Executive's employment shall mean (i) the commission by the Executive of any fraud, embezzlement or other material act of dishonesty with respect to the Company or any of its affiliates (including the unauthorized disclosure of confidential or proprietary information of the Company or any of its affiliates or subsidiaries); (ii) Executive's conviction of, or plea of guilty or ***nolo contendere*** to, a felony or other crime, the elements of which are substantially related to the duties and responsibilities associated with the Executive's employment; (iii) Executive's willful misconduct; (iv) willful failure or refusal by Executive to perform his duties and responsibilities to the Company or any of its affiliates which failure or refusal to perform is not remedied within 30 days after receipt of a written notice from the Company detailing such failure or refusal to perform; or (v) Executive's breach of any of the terms of this Agreement or any other agreement between Executive and the Company which breach is not cured within 30 days subsequent to notice from the Company to Executive of such breach.

(b) "Disability" shall be deemed the reason for the termination by the Company of the Executive's employment, if, as a result of a permanent condition, the Executive is unable to perform the essential duties and responsibilities of his employment position either with or without reasonable accommodation.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

SPECTRUM BRANDS, INC.

By: /s/ James T. Lucke
Name: James T. Lucke
Title: Sr. VP, Secretary and General Counsel

EXECUTIVE

/s/ Anthony Genito
Name: Anthony Genito

Address:

640 Glenover Drive
Alpharetta, GA 30004\

Exhibit 10.10

SEPARATION AGREEMENT AND RELEASE

This Agreement ("Agreement") is entered into this 25th day of May, 2007 (the "Effective Date") by and between Spectrum Brands, Inc. ("Spectrum") and David A. Jones ("Jones").

WHEREAS, Jones has been employed by Spectrum as Chairman of the Board of Directors and Chief Executive Officer; and

WHEREAS, Jones and Spectrum are parties to an Amended and Restated Employment Agreement dated October 1, 2005 (the "Employment Agreement") and attached hereto as Exhibit A; and

WHEREAS, Spectrum and Jones have agreed that Jones will cease to be employed by Spectrum after May 23, 2007, but will continue to serve as Chairman of the Board of Directors until September 30, 2007, (at which time Jones will resign from the Board of Directors) or such earlier date as Jones resigns that position or is removed from that position; and

WHEREAS, Spectrum and Jones desire to resolve all outstanding issues or future issues of any kind and reach a full and final settlement as to the Employment Agreement and all other issues relating to Jones's employment with Spectrum.

NOW THEREFORE, for and in consideration of the foregoing and of the terms, conditions and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Jones and Spectrum agree as follows:

I. TERMINATION OF EMPLOYMENT. Jones's last day of employment with Spectrum was May 23, 2007.

II. ACKNOWLEDGEMENT AND CONSIDERATION. In consideration of the promises set forth herein, Spectrum will provide to Jones those payments and other remuneration set forth in Exhibit B. Jones acknowledges that he is not otherwise entitled to all of the benefits provided under this Agreement and that he understands that he will not receive all of these benefits unless he signs this Agreement and it becomes effective.

III. GENERAL RELEASE BY JONES. Except as set forth in Paragraph IV below or as otherwise set forth in this Agreement, Jones on his own behalf and for his spouse, heirs, successors, assigns, executors and representatives of any kind, hereby releases and forever discharges Spectrum, its subsidiaries, and its and their present and former employees, directors, officers and agents and each of their respective predecessors, heirs, executors, administrators, successors and assigns (collectively, the "Released Parties"), from any and all claims, demands, rights, liabilities, and causes of action of any kind or nature, known or unknown, arising prior to or on the execution date of this Agreement, including but not limited to any claims, demands, rights, liabilities and causes of action arising or having arisen out of or in connection with his employment or his termination of employment with Spectrum. This release specifically includes, but is not limited to, a release of any and all claims pursuant to the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. § 621 et seq., the Wisconsin Fair Employment Act, Wis. Stats., §§ 111.31-111.395, Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., 42 U.S.C. §§ 1981-1986, the Civil Rights Act of 1991, the Americans with Disabilities Act, all claims for defamation and wrongful discharge, and any other claims whether based on contract or tort and whether under federal, state, or local law. For the avoidance of doubt, Jones acknowledges that the benefits provided in Exhibit B of this Agreement are in full satisfaction of any and all obligations of Spectrum under the Employment Agreement.

IV. CLAIMS NOT WAIVED OR RELEASED. This Agreement does not waive any claims that Jones may have (a) under any worker's compensation law; (b) under any plan currently maintained by Spectrum that provides for retirement benefits; (c) under any law or any policy or plan currently maintained by Spectrum that provides health insurance continuation or conversion rights; (d) that Jones by law may not waive; (e) not arising out of or in connection with his relationship with Spectrum or the termination of that relationship; (f) arising out of or in connection with his status as a shareholder of Spectrum; or (g) for indemnity for third party claims against Jones for actions taken while he was an employee or director of Spectrum, as provided under Wisconsin Statutes, Spectrum's by-laws or otherwise. Pursuant to the terms of the applicable indemnification agreements, Jones agrees to tender defense of any claims described in clause (g) of the preceding sentence, and be represented by counsel for Spectrum, unless there is a conflict of interest.

V. GENERAL RELEASE BY SPECTRUM. Except as set forth in Paragraph IV above or as otherwise set forth in this Agreement, Spectrum, on behalf of itself and the Released Parties, hereby releases and forever discharges Jones, on his own behalf and for his spouse, heirs, successors, assigns, executors and representatives of any kind and each of their respective predecessors, heirs, executors, administrators, successors and assigns, from any and all claims, demands, rights, liabilities, and causes of action of any kind or nature, known or unknown arising prior to or on the date of execution of this Agreement, including but not limited to any claims, demands, rights, liabilities, and causes of action arising or having arisen out of or in connection with Jones's employment or his termination of employment with Spectrum; provided, however, that nothing in the release set forth in this Paragraph V (i) waives any claims that Spectrum or the Released Parties may have that Spectrum and/or the Released Parties by law may not waive or (ii) affects the purported shareholder derivative action filed in the Superior Court of Fulton County for the State of Georgia on November 6, 2006.

VI. COVENANT NOT TO SUE. Jones understands and agrees that this Agreement does prohibit Jones from initiating or participating in a lawsuit against the Released

Parties for any claim released in Paragraph III and does prohibit Jones from recovering any money damages or any other moneys for himself for any claim released under Paragraph III through an action or proceeding brought by others. Jones further understands that if he violates any of the commitments he has made in this Paragraph VI or pursuant to Sections 6 or 7 of the Employment Agreement, and does not remedy any such violation promptly after written notice thereof, Spectrum may, in addition to any other remedies it may have (i) suspend the ongoing provision to Jones of the all of cash payments (other than the payment of balances credited to Jones' SERP account prior to such suspension) described in Exhibit B, provided that all such payments instead shall be placed in escrow with Bank of America or such other Federal bank of national stature as the parties may agree pending a final resolution of any damages with respect to such claimed violation and (ii) seek to recover damages in accordance with the dispute resolution procedure set forth in Paragraph XI below.

VII. NON-DISPARAGEMENT. The parties agree not to make disparaging remarks to customers, suppliers or others about Spectrum's business, products or employees, or about Jones. The foregoing shall not be construed to prevent a party from giving truthful testimony in any proceeding if required by law.

VIII. NON-ADMISSION. This Agreement does not constitute an admission by either party that any action they took prior to the date hereof with respect to the other was wrongful, unlawful or in violation of any statute, law or regulation. Instead, this Agreement is entered into solely for the purposes of compromise and to clarify the parties' respective rights and obligations.

