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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 4, 2010

OR

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

For the transition period from to

Commission File Number 001-13615

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

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

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

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

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

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

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

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

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

SPECTRUM BRANDS, INC.

QUARTERLY REPORT ON FORM 10-Q
FOR QUARTER ENDED July 4, 2010

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SPECTRUM BRANDS, INC.

Condensed Consolidated Statements of Financial Position
July 4, 2010 and September 30, 2009
(Unaudited)
(Amounts in thousands, except per share figures)

	Successor Company	
	July 4, 2010	September 30, 2009
ASSETS		
Current assets:		
Cash and cash equivalents	$ 115,941	$ 97,800
Receivables:		
Trade accounts receivable, net of allowances of $8,825 and $1,011, respectively	378,694	274,483
Other	43,497	24,968
Inventories	514,415	341,505
Deferred income taxes	27,953	28,137
Assets held for sale	12,238	11,870
Prepaid expenses and other	47,354	39,973
Total current assets	1,140,092	818,736
Property, plant and equipment, net	189,333	212,361
Deferred charges and other	33,271	34,934
Goodwill	590,926	483,348
Intangible assets, net	1,754,439	1,461,945
Debt issuance costs	59,390	9,422
Total assets	$3,767,451	$ 3,020,746
LIABILITIES AND SHAREHOLDERS' DEFICIT		
Current liabilities:		
Current maturities of long-term debt	$ 46,261	$ 53,578
Accounts payable	257,898	186,235
Accrued liabilities:		
Wages and benefits	79,281	88,443
Income taxes payable	35,287	21,950
Restructuring and related charges	22,099	26,104
Accrued interest	8,086	8,678
Other	124,639	110,080
Total current liabilities	573,551	495,068
Long-term debt, net of current maturities	1,734,746	1,529,957
Employee benefit obligations, net of current portion	66,045	55,855
Deferred income taxes	269,112	227,498
Other	57,010	51,489
Total liabilities	2,700,464	2,359,867
Commitments and contingencies		
Shareholders' equity:		
Common stock, $.01 par value, authorized 150,000 shares; issued 30,000 shares, outstanding shares, at September 30, 2009	—	300
Additional paid-in capital	—	724,796
Other capital	1,310,453	—
Accumulated deficit	(236,373)	(70,785)
Accumulated other comprehensive (loss) income	(7,093)	6,568
Total shareholders' equity	1,066,987	660,879
Total liabilities and shareholders' equity	$3,767,451	$ 3,020,746

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

SPECTRUM BRANDS, INC.

Condensed Consolidated Statements of Operations
For the three and nine month periods ended July 4, 2010 and June 28, 2009
(Unaudited)
(Amounts in thousands, except per share figures)

	Successor Company	Predecessor Company	Successor Company	Predecessor Company
	THREE MONTHS ENDED		NINE MONTHS ENDED	
	2010	2009	2010	2009
Net sales	$653,486	$ 589,361	$1,778,012	$1,641,126
Cost of goods sold	398,727	358,661	1,125,571	1,022,914
Restructuring and related charges	1,890	403	5,530	13,210
Gross profit	252,869	230,297	646,911	605,002
Selling	112,380	95,039	327,832	301,220
General and administrative	53,619	42,375	139,763	116,822
Research and development	7,078	6,313	21,346	17,638
Acquisition and integration related charges	17,002	—	22,472	—
Restructuring and related charges	2,954	2,829	11,132	27,190
Total operating expenses	193,033	146,556	522,545	462,870
Operating income	59,836	83,741	124,366	142,132
Interest expense	132,238	48,649	230,130	148,559
Other expense (income), net	1,443	(841)	8,427	3,546
(Loss) income from continuing operations before reorganization items and income taxes	(73,845)	35,933	(114,191)	(9,973)
Reorganization items expense, net	—	62,521	3,646	83,832
Loss from continuing operations before income taxes	(73,845)	(26,588)	(117,837)	(93,805)
Income tax expense	12,460	7,893	45,016	31,842
Loss from continuing operations	(86,305)	(34,481)	(162,853)	(125,647)
Loss from discontinued operations, net of tax	—	(2,040)	(2,735)	(83,980)
Net loss	$ (86,305)	$ (36,521)	$ (165,588)	$ (209,627)

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

SPECTRUM BRANDS, INC.