IX. NOTICES. Any notice to be given under this Agreement will be in writing, and will be deemed to have been duly given: (a) when delivered personally; (b) by facsimile, upon confirmation of receipt; (c) one day after delivery by overnight courier; or (d) on the fifth day following the date of deposit in the United States mail if sent first class, postage prepaid, by registered or certified mail. The addresses for such notices will be as follows:

For notices and communications to Spectrum:

Spectrum Brands, Inc.
Six Concourse Parkway
Suite 3300
Atlanta, GA 30328
Facsimile: (770) 829-6295
Attention: General Counsel

For notices and communications to Jones:

David A. Jones
7440 Wildercliff Drive
Atlanta, GA 30328

Facsimile: (770) 913-9040

X. PREVIOUS AGREEMENTS. Except as otherwise specifically provided in this Agreement, the Employment Agreement (other than Sections 6, 7 and 9 thereof) and all other agreements between the parties are hereby terminated and all rights and obligations thereunder are of no further force or effect. Jones understands and agrees that this document and Sections 6, 7 and 9 of the Employment Agreement contain the entire agreement between Jones and Spectrum relating to his employment with Spectrum, that this Agreement supersedes and displaces any prior agreements (other than Sections 6, 7 and 9 of the Employment Agreement) and discussions between Jones and Spectrum relating to such matters and that he may not rely on any such prior agreements and discussions. Without limiting the foregoing, the Summary Agreement dated May 23, 2007 between the parties is hereby terminated.

XI. GOVERNING LAW/DISPUTES/. This Agreement will be construed under and governed by the laws of the State of Wisconsin, without reference to its conflicts of law principles. Disputes arising out of this Agreement (other than actions by Spectrum to enforce its rights under Section 6 or 7 of the Employment Agreement, which shall not be subject to arbitration), will be resolved in binding arbitration pursuant to the rules of the American Arbitration Association, with the forum of such arbitration to be in Atlanta, Georgia. The parties also agree that the prevailing party will be entitled to recover costs, including attorneys' fees, incurred in enforcing this Agreement, except as prohibited by law.

XII. VOLUNTARY AGREEMENT. Jones acknowledges and states that he has read and understands this Agreement and has entered into it knowingly and voluntarily with the assistance and upon the advice of counsel of his choice.

XIII. CONSIDERATION AND REVOCATION PERIOD. Jones hereby acknowledges that, among other rights, he is waiving and releasing any rights he may have under ADEA, that he was given a copy of this Agreement and was given twenty-one (21) days to review it and consider whether to sign it (even if he chose not to take the full twenty-one (21) days), and that he was encouraged by Spectrum to consult an attorney during said twenty-one (21) day period about this Agreement. Jones further acknowledges that the consideration given for this release of claims is in addition to anything of value to which he was already entitled and that the release does not relate to claims under the ADEA that may arise after this Agreement is executed**.** Jones further understands that for a period of seven (7) days following his execution of this Agreement, he may revoke this Agreement by doing so in writing and that the Agreement will remain revocable until the revocation period has expired without revocation. Any revocation must be delivered to Spectrum in accordance with the Notice provisions set forth in Paragraph IX.

X. WAIVER AND MODIFICATION. Neither this Agreement nor any term or condition hereof, including, without limitation, the terms and conditions in this

Paragraph XIII may be waived or modified in whole or in part as against Spectrum or Jones, except by written instrument duly executed, in the case of waiver, by the party waiving compliance or, in the case of a modification, by Spectrum and Jones and expressly stating that it is intended to operate as a waiver or modification, as applicable, of this Agreement.

XI. CAPTIONS. The captions set forth in this Agreement are for convenience of reference only and shall not be considered as part of this Agreement or as in any way limiting or amplifying the terms and provisions hereof.

XII. SEVERABILITY. In the event that any court or arbitration panel having jurisdiction shall determine that any restrictive covenant or other provision contained in this Agreement shall be unreasonable or unenforceable in any respect, then such covenant or other provision shall be deemed limited to the extent that such court or arbitration panel deems it reasonable and enforceable, and so limited shall remain in full force and effect together with all other provisions of this Agreement. In the event that such court or arbitration panel shall deem any such covenant or other provision wholly unenforceable, the remaining covenants or other provisions of this Agreement shall nevertheless remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date written below.

Spectrum Brands, Inc.	David A. Jones
By: /s/ Kent J. Hussey	/s/ David A. Jones
Date: May 25, 2007	Date: May 25, 2007

EXHIBIT A

AMENDED & RESTATED EMPLOYMENT AGREEMENT[1]

1 Exhibit A is Omitted. A copy of Mr. Jones' Amended and Restated Employment Agreement dated as of October 1, 2005, has been filed as Exhibit 10.1 to the Company's Current Report on Form 8-K filed with the SEC on October 5, 2005.

EXHIBIT B

**SUMMARY OF CONSIDERATION TO JONES
PURSUANT TO PARAGRAPH II**

1. **Cash Payments**. Jones will be entitled to cash payments from Spectrum, as follows:

A. Base salary continuation in an amount equal to $2,118,750, paid in accordance with the following schedule:

i. On December 1, 2007, $468,750; and

ii. On December 30, 2007 and on the 30th day of each succeeding month (and the last day of each February) until and including September 30, 2009, $75,000.

B. Additional salary in an amount equal to $37,000, paid in accordance with the following schedule:

i. On December 1, 2007, $18,500; and

ii. On September 30, 2008, $18,500.

C. In the event that the Corporate performance metrics have been achieved, a bonus payment for the fiscal year ending September 30, 2007, to be paid in 2007 when bonuses are otherwise payable to Spectrum employees under Spectrum's Management Incentive Plan, in an amount equal to the amount, if any, that Jones would have received under the Employment Agreement for that fiscal year if his employment had not been terminated before the date on which this bonus payment is made.

The cash payments described above will be made net of any Federal, state or local income, employment or other taxes required to be withheld. For this purpose and subject to applicable law, Federal income taxes on payments made in calendar year 2007 will be withheld at the rate of 35 percent. Federal income taxes will be withheld on payments made pursuant to any section of this Exhibit B in calendar years after 2007 at a rate of 25 percent until the aggregate amount of payments made in the year reaches $1,000,000; payments made during the remainder of the year will be subject to Federal income tax withholding at the rate of 35 percent.

2. **Benefit Continuation**. Jones will be entitled to participate in certain benefit programs maintained by Spectrum, as follows:

A. **Welfare benefit plans**: For the 24-month period beginning on May 24, 2007, Jones will be permitted to continue participating in the following plans at the same levels as those provided to Jones and his dependents by Spectrum on May 23, 2007, with the cost of each such benefit to be borne by Jones and Spectrum in the same proportions as they were on May 23, 2007 (provided that this Section 2.A shall not be construed to limit the ability of Spectrum to terminate or amend any of the following benefit plans so long as benefits substantially similar to those currently provided, with the same economic impact on Jones, are maintained):

i. Medical and dental insurance;

ii. Life insurance;

iii. Supplemental executive life insurance;

iv. Long-term disability insurance; and

v. Supplemental long-term disability insurance.

vi. Through May 22, 2009, Jones will be provided the benefits currently provided under Spectrum's Medical Executive Reimbursement Plan. If the Plan is terminated before May 22, 2009, Jones will be provided with equivalent benefits.

In addition, during the period beginning June 1, 2009 and ending on the last day of the month in which Jones attains age 65, Jones will be entitled to participate in the aforementioned plans maintained by Spectrum (other than Item vi) to the extent that Jones timely pays the full cost of coverage under the plan or plans, except that Jones may continue coverage under the life insurance plans beyond age 65 for so long as he pays the applicable premiums and the underlying insurance contracts allow.

Jones acknowledges that the provision of medical and dental insurance coverage pursuant to Paragraph 2(A)(i) above will satisfy Spectrum's obligations to provide continuation coverage under Code section 4980B. In all cases, reimbursements of medical and dental expenses will be made in accordance with the terms and conditions of the plans maintained by Spectrum for its employees generally and, without limiting the foregoing, to the extent that Jones is provided medical and dental coverage after the end of the period during which Spectrum would be required to provide continuation coverage under Code section 4980B, reimbursements will be made no later than the last day of the calendar year after the year in which the reimburseable expense is incurred by Jones or his dependents.

B. **Supplemental Executive Retirement Plan**: Jones will continue to receive the value of the benefits provided under Spectrum's Supplemental Executive Retirement Plan ("SERP"), in accordance with the terms of the SERP, throughout the period ending on May 22, 2009. As a result, the balance credited to Jones's account under the SERP on January 1, 2008 (*i.e.*, approximately $1,342,914.97) will be paid to Jones on that date, and the annual credit of $135,000 that would otherwise have been credited to Jones's account under the SERP on October 1, 2008 will be paid directly to Jones on that date. Each of these payments will be made net of any Federal, state or local income, employment or other taxes required to be withheld.

3. **Restricted Stock**. Any restrictions still in effect with respect to any outstanding shares of restricted stock awarded to Jones prior to the date hereof will lapse on May 23, 2007. Spectrum will, however, retain that number of shares having an aggregate fair market value as of May 23, 2007 equal to the amount of Federal, state and local income, employment and other taxes required to be withheld as a result of the lapsing

of these restrictions. The total amount of this withholding obligation is $1,930,037.78 and Jones surrendered a total of 232,095 shares to satisfy this obligation.

4. **Stock Options**. Any unvested stock options issued to Jones outstanding as of May 23, 2007 were forfeited to Spectrum on May 23, 2007. All vested stock options will remain exercisable by Jones until May 22, 2008 in accordance with the terms of the agreements evidencing the awards of the stock options.

5. **Other Benefits**. Spectrum will provide Jones with the following other benefits:

A. Jones will be entitled to purchase his company-provided car for the residual value of the car on the Effective Date (which is estimated to be $41,013.08 plus applicable tag, title and transfer taxes) per the applicable lease contract.

B. Spectrum will provide financial planning and tax preparation assistance for Jones through PricewaterhouseCoopers through May 22, 2009.

C. To the extent not otherwise provided under Paragraph 6 of this Exhibit B, Jones will continue to be entitled to all indemnification and liability insurance protection to the extent afforded generally to former officers of Spectrum.

D. Through May 22, 2009, Jones will be provided the same cell phone and Blackberry service (with the same phone numbers and email addresses) as he currently has.

E. Spectrum hereby transfers to Jones the personal computer equipment located in Jones' Atlanta and Naples, Florida residences.

6. **Director Benefits**. In connection with his service as a director, Jones will be entitled to reimbursement of direct expenses arising out of his duties as a director, indemnification and liability insurance to the same extent provided to all other directors and after he ceases to serve as a director, all of the foregoing to the extent provided to former directors.

Exhibit 10.11

SEPARATION AGREEMENT AND RELEASE

This Agreement ("Agreement") is entered into this 1st day of August, 2007 (the "Effective Date") by and between Spectrum Brands, Inc. ("Spectrum") and Randall J. Steward ("Steward").

WHEREAS, Steward has been employed by Spectrum as Executive Vice President and Chief Financial Officer; and

WHEREAS, Steward and Spectrum are parties to an Amended and Restated Employment Agreement dated April 1, 2005 (the "Employment Agreement") and attached hereto as Exhibit A; and

WHEREAS, Spectrum and Steward have agreed that Steward will relinquish his position as Executive Vice President and Chief Financial Officer as of June 8, 2007 and will resign his employment with Spectrum effective July 31, 2007; and

WHEREAS, Spectrum and Steward desire to resolve all outstanding issues or future issues of any kind and reach a full and final settlement as to the Employment Agreement and all other issues relating to Steward's employment with Spectrum.

NOW THEREFORE, for and in consideration of the foregoing and of the terms, conditions and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Steward and Spectrum agree as follows:

I. LAST DAY OF EMPLOYMENT. Steward's last day of employment with Spectrum will be July 31, 2007.

II. ACKNOWLEDGEMENT AND CONSIDERATION. In consideration of the promises set forth herein, Spectrum will provide to Steward those payments and other remuneration set forth in Exhibit B. Steward acknowledges that he is not otherwise entitled to all of the benefits provided under this Agreement and that he understands that he will not receive all of these benefits unless he signs this Agreement and it becomes effective. Steward also acknowledges that notwithstanding anything to the contrary in this Agreement (including the Exhibits): (a) Steward will be responsible for the tax liability associated with any payments made to him pursuant to this Agreement; (b) Spectrum may withhold from any payment an amount equal to the amount Spectrum is required to withhold for Federal, state or local tax purposes; and (c) if Spectrum does not have access to an amount sufficient to satisfy its withholding requirement with respect to any payment, Spectrum may require Steward to pay to Spectrum an amount sufficient to satisfy Spectrum's withholding obligation as a condition to Spectrum's making such payment to Steward.

III. GENERAL RELEASE BY STEWARD. Except as set forth in Paragraph IV below or as otherwise set forth in this Agreement, Steward on his own behalf and for his spouse, heirs, successors, assigns, executors and representatives of any kind, hereby releases and forever discharges Spectrum, its subsidiaries and affiliates, and its and their present and former employees, directors, officers, agents, shareholders, and insurers and each of their respective predecessors, heirs, executors, administrators, successors and assigns (collectively, the "Released Parties"), from any and all claims, demands, rights, liabilities, and causes of action of any kind or nature, known or unknown, arising prior to or on the execution date of this Agreement, including but not limited to any claims, demands, rights, liabilities and causes of action arising or having arisen out of or in connection with his employment or his termination of employment with Spectrum. This release specifically includes, but is not limited to, a release of any and all claims pursuant to the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. § 621 et seq., the Wisconsin Fair Employment Act, Wis. Stats., §§ 111.31-111.395, Title VII of the Civil Rights Act of 1964, 42 U.S.C. § 2000e et seq., 42 U.S.C. §§ 1981-1986, the Civil Rights Act of 1991, the Americans with Disabilities Act, all claims for defamation and wrongful discharge, and any other claims whether based on contract or tort and whether under federal, state, or local law. For the avoidance of doubt, Steward acknowledges that the benefits provided in Exhibit B of the Agreement are in full satisfaction of any and all obligations of Spectrum under the Employment Agreement.

IV. CLAIMS NOT WAIVED OR RELEASED. This Agreement does not waive any claims that Steward may have (a) under any worker's compensation law; (b) under any plan currently maintained by Spectrum that provides for retirement benefits; (c) under any law or any policy or plan currently maintained by Spectrum that provides health insurance continuation or conversion rights; (d) that Steward by law may not waive; (e) not arising out of or in connection with his employment or the termination of his employment; or (f) for indemnity for third party claims against Steward for actions taken while he was an employee or director of Spectrum, as provided under Wisconsin Statutes, Spectrum's Charter, Spectrum's by-laws, Spectrum's Directors and Officers insurance policy, or otherwise. Pursuant to the terms of the applicable indemnification agreements and policies, Steward agrees to tender defense of any claims described in clause (f) of the preceding sentence, and be represented by counsel for Spectrum, unless there is a conflict of interest.

V. GENERAL RELEASE BY SPECTRUM. Except as set forth in Paragraph IV above or as otherwise set forth in this Agreement, Spectrum, on behalf of itself and the Released Parties, hereby releases and forever discharges Steward, on his own behalf and for his spouse, heirs, successors, assigns, executors and representatives of any kind, from any and all claims, demands, rights, liabilities, and causes of action of any kind or nature, known or unknown arising prior to or on the date of execution of this Agreement, including but not limited to any claims, demands, rights, liabilities, and causes of action arising or having arisen out of or in connection with Steward's employment or his termination of employment with Spectrum, provided, however, that nothing in the release set forth in this Paragraph V (i) waives any claims that Spectrum or the Released Parties may have that Spectrum and/or the Released Parties by law may not waive or (ii) affects the purported shareholder derivative action filed in the Superior Court of Fulton County for the State of Georgia on November 6, 2006.

VI. COVENANT NOT TO SUE. Steward understands and agrees that this Agreement does prohibit Steward from initiating or participating in a lawsuit against the Released Parties for any claim released in Paragraph III and does prohibit Steward from recovering any money damages or any other moneys for himself for any claim released under Paragraph III through an action or proceeding brought by others. Steward further understands that if he violates any of the commitments he has made in this Agreement, Spectrum may discontinue or seek to recover all of the payments, benefits and other rights provided in exchange for acceptance of this Agreement.

VII. NON-DISPARAGEMENT. The parties agree not to make disparaging remarks to customers, suppliers or others about Spectrum's business, products or employees, or about Steward. The foregoing shall not be construed to prevent a party from giving truthful testimony in any proceeding if required by law.

VIII. NON-ADMISSION. This Agreement does not constitute an admission by either party that any action they took prior to the date hereof with respect to the other was wrongful, unlawful or in violation of any statute, law or regulation. Instead, this Agreement is entered into solely for the purposes of compromise and to clarify the parties' respective rights and obligations.