Condensed Consolidated Statements of Cash Flows
For the nine month periods ended July 4, 2010 and June 28, 2009
(Unaudited)
(Amounts in thousands)

	Successor Company	Predecessor Company
	NINE MONTHS ENDED	
	2010	2009
Cash flows from operating activities:		
Net loss	$ (165,588)	$ (209,627)
Loss from discontinued operations	(2,735)	(83,980)
Loss from continuing operations	(162,853)	(125,647)
Adjustments to reconcile net loss to net cash used by operating activities:		
Depreciation	39,488	29,859
Amortization of intangibles	31,744	15,560
Amortization of unearned restricted stock compensation	12,259	2,047
Amortization of debt issuance costs	6,657	11,523
Administrative related reorganization items	3,646	83,832
Payments for administrative related reorganization items	(47,173)	—
Payments of acquisition related expenses for Russell Hobbs	(22,452)	—
Non-cash increase to cost of goods sold due to inventory valuations	34,865	—
Non-cash interest expense on 12% Notes	20,317	—
Non-cash debt accretion	17,358	—
Write off of unamortized discount on retired debt	59,162	—
Write off of debt issuance costs	6,551	2,358
Other non-cash adjustments	45,146	40,920
Net changes in assets and liabilities, net of discontinued operations	(88,442)	(88,220)
Net cash used by operating activities of continuing operations	(43,727)	(27,768)
Net cash used by operating activities of discontinued operations	(9,812)	(15,596)
Net cash used by operating activities	(53,539)	(43,364)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(17,392)	(5,606)
Acquisition of Russell Hobbs, net of cash acquired	(2,577)	—
Proceeds from sale of equipment	260	374
Net cash used by investing activities of continuing operations	(19,709)	(5,232)
Net cash used by investing activities of discontinued operations	—	(860)
Net cash used by investing activities	(19,709)	(6,092)
Cash flows from financing activities:		
Proceeds from new Senior Credit Facilities, excluding new ABL Revolving Credit Facility, net of discount	1,474,755	—
Payment of extinguished senior credit facilities, excluding old ABL revolving credit facility	(1,278,760)	—
Debt issuance costs	(55,135)	(8,250)
Proceeds from other debt financing	29,849	155,262
Reduction of debt	(8,366)	(241,027)
New ABL Revolving Credit Facility, net	22,000	—
Extinguished old ABL revolving credit facility, net	(33,225)	—
Debtor in possession revolving credit facility, net	—	60,013
(Payments of) proceeds from extinguished supplemental loan	(45,000)	45,000
Refund of debt issuance costs	204	—
Treasury stock purchases for SB Holdings	(2,207)	(61)
Net cash provided by financing activities	104,115	10,937
Effect of exchange rate changes on cash and cash equivalents	(7,086)	(1,841)
Effect of exchange rate changes on cash and cash equivalents due to Venezuela hyperinflation	(5,640)	—
Net decrease in cash and cash equivalents	18,141	(40,360)
Cash and cash equivalents, beginning of period	97,800	104,773
Cash and cash equivalents, end of period	$ 115,941	$ 64,413

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

SPECTRUM BRANDS, INC.

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

1 DESCRIPTION OF BUSINESS

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

In connection with the Merger, Spectrum Brands refinanced its existing senior debt and a portion of Russell Hobbs' existing senior debt through a combination of a new $750,000 United States ("U.S.") Dollar Term Loan due June 16, 2016, new 9.5% Senior Secured Notes maturing June 15, 2018 and a new $300,000 ABL revolving facility due June 16, 2014. (See also Note 7, Debt, for a more complete discussion of the Company's outstanding debt.)

On February 3, 2009, Spectrum Brands, at the time a Wisconsin corporation, and each of its wholly owned U.S. subsidiaries (collectively, the "Debtors") filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code (the "Bankruptcy Code"), in the U.S. Bankruptcy Court for the Western District of Texas (the "Bankruptcy Court"). On August 28, 2009 (the "Effective Date"), the Debtors emerged from Chapter 11 of the Bankruptcy Code. As of the Effective Date and pursuant to the Debtors' confirmed plan of reorganization, Spectrum Brands converted from a Wisconsin corporation to a Delaware corporation.

Unless the context indicates otherwise, the term "Company" is used to refer to Spectrum Brands and its subsidiaries prior to and after the Merger. The term "Predecessor Company" refers only to the Company prior to the Effective Date and the term "Successor Company" refers to the Company subsequent to the Effective Date. The Company's fiscal year ends September 30. References herein to Fiscal 2010 and Fiscal 2009 refer to the fiscal years ended September 30, 2010 and 2009, respectively.

Prior to and including August 30, 2009, all operations of the business resulted from the operations of the Predecessor Company. In accordance with ASC Topic 852: *"Reorganizations,"* ("ASC 852") the Company determined that all conditions required for the adoption of fresh-start reporting were met upon emergence from Chapter 11 of the Bankruptcy Code on the Effective Date. However in light of the proximity of that date to the Company's August accounting period close, which was August 30, 2009, the Company elected to adopt a convenience date of August 30, 2009, (the "Fresh-Start Adoption Date") for recording fresh-start reporting. The Company analyzed the transactions that occurred during the two-day period from August 29, 2009, the day after the Effective Date, and August 30, 2009, the Fresh-Start Adoption Date, and concluded that such transactions represented less than one-percent of the total net sales during Fiscal 2009. As a result, the Company determined that August 30, 2009 would be an appropriate Fresh-Start Adoption Date to coincide with the Company's normal financial period close for the month of August 2009. As a result, the fair value of the Predecessor Company's assets and liabilities became the new basis for the Successor Company's Consolidated Statement of Financial Position as of the Fresh-Start Adoption Date, and all operations beginning August 31, 2009 are related to the Successor Company. Financial information of the Company's financial statements prepared for the Predecessor Company will not be comparable to financial information for the Successor Company. The Company is a global branded consumer products company with positions in seven major product categories: consumer batteries; small appliances; pet supplies; electric shaving and grooming; electric personal care; portable lighting; and home and garden control.