IX. NOTICES. Any notice to be given under this Agreement will be in writing, and will be deemed to have been duly given: (a) when delivered personally; (b) by facsimile, upon confirmation of receipt; (c) one day after delivery by overnight courier; or (d) on the fifth day following the date of deposit in the United States mail if sent first class, postage prepaid, by registered or certified mail. The addresses for such notices will be as follows:

For notices and communications to Spectrum:

Spectrum Brands, Inc.
Six Concourse Parkway
Suite 3300
Atlanta, GA 30328
Facsimile: (770) 829-6295
Attention: General Counsel

For notices and communications to Steward:

Randall J. Steward
13380 Caminito Mar Villa
Del Mar, California 92014

X. PREVIOUS AGREEMENTS. Except as otherwise specifically provided in this Agreement, the Employment Agreement (other than Sections 6, 7 and 9 thereof) and all other agreements between the parties are hereby terminated and all rights and obligations thereunder are of no further force or effect. Steward understands and agrees that this document, Sections 6, 7 and 9 of the Employment Agreement, and the applicable indemnification agreements and policies contemplated by Paragraph IV above and Paragraph 6 of Exhibit B hereto contain the entire agreement between Steward and Spectrum relating to his employment with Spectrum, that this Agreement supersedes and displaces any prior agreements (other than Sections 6, 7 and 9 of the Employment Agreement and the applicable indemnification agreements and policies contemplated by Paragraph IV above and Paragraph 6 of Exhibit B hereto) and discussions between Steward and Spectrum relating to such matters and that he may not rely on any such prior agreements and discussions.

XI. GOVERNING LAW/DISPUTES. This Agreement will be construed under and governed by the laws of the State of Wisconsin, without reference to its conflicts of law principles.

XII. VOLUNTARY AGREEMENT. Steward acknowledges and states that he has read and understands this Agreement and has entered into it knowingly and voluntarily with the assistance and upon the advice of counsel of his choice.

XIII. CONSIDERATION AND REVOCATION PERIOD. Steward hereby acknowledges that, among other rights, he is waiving and releasing any rights he may have under ADEA, that he was given a copy of this Agreement and was given twenty-one (21) days to review it and consider whether to sign it (even if he chose not to take the full twenty-one (21) days), and that he was encouraged by Spectrum to consult an attorney during said twenty-one (21) day period about this Agreement. Steward further acknowledges that the consideration given for this release of claims is in addition to anything of value to which he was already entitled and that the release does not relate to claims under the ADEA that may arise after this Agreement is executed**.** Steward further understands that for a period of seven (7) days following his execution of this Agreement, he may revoke this Agreement by doing so in writing and that the Agreement will remain revocable until the revocation period has expired without revocation. Any revocation must be delivered to Spectrum in accordance with the Notice provisions set forth in Paragraph IX.

XIV. WAIVER AND MODIFICATION. Neither this Agreement nor any term or condition hereof, including, without limitation, the terms and conditions in this Paragraph XIV may be waived or modified in whole or in part as against Spectrum or Steward, except by written instrument duly executed, in the case of waiver, by the party waiving compliance or, in the case of a modification, by Spectrum and Steward and expressly stating that it is intended to operate as a waiver or modification, as applicable, of this Agreement.

XV. CAPTIONS. The captions set forth in this Agreement are for convenience of reference only and shall not be considered as part of this Agreement or as in any way limiting or amplifying the terms and provisions hereof.

XVI. SEVERABILITY. In the event that any court having jurisdiction shall determine that any restrictive covenant or other provision contained in this Agreement shall be unreasonable or unenforceable in any respect, then such covenant or other provision shall be deemed limited to the extent that such court deems it reasonable and enforceable, and so limited shall remain in full force and effect together with all other provisions of this Agreement. In the event that such court shall deem any such covenant or other provision wholly unenforceable, the remaining covenants or other provisions of this Agreement shall nevertheless remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date written below.

Spectrum Brands, Inc.	Randall J. Steward
By: /s/ Kent J. Hussey	/s/ Randall J. Steward
Date: August 1, 2007	Date: August 1, 2007

EXHIBIT A

AMENDED & RESTATED
EMPLOYMENT AGREEMENT[1]

1 Exhibit A is Omitted. A copy of Mr. Steward's Amended and Restated Employment Agreement dated as of April 1, 2005, has been filed as Exhibit 10.5 to the Company's Annual Report on Form 10-K for the year ended September 30, 2005, filed with the SEC on December 14, 2005.

EXHIBIT B

SUMMARY OF CONSIDERATION TO STEWARD
PURSUANT TO PARAGRAPH II

1. **Cash Payments**. Steward will be entitled to cash payments from Spectrum, as follows:

A. Base salary continuation in an amount equal to $850,000, paid in accordance with the following schedule 24 equal monthly installments of $35,416.67 on August 15, 2007 and on the 15th day of each succeeding month until and including July 15, 2009.

B. A bonus payment for the fiscal year ending September 30, 2007, to be paid in 2007 when bonuses are otherwise payable to Spectrum employees under Spectrum’s Management Incentive Plan, in an amount equal to the amount that Steward would have received under the Employment Agreement for that fiscal year if his employment had not been terminated before the date on which this bonus payment is made.

C. On July 31, 2007, an amount equal to the value of Steward’s unused portion of his yearly four weeks of vacation.

The cash payments described above will be made net of any Federal, state or local income, employment or other taxes required to be withheld. For this purpose, Federal income taxes will be withheld on payments made pursuant to any section of this Exhibit B at a rate of 25 percent until the aggregate amount of supplemental wage payments made to Steward during the calendar year reaches $1,000,000; payments made during the remainder of the year will be subject to Federal income tax withholding at the rate of 35 percent.

2. **Benefit Continuation**. Steward will be entitled to participate in certain benefit programs maintained by Spectrum, as follows:

A. **Welfare benefit plans**: For the 24-month period beginning on August 1, 2007, Steward will be permitted to continue participating in the following plans at the same levels as those provided to Steward and his dependents by Spectrum on July 31, 2007, with the cost of each such benefit for any plan year to be borne by Steward and Spectrum in the same proportions as they are borne by then-current Executive Committee members and Spectrum for the plan year:

i. Medical and dental insurance;

ii. Life insurance;

iii. Supplemental executive life insurance;

iv. Long-term disability insurance; and

v. Supplemental long-term disability insurance.

In addition, during the period beginning August 1, 2009 and ending on the last day of the month in which Steward attains age 65, Steward will be entitled to participate in the aforementioned plans maintained by Spectrum to the extent that Steward timely pays the full cost of coverage under the plan or plans, except that Steward may continue coverage under the life insurance plans beyond age 65 for so long as he pays the applicable premiums and the underlying insurance contracts allow.

Steward acknowledges that the provision of medical and dental insurance coverage pursuant to Paragraph 2(A)(i) above will satisfy Spectrum's obligations to provide continuation coverage under Code section 4980B. In all cases, reimbursements of medical and dental expenses will be made in accordance with the terms and conditions of the plans maintained by Spectrum for its employees generally and, without limiting the foregoing, to the extent that Steward is provided medical and dental coverage after the end of the period during which Spectrum would be required to provide continuation coverage under Code section 4980B, reimbursements will be made no later than the last day of the calendar year after the year in which the reimbursable expense is incurred by Steward or his dependents.

B. **Supplemental Executive Retirement Plan**: Steward will continue to participate in Spectrum's Supplemental Executive Retirement Plan ("SERP"), in accordance with the terms of the SERP, throughout the period ending on July 31, 2009. Steward previously elected to receive payout of his SERP balance on the next January 1 after his termination date. As a result of the application of Section 409A to the SERP with respect to Steward, the balance credited to Steward's account under the SERP on January 1, 2008 (*i.e.*, approximately $638,964.63) will be paid to Steward on February 1, 2008. In addition, the annual credit of $63,750 that will be made to Steward's account under the SERP on October 1, 2008 will be paid to Steward on that date. Each of these payments will be made net of any Federal, state or local income, employment or other taxes required to be withheld.

3. **Restricted Stock**. Any restrictions still in effect with respect to any outstanding shares of restricted stock previously awarded to Steward will lapse in accordance with the provisions of the Restricted Stock Award Agreements evidencing the awards of such restricted stock. Notwithstanding the foregoing: (A) solely for the purpose of the Restricted Stock Award Agreement dated February 1, 2006, Steward will be treated as remaining actively employed by Spectrum until December 31, 2007; and (B) the restrictions on the shares awarded to Steward pursuant to that agreement dated April 1, 2005 pursuant to which 25,000 shares were awarded will lapse on October 1, 2008. (For the avoidance of doubt, the restricted shares awarded to Steward pursuant to that agreement dated April 1, 2005 pursuant to which 28,850 shares were awarded to Steward under Spectrum's Super Bonus Plan will be forfeited on July 31, 2007.) Notwithstanding any restrictions on the transferability of these shares in effect at any relevant time, Spectrum will retain that number of shares having an aggregate fair market value as of Effective Date (and on any subsequent date as of which Steward is considered to have received income as a result of the lapsing of the substantial risk of forfeiture on any restricted shares) equal to the amount of Federal, state and local income, employment and other taxes required to be withheld on the relevant date. For this purpose, the fair market value of the shares on any date will be the average of the high and low trading prices of the shares on that date.

4. **Stock Options**. Any outstanding stock options issued to Steward that are forfeitable as of July 31, 2007 will be forfeited to Spectrum on that date. All other stock options will remain exercisable by Steward until July 31, 2008 in accordance with the terms of the agreements evidencing the awards of the stock options.

5. **Company Car**. Steward will be permitted to retain his company-provided car through July 31, 2008, at which time Steward will be entitled to purchase the car for its book value on that date.

6. **D&O Insurance**. Steward shall be entitled to indemnification from the Company to the maximum extent provided by law, but not for any action, suit, arbitration or other proceeding (or portion thereof) initiated by Steward, unless authorized or ratified by the Board. Such indemnification shall be covered by the terms of the Company's policy of insurance for directors and officers in effect from time to time (the "D&O Insurance"). Copies of the Company's charter, by-laws and D&O Insurance will be made available to Steward upon request.

7. **Club Membership**. Steward will be permitted to retain his Concourse Athletic Club Membership through July 31, 2009, with Spectrum paying the membership fees, but no other associated expenses, through that date.

8. **Tax and Financial Planning**. For the 24-month period beginning on August 1, 2007, Steward will be permitted to continue receiving tax and financial planning services at Spectrum's expense at the same levels as those provided to Steward by Spectrum on July 31, 2007.

9. **Outplacement Services**. Spectrum will provide Steward with outplacement services for six months beginning on August 1, 2007 through an outplacement firm selected by Steward and Spectrum to the extent that the cost to Spectrum of these outplacement services does not exceed $12,000.

10. **Legal Fees**. Spectrum will reimburse Steward's for legal fees in connection with the negotiation and preparation of this Agreement in the amount certified by Steward's counsel to have been actually incurred, but not in excess of $20,000.00.

SEPARATION AGREEMENT AND RELEASE

This Agreement ("Agreement") is entered into this 20th day of July 2007 (the "Effective Date") by and between Spectrum Brands, Inc. ("Spectrum") and Kenneth V. Biller ("Biller").

WHEREAS, Biller has been employed by Spectrum as President, Global Operations; and

WHEREAS, Biller and Spectrum are parties to an Amended and Restated Employment Agreement dated April 1, 2005 (the "Employment Agreement") and attached hereto as Exhibit A; and

WHEREAS, Spectrum and Biller have agreed that Biller will cease to be employed by Spectrum after September 30, 2007; and

WHEREAS, Spectrum and Biller desire to resolve all outstanding issues or future issues of any kind and reach a full and final settlement as to the Employment Agreement and all other issues relating to Biller's employment with Spectrum.

NOW THEREFORE, for and in consideration of the foregoing and of the terms, conditions and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Biller and Spectrum agree as follows:

I. TERMINATION OF EMPLOYMENT. Biller's last day of employment with Spectrum will be September 30, 2007. Biller shall continue to receive such pay and benefits as are provided for under the terms of his Employment Agreement through September 30, 2007.

II. ACKNOWLEDGEMENT AND CONSIDERATION. In consideration of the promises set forth herein, Spectrum will provide to Biller those payments and other remuneration set forth in Exhibit B. Biller acknowledges that he is not otherwise entitled to all of the benefits provided under this Agreement and that he understands that he will not receive all of these benefits unless he signs this Agreement and it becomes effective. Biller also acknowledges that notwithstanding anything to the contrary in this Agreement (including the Exhibits): (a) Biller will be responsible for the employee portion of any tax liability associated with any payments made to him pursuant to this Agreement; (b) Spectrum may withhold from any payment an amount equal to the amount Spectrum is required to withhold for Federal, state or local tax purposes; and (c) if Spectrum does not have access to an amount sufficient to satisfy its withholding requirement with respect to any payment, Spectrum may require Biller to pay to Spectrum an amount sufficient to satisfy Spectrum's withholding obligation as a condition to Spectrum's making such payment to Biller.

III. GENERAL RELEASE BY BILLER. Except as set forth in Paragraph IV below or as otherwise set forth in this Agreement, Biller on his own behalf and for his spouse, heirs, successors, assigns, executors and representatives of any kind, hereby releases and forever discharges Spectrum, its subsidiaries and affiliates, and its and their present and former employees, directors, officers, agents, shareholders, and insurers and each of their respective predecessors, heirs, executors, administrators, successors and assigns (collectively, the "Released Parties"), from any and all claims, demands, rights, liabilities, and causes of action of any kind or nature, known or unknown, arising prior to or on the execution date of this Agreement, including but not limited to any claims, demands, rights, liabilities and causes of action arising or having arisen out of or in connection with his employment or his termination of employment with Spectrum. This release specifically includes, but is not limited to, a release of any and all claims pursuant to the Age Discrimination in Employment Act ("ADEA"), 29 U.S.C. § 621 et seq., the Wisconsin Fair Employment Act, Wis. Stats., §§ 111.31-111.395, Title VII of the Civil Rights Act of 1964, as amended, 42 U.S.C. § 2000e et seq., 42 U.S.C. §§ 1981-1986, the Civil Rights Act of 1991, 42 U.S.C. § 1981a, the Americans with Disabilities Act, 42 U.S.C. §§ 12101 et seq., all claims for defamation and wrongful discharge, and any other claims whether based on contract or tort and whether under federal, state, or local law. For the avoidance of doubt, Biller acknowledges that the benefits provided in Exhibit B of the Agreement are in full satisfaction of any and all obligations of Spectrum under the Employment Agreement.

IV. CLAIMS NOT WAIVED OR RELEASED. This Agreement does not waive any claims that Biller may have (a) under any worker's compensation law; (b) under any plan currently maintained by Spectrum that provides for retirement benefits; (c) under any law or any policy or plan currently maintained by Spectrum that provides health insurance continuation or conversion rights; (d) that Biller by law may not waive; (e) not arising out of or in connection with his employment or the termination of his employment; or (f) for indemnity for third party claims against Biller for actions taken while he was an employee or director of Spectrum, as provided under Wisconsin Statutes, Spectrum's by-laws or otherwise. Any indemnification right pursuant to clause (f) of the preceding sentence will be in accordance with the terms and conditions with respect to such indemnification provided under the Wisconsin Statutes, Spectrum's by-laws or other agreements governing such indemnification right.

V. GENERAL RELEASE BY SPECTRUM. Except as set forth in Paragraph IV above or as otherwise set forth in this Agreement, Spectrum, on behalf of itself and the Released Parties, hereby releases and forever discharges Biller, on his own behalf and for his spouse, heirs, successors, assigns, executors and representatives of any kind, from any and all claims, demands, rights, liabilities, and causes of action of any kind or nature, known or unknown arising prior to or on the date of execution of this Agreement, including but not limited to any claims, demands, rights, liabilities, and causes of action arising or having arisen out of or in connection with Biller's employment or his termination of employment with Spectrum, provided, however, that nothing in the release set forth in this Paragraph V waives any claims that Spectrum or the Released Parties may have that Spectrum and/or the Released Parties by law may not waive.

VI. COVENANT NOT TO SUE. Biller understands and agrees that this Agreement does prohibit Biller from initiating or participating in a lawsuit against the Released Parties for any claim released in Paragraph III and does prohibit Biller from recovering any money damages or any other moneys for himself for any claim released under Paragraph III through an action or proceeding brought by others. Biller further understands that if he violates any of the commitments he has made in this Agreement, Spectrum may discontinue or seek to recover all of the payments, benefits and other rights provided in exchange for acceptance of this Agreement in accordance with the dispute resolution procedure set forth in Paragraph XI below.

VII. NON-DISPARAGEMENT. Biller agrees not to make any statements which are intended to disparage or could be reasonably construed to disparage Spectrum's business, products, officers, directors or managing agents. Spectrum, by and on behalf of its officers, directors and managing agents, agrees not to make any statements which are intended to disparage or could be reasonably construed to disparage Biller. The foregoing shall not be construed to prevent a party from giving truthful testimony in any proceeding if required by law.

VIII. NON-ADMISSION. This Agreement does not constitute an admission by either party that any action they took prior to the date hereof with respect to the other was wrongful, unlawful or in violation of any statute, law or regulation. Instead, this Agreement is entered into solely for the purposes of compromise and to clarify the parties' respective rights and obligations.

IX. PRESERVATION OF SEVERANCE BENEFITS. In the event that Spectrum sells its last operating business segment, Spectrum shall either cause the buyer of such business segment to assume the obligations of Spectrum hereunder or shall enter into alternative arrangements to provide Biller with the full value of the remaining severance pay and benefits provided for under this Agreement.

X. NOTICES. Any notice to be given under this Agreement will be in writing, and will be deemed to have been duly given: (a) when delivered personally; (b) by facsimile, upon confirmation of receipt; (c) one day after delivery by overnight courier; or (d) on the fifth day following the date of deposit in the United States mail if sent first class, postage prepaid, by registered or certified mail. The addresses for such notices will be as follows:

For notices and communications to Spectrum:

Spectrum Brands, Inc.
Six Concourse Parkway
Suite 3300
Atlanta, GA 30328

Facsimile: (770) 829-6295
Attention: General Counsel

For notices and communications to Biller:

Kenneth V. Biller
7801 Noll Valley Road
Verona, WI 53593

XI. PREVIOUS AGREEMENTS. Except as otherwise specifically provided in this Agreement, the Employment Agreement (other than Sections 6, 7 and 9 thereof) and all other agreements between the parties are hereby terminated and all rights and obligations thereunder are of no further force or effect. Biller understands and agrees that this document and Sections 6, 7 and 9 of the Employment Agreement contain the entire agreement between Biller and Spectrum relating to his employment with Spectrum, that this Agreement supersedes and displaces any prior agreements (other than Sections 6, 7 and 9 of the Employment Agreement) and discussions between Biller and Spectrum relating to such matters and that he may not rely on any such prior agreements and discussions.

XII. GOVERNING LAW/DISPUTES. This Agreement will be construed under and governed by the laws of the State of Wisconsin, without reference to its conflicts of law principles. Disputes arising out of this Agreement (but not those arising out of Section 6, 7 or 9 of the Employment Agreement), will be resolved in binding arbitration pursuant to the rules of the American Arbitration Association, with the forum of such arbitration to be in Madison, Wisconsin. The parties also agree that the prevailing party will be entitled to recover costs, including attorneys' fees, incurred in any proceeding instituted seeking enforcement of this Agreement, except as prohibited by law.

XIII. VOLUNTARY AGREEMENT. Biller acknowledges and states that he has read and understands this Agreement and has entered into it knowingly and voluntarily with the assistance and upon the advice of counsel of his choice.

XIV. CONSIDERATION AND REVOCATION PERIOD. Biller hereby acknowledges that, among other rights, he is waiving and releasing any rights he may have under ADEA, that he was given a copy of this Agreement and was given twenty-one (21) days to review it and consider whether to sign it (even if he chose not to take the full twenty-one (21) days), and that he was encouraged by Spectrum to consult an attorney during said twenty-one (21) day period about this Agreement. Biller further acknowledges that the consideration given for this release of claims is in addition to anything of value to which he was already entitled and that the release does not relate to claims under the ADEA that may arise after this Agreement is executed**.** Biller further understands that for a period of seven (7) days following his execution of this Agreement, he may revoke this Agreement by doing so in writing and that the Agreement will remain revocable until the revocation period has expired without revocation. Any revocation must be delivered to Spectrum in accordance with the Notice provisions set forth in Paragraph X.

XV. WAIVER AND MODIFICATION. Neither this Agreement nor any term or condition hereof, including, without limitation, the terms and conditions in this Paragraph XV may be waived or modified in whole or in part as against Spectrum or Biller, except by written instrument duly executed, in the case of waiver, by the party waiving compliance or, in the case of a modification, by Spectrum and Biller and expressly stating that it is intended to operate as a waiver or modification, as applicable, of this Agreement.

XVI. CAPTIONS. The captions set forth in this Agreement are for convenience of reference only and shall not be considered as part of this Agreement or as in any way limiting or amplifying the terms and provisions hereof.

XVII. SEVERABILITY. In the event that any court or arbitration panel having jurisdiction shall determine that any restrictive covenant or other provision contained in this Agreement shall be unreasonable or unenforceable in any respect, then such covenant or other provision shall be deemed limited to the extent that such court or arbitration panel deems it reasonable and enforceable, and so limited shall remain in full force and effect together with all other provisions of this Agreement. In the event that such court or arbitration panel shall deem any such covenant or other provision wholly unenforceable, the remaining covenants or other provisions of this Agreement shall nevertheless remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the date written below.

Spectrum Brands, Inc.	Kenneth V. Biller
By: /s/ John T. Wilson	/s/ Kenneth V. Biller
Date: July 20, 2007	Date: July 20, 2007

EXHIBIT A

AMENDED & RESTATED
EMPLOYMENT AGREEMENT[1]

1 Exhibit A is Omitted. A copy of Mr. Biller's Amended and Restated Employment Agreement dated as of April 1, 2005, has been filed as Exhibit 10.2 to the Company's Current Report on Form 8-K filed with the SEC on April 7, 2005.

EXHIBIT B

**SUMMARY OF CONSIDERATION TO BILLER
PURSUANT TO PARAGRAPH II**

1. **Cash Payments**. Biller will be entitled to cash payments from Spectrum, as follows:

A. Base salary continuation in an amount equal to $900,000, paid in accordance with the following schedule:

i. On April 1, 2008, $225,000; and

ii. On April 30, 2008 and on the 30th day of each succeeding month (and the last day of each February) until and including September 30, 2009, $37,500.

B. A bonus payment for the fiscal year ending September 30, 2007, to be paid in 2007 when bonuses are otherwise payable to Spectrum employees under Spectrum's Management Incentive Plan, in an amount equal to the amount that Biller would have received under the Employment Agreement calculated on the basis of corporate targets for EBITDA and cash flow for that fiscal year if his employment had not been terminated before the date on which this bonus payment is made.

C. Bonus payment continuation (the "Bonus Continuation Amount") in an amount equal to two times the bonus payment actually made pursuant to Paragraph 1.B, payable in 24 monthly installments as follows:

i. On April 1, 2008, 1/4 of the Bonus Continuation Amount; and

ii. On April 30, 2008 and on the 30th day of each succeeding month (and the last day of each February) until and including September 30, 2009, 1/24 of the Bonus Continuation Amount.

The cash payments described above will be made net of any Federal, state or local income, employment or other taxes required to be withheld. For this purpose, Federal income taxes will be withheld on payments made pursuant to any section of this Exhibit B at a rate of 25 percent until the aggregate amount of supplemental wage payments made to Biller during the calendar year reaches $1,000,000; payments made during the remainder of the year will be subject to Federal income tax withholding at the rate of 35 percent.

D. Notwithstanding the above schedule of payments, if any payment to Biller provided for under this Exhibit B would subject Biller to tax under Section 409A of the Internal Revenue Code of 1986, as amended, such payment(s) may be suspended, at the written request of Biller, until such time as payment may be made without subjecting Biller to such tax.

2. **Benefit Continuation**. Biller will be entitled to participate in certain benefit programs maintained by Spectrum, as follows:

A. **Welfare benefit plans**: For the 24-month period beginning on October 1, 2007, Biller will be permitted to continue participating in the following plans, to the extent offered by the Company to its executives, at the same levels as those provided to Biller and his dependents by Spectrum on September 30, 2007, with the cost of each such benefit to be borne by Biller and Spectrum in the same proportions as they are borne by then-current Executive Committee members and Spectrum for the plan year:

i. Medical and dental insurance;

ii. Life insurance;

iii. Supplemental executive life insurance;

iv. Long-term disability insurance; and

v. Supplemental long-term disability insurance.

In addition, during the period beginning October 1, 2009 and ending on the last day of the month in which Biller attains age 65, Biller will be entitled to participate in the aforementioned plans maintained by Spectrum to the extent that Biller timely pays the 100% of the COBRA cost of coverage under such plan or plans, except that Biller may continue coverage under the life insurance plans beyond age 65 for so long as he pays the applicable premiums and the underlying insurance contracts allow.

Biller acknowledges that the provision of medical and dental insurance coverage pursuant to Paragraph 2(A)(i) above will satisfy Spectrum's obligations to provide continuation coverage under Code section 4980B.

B. **Supplemental Executive Retirement Plan**: Biller will continue to participate in Spectrum's Supplemental Executive Retirement Plan ("SERP"), in accordance with the terms of the SERP, throughout the period ending on September 30, 2009. Biller previously elected to receive payout of his SERP balance on the next January 1 after his termination date. As a result of the application of Section 409A to the SERP with respect to Biller, the balance credited to Biller's account under the SERP on January 1, 2008 (*i.e.*, approximately $649,820.12) will be paid to Biller on April 1, 2008, and the annual credit of $67,500 that will be made to Biller's account under the SERP on October 1, 2008 will be paid to Biller on that date. Each of these payments will be made net of any Federal, state or local income, employment or other taxes required to be withheld.

3. **Restricted Stock**. Any restrictions still in effect with respect to any outstanding shares of restricted stock previously awarded to Biller will lapse in accordance with the provisions of the Restricted Stock Award Agreements evidencing the awards of such restricted stock, provided, however, that solely for the purpose of the Restricted Stock Award Agreement dated February 1, 2006, Biller will be treated as remaining actively employed by Spectrum until December 31, 2007. Spectrum will, however, retain that number of shares having an aggregate fair market value as of the Effective Date (and on any subsequent date as of which Biller is considered to have received income as a result of the lapsing of the substantial risk of forfeiture on any restricted shares) equal to the amount of Federal, state and local income, employment and other taxes required to be withheld on the relevant date unless Biller tenders payment to Spectrum in an amount equivalent to the required withholding. For this purpose, the fair market value

of the shares on any date will be the average of the high and low trading prices of the shares on that date.

4. **Stock Options**. Any outstanding stock options issued to Biller that are forfeitable as of September 30, 2007 will be forfeited to Spectrum on that date. All other stock options will remain exercisable by Biller until September 30, 2008 in accordance with the terms of the agreements evidencing the awards of the stock options.

5. **Company Car**. Biller ‘s participation in Spectrum’s leased car program will continue through the current lease term at which time Biller will be entitled to purchase that company-provided car for $100. Notwithstanding the foregoing, if Spectrum discontinues its leased car program before the end of the current lease term, Biller’s participation in that program will cease on the date of the program’s termination, but Biller will be entitled to purchase his company-provided car for $100 on the date the program is terminated.

6. **Home and Vacation Home Computers**. On September 30, 2007, Spectrum will transfer to Biller ownership of the personal computer and electronic equipment Spectrum previously provided to Biller to enable Biller to perform his employment duties from outside the office.

7. **Tax and Financial Planning**. For the 24-month period beginning on October 1, 2007, Biller will be permitted to continue receiving tax and financial planning services at Spectrum’s expense at the same levels as those provided to Biller by Spectrum on September 30, 2007.

8. **Legal Fees**. Spectrum will pay Biller’s legal fees in connection with the negotiation and preparation of this Agreement in the amount certified by Biller’s counsel to have been actually incurred, but not in excess of $10,000.00. Such payment shall be made directly to Biller’s counsel.

**AMENDMENT TO
SEPARATION AGREEMENT AND RELEASE**

This is an Amendment, dated July 24, 2007 (the “Amendment”) to that certain Agreement (“Agreement”) dated the 20th day of July 2007 (the “Effective Date”) by and between Spectrum Brands, Inc. (“Spectrum”) and Kenneth V. Biller (“Biller”).

WHEREAS, Biller and Spectrum have agreed to make one modification to the Agreement to reflect the intention of the parties;

NOW THEREFORE, for and in consideration of the foregoing and of the terms, conditions and agreements set forth herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Biller and Spectrum agree as follows:

I. Amendment to Exhibit B. Section 3 (Restricted Stock) of Exhibit B to the Agreement is hereby amended by deleting the first sentence in its entirety and replacing it with the following:

> “Any restrictions still in effect with respect to any outstanding shares of restricted stock previously awarded to Biller will lapse in accordance with the provisions of the Restricted Stock Award Agreements evidencing the awards of such restricted stock, provided, however, that solely for the purpose of the Restricted Stock Award Agreement dated February 1, 2006 and the Restricted Stock Agreement dated April 1, 2005 with award number RA000037 in the amount of 25,000 shares, Biller will be treated as remaining actively employed by Spectrum until December 31, 2007.”

II. Miscellaneous. Other than as amended by Section I of this Amendment, the Agreement shall remain in full force and effect. This Amendment will be construed under and governed by the laws of the State of Wisconsin, without reference to its conflicts of law principles.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment on the date written below.

Spectrum Brands, Inc.	Kenneth V. Biller
By: /s/ John T. Wilson	/s/ Kenneth V. Biller
Date: July 24, 2007	Date: July 24, 2007

Exhibit 10.14

SEPARATION AGREEMENT

between

Rayovac Europe GmbH

represented by its shareholder, Spectrum Brands Europe GmbH

- hereinafter referred to as the “Company” -

and

Mr Remy Burel

- hereinafter referred to as “Mr Burel” -

1. **TERMINATION**

1.1 The Company and Mr Burel agree that the employment relationship existing between them based on the Registered Director’s Agreement dated 24 March 2005 (as amended, the “Service Agreement”) ends upon the expiry of 31 January 2008 (the “Agreement” and the “Termination Date”).

1.2 This termination shall extend to all, if any, employment agreements Mr Burel may have with any associated company, the Company acting also on behalf of those entities.

2. **RETIREMENT FROM ALL FORMS OF OFFICE**

2.1 Mr Burel shall resign from his office as registered director of the Company on or before 31 January 2008, as requested by the Company.

2.2 Mr Burel likewise shall retire from his office as registered director in any subsidiaries or associated companies of the Company on or before 31 January 2008, as requested by the Company.

2.3 Mr Burel shall resign from his office in supervisory bodies, organisations and associations, if any, held by him on the basis of his position as registered director of the Company and will endeavour to ensure that a representative named to him by the Company can take over his respective office. He shall in particular resign from the position as President, Europe & Rest of World of Spectrum Brands, Inc., as requested by the Company, at the latest by 31 January 2008.

3. **RELEASE FROM WORK**

Mr Burel is released from all work duties with effect from 26 July 2007 until the end of the Service Agreement. Notwithstanding this, Mr. Burel will continue to serve as a director of the Company and be available to act as signatory on Company matters until 31 August 2007. He shall, up to the Termination Date, and subject to the restrictions pursuant to Sections 10, 11 and 12 of the Registered Director's Agreement, which remain unaffected, be free to utilise his working capacity as he chooses. The release is initially irrevocable and the time of release set off against all holiday entitlements and claims for paid leave, if any, thereafter the release is revocable.

4. **FINANCIAL ARRANGEMENTS**

4.1 The Company shall continue to pay Mr Burel his contractually agreed Fixed Salary in the amount of EUR 31,250 gross per month, pursuant to Section 5.1 of the Service Agreement until the Termination Date.

4.2 The Company shall pay Mr Burel a Bonus pursuant to Section 5.2 of the Service Agreement for the fiscal year 2007, if any, based upon the actual 2007 fiscal year performance of the Company and determined in accordance with the terms of the Spectrum Brands Management Incentive Plan. The Company will provide Mr Burel with all business and financial figures which are basis for the calculation of the amount of his Bonus. This Bonus is due for payment no later than 31 December 2007. The parties agree that there shall be no further claim for any Bonus payment with the exception of the regulation in Section 4.3.

4.3 Mr Burel is further entitled to a Bonus for the fiscal year 2008, pro rata temporis and according to the respective bonus plan, in an amount equal to one-third of the annual earned amount, upon the Company meeting the fiscal year performance measures as determined by the Board of Directors. The Company will provide Mr Burel also with the business and financial figures which are basis for the calculation of his bonus entitlements for the fiscal year 2008. Payment, if any, shall be made no later than 31 December 2008.

4.4 As compensation for the loss of his job pursuant to Section 14.7 (i) of the Service Agreement (the "Severance"), the Company shall pay Mr Burel a gross amount of triple the sum of Mr Burel's annual Fixed Salary (in total EUR 1,125,000.00, in words: one million one-hundred-twenty-five-thousand Euro) and a gross amount of triple the sum of the Bonus for the fiscal year 2007 paid under Section 4.2 of this Agreement. The Severance will be paid subject to the deduction of all sums required to be deducted under German law.

The Severance will be paid out in 12 equal installments. These installments fall due for payment at the end of each month, beginning in the month following the Termination Date. The parties agree that these payments fulfil the requirements pursuant to Sections 11, 12 and 14.7 (iv) of the Service Agreement.

4.5 According to Section 14.7 (ii) of the Service Agreement, Mr Burel is entitled to continuous payment of social security contributions for a period of 24 months following the last day of employment. For replacement of this contractual obligation of the Company, the Company pays to Mr Burel a lump sum of EUR 22,000.00 gross. This amount shall become due at the end of the last month of employment.

4.6 The parties agree that Mr Burel has a vested entitlement to the company pension granted to him. The company pension shall be calculated and payable according to the provisions of the pension commitment dated 22 May 1991, as amended.

4.7 The parties agree that with the fulfillment of the payments referred to under Section 4 of this Agreement all financial entitlements of Mr Burel shall be settled. Section 5 of this Agreement remains unaffected.

5. **STOCK OPTIONS, RESTRICTED STOCK**

5.1 Mr Burel's outstanding stock options as well as restricted stock are subject to the terms and conditions of the relevant incentive plan (the "Plan") under which they were granted, as applicable from time to time. They will become vested and exercisable in accordance with and on those dates as set forth in the Plan. In particular, all unvested options are cancelled on the Termination Date and all vested options are exercisable for a period of one year from the Termination Date.

5.2 All unlapsed restricted stock, either time-based or performance-based, shall vest according to schedule through 31 January 2008, insofar as performance-based shares will vest only upon the Company meeting the fiscal year performance measures as determined by the Board of Directors. All other restricted stock shall be forfeited at the Termination Date, including the Super Bonus Plan grant, with the exception of the performance shares granted on 2 October 2006, which will continue to vest, in accordance with the provisions of the grant and dependent upon the extent earned. Pursuant to Section 5.3 (i) of the Service Agreement restrictions on Restricted Shares shall lapse on a change in control of the Company if this change in control (as defined in the "Plan") takes place before the Termination Date.

5.3 Mr Burel will not be eligible for any additional grants under any applicable stock option or equity compensation plan.

6. COMPANY CAR

6.1 The company car that has been made available to Mr Burel shall remain at his disposal for private use until the Termination Date. Other than that, the Company's car rules and Section 6.1 of the Service Agreement remain unaffected.

6.2 Mr Burel shall return the company car that has been made available to him, including all accessories, keys and car papers, to the Company at the latest on the Termination Date. The assertion of any counterclaims or a right of retention by Mr Burel is excluded.

7. OUTSTANDING EXPENSES

Mr Burel shall as soon as possible, no later than 31 August 2007, submit an expense report for expenses incurred by him for reimbursement by the Company. After such day, any claims for reimbursement shall expire.

8. DUTY OF CONFIDENTIALITY, POST-CONTRACTUAL NON-COMPETE-OBLIGATION, NON-SOLICITATION COVENANT, CONTRACTUAL PENALTY

8.1 The provisions set forth in Sections 10, 11, 12 and 13 of the Service Agreement continue to exist in full after the end of the employment relationship.

8.2 Mr Burel in particular undertakes to observe the strictest confidentiality in respect of all confidential or business matters of the Company, any affiliated enterprise or third party, including customers and other contractual partners of the Company, of which he has acquired knowledge in the course of his work for the Company, regardless of how he acquired this knowledge.

8.3 The term "confidential or business matters of the Company" relates, inter alia, to business and operational secrets as well as to all knowledge and information relating to business, operations, organisation and technology which are not to be disclosed at the request of or pursuant to the interests of the Company or an affiliated enterprise, or must not be made public in light of the nature of the information.

8.4 "Confidential or business matters of the Company" do not comprise information

- that at the date the information is abandoned has been publicly known or become accessible without this being a breach of the employment contract;
- Mr Burel has demonstrably known before this information has been made public by the Company; or
- where the publication has explicitly been allowed in writing to Mr Burel by the Company.

8.5 Mr Burel undertakes to keep the content of this Agreement, in particular concerning the financial arrangements, confidential vis-à-vis third parties unless he is legally obliged to disclose it or disclosure is necessary for tax or social security insurance related reasons or to reserve rights in courts or unless Mr Burel is otherwise justified by a legitimate interest.

9. RETURN OF COMPANY PROPERTY

9.1 Mr Burel shall return to the Company at its request, at the latest on the Termination Date, all items, documents and data which belong to the Company, and which are directly or indirectly in his possession, in particular including keys, books, credit cards, computer hardware or software, disks, printouts and copies of data files, Blackberry, mobile telephone, SIM cards, including reproductions and copies whether in a physical or electronic form.

9.2 Mr Burel shall be obliged to copy all data and programmes stored on any computer used by him privately or assigned to him with regard to and on account of his activities for the Company. He shall make such copies available to the Company on data carriers and subsequently delete all the original data and programmes on the computers in question.

9.3 If requested to do so by the Company, Mr Burel undertakes to provide the Company with a written statement confirming that all such items have been returned and that he no longer possesses any of the previously described data.

9.4 The assertion of any counterclaims or a right of retention by Mr Burel is excluded.

9.5 Section 5 of this Agreement remains unaffected.

10. REFERENCE

Mr Burel shall receive a favourable and qualified reference concerning his activities with the Company.

11. **SETTLEMENT OF CLAIMS**

The parties hereby agree that upon the fulfillment of all obligations herein, all mutual claims of the parties under the Service Agreement and the termination thereof and any other claims, whether known or unknown, shall forever be satisfied and discharged, without regard to the legal basis or origin thereof.

The terms of this Agreement shall in particular be in full and final satisfaction of all and any claims or rights of action that Mr Burel may have whether arising under the law of the Federal Republic of Germany, or otherwise in any jurisdiction whatsoever, against the Company or any associated company or any of its or their present or former directors, employees or agents in connection with or arising out of his employment, the termination of his employment or any other matter whatsoever. The same applies regarding any claims or rights of action that the Company or any associated company may have against Mr Burel. Mr Burel further agrees to refrain from instituting or continuing before any court or employment tribunal in any jurisdiction any proceedings against the Company and/or any associated company, its or their present or former directors, employees or agents.

The Company and any associated company of the Company in which Mr Burel holds the position of a registered director shall decide about the discharge of Mr Burel regarding his position as registered director of the Company or the respective associated company no later than 31 August 2007. The Company and the respective associated companies certify that on the date of signing of this agreement no circumstances are known by the Company or the respective associated company which conflicts to discharge Mr Burel.

12. **WRITTEN FORM**

Changes or additions to this Agreement must be in writing in order to be legally valid. This shall also apply to the cancellation or amendment of this requirement of the written form.

13. **SAVING CLAUSE**

If a provision of this Agreement is or becomes invalid in whole or in part, or if a gap is discovered in this Agreement, this does not affect the validity of the remainder of this Agreement. An invalid provision shall be replaced and a gap shall be filled by the reasonable valid provision that comes closest to what the parties would have agreed had they considered this point.

14. **APPLICABLE LAW**

This Agreement and all legal disputes arising out of it are governed by the laws of the Federal Republic of Germany.

Atlanta, GA 9 Aug 2007	Paris August 6, 2007
(Place, Date)	(Place, Date)
/s/ Kent J. Hussey	/s/ Rémy E. Burel
Rayovac Europe GmbH	Remy Burel

CERTIFICATIONS

I, Kent J. Hussey, 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 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 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 10, 2007

/s/ KENT J. HUSSEY

Kent J. Hussey
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 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 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 10, 2007

/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, 2007 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Kent J. Hussey, 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/ KENT J. HUSSEY
Name:	**Kent J. Hussey**
Title:	**Chief Executive Officer**
Date:	**August 10, 2007**

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, 2007 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 10, 2007**

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.