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

The Company manages its business in four 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"); (iii) Home and Garden Business, which consists of the Company's lawn and garden and insect control businesses (the "Home and Garden Business"); and (iv) Small Appliances, which resulted from the acquisition of Russell Hobbs and consists of small electrical appliances primarily in the kitchen and home product categories ("Small Appliances").

The Company's operations include the worldwide manufacturing and marketing of alkaline, zinc carbon and hearing aid batteries, as well as aquariums and aquatic health supplies and the designing and marketing of rechargeable batteries, battery-powered lighting products, electric shavers and accessories, grooming products and hair care appliances. The Company's operations also include the manufacturing and marketing of specialty pet supplies. The Company also manufactures and markets herbicides, insecticides and repellents in North America. With the addition of Russell Hobbs the Company designs, markets and distributes a broad range of branded small appliances and personal care products. The Company's operations utilize manufacturing and product development facilities located in the U.S., Europe, Asia and Latin 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 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, Spectracide, Cutter, Black & Decker, George Foreman, Russell Hobbs, Farberware and various other brands.

2 VOLUNTARY REORGANIZATION UNDER CHAPTER 11

On February 3, 2009, the Predecessor Company announced that it had reached agreements with certain noteholders, representing, in the aggregate, approximately 70% of the face value of the Company's then outstanding senior subordinated notes, to pursue a refinancing that, if implemented as proposed, would significantly reduce the Predecessor Company's outstanding debt. On the same day, the Debtors filed voluntary petitions under Chapter 11 of the Bankruptcy Code, in the Bankruptcy Court (the "Bankruptcy Filing") and filed with the Bankruptcy Court a proposed plan of reorganization (the "Proposed Plan") that detailed the Debtors' proposed terms for the refinancing. The Chapter 11 cases were jointly administered by the Bankruptcy Court as Case No. 09-50455 (the "Bankruptcy Cases").

The Bankruptcy Court entered a written order (the "Confirmation Order") on July 15, 2009 confirming the Proposed Plan (as so confirmed, the "Plan").

Plan Effective Date

On the Effective Date the Plan became effective, and the Debtors emerged from Chapter 11 of the Bankruptcy Code. Pursuant to and by operation of the Plan, on the Effective Date, all of Predecessor Company's existing equity securities, including the existing common stock and stock options, were extinguished and deemed cancelled. Spectrum Brands filed a certificate of incorporation authorizing new shares of common stock. Pursuant to and in accordance with the Plan, on the Effective Date, Successor Company issued a total of 27,030 shares of common stock and $218,076 of 12% Senior Subordinated Toggle Notes due 2019 (the "12% Notes") to holders of allowed claims with respect to Predecessor Company's 8 1/2% Senior Subordinated Notes due 2013 (the "8 1/2 Notes"), 7 3/8% Senior Subordinated Notes due 2015 (the "7 3/8 Notes") and Variable Rate Toggle

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

Senior Subordinated Notes due 2013 (the "Variable Rate Notes") (collectively, the "Senior Subordinated Notes"). (See also Note 7, Debt, for a more complete discussion of the 12% Notes.) Also on the Effective Date, Successor Company issued a total of 2,970 shares of common stock to supplemental and sub-supplemental debtor-in-possession facility participants in respect of the equity fee earned under the Debtors' debtor-in-possession credit facility.

Reorganization Items

In accordance with ASC 825, reorganization items are presented separately in the accompanying Condensed Consolidated Statements of Operations (Unaudited) and represent expenses, income, gains and losses that the Company has identified as directly relating to the Bankruptcy Cases. Reorganization items expense, net for the three month period ended June 28, 2009 and the nine month periods ended July 4, 2010 and June 28, 2009 are summarized as follows:

	Predecessor Company	Successor Company	Predecessor Company
	Three Months Ended	Nine Months Ended	
	2009	2010	2009
Legal and professional fees	$ 56,881	$ 3,536	$ 67,144
Deferred financing costs	—	—	10,668
Provision for rejected leases	5,640	110	6,020
Reorganization items expense, net	$ 62,521	$ 3,646	$ 83,832

3 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 U.S. Securities and Exchange Commission ("SEC") and, in the opinion of the Company, include all adjustments (which are normal and recurring in nature) necessary to present fairly the financial position of the Company at July 4, 2010 and September 30, 2009, and the results of operations for the three and nine month periods ended July 4, 2010 and June 28, 2009 and the cash flows for the nine month periods ended July 4, 2010 and June 28, 2009. Certain information and footnote disclosures normally included in consolidated financial statements prepared in accordance with U.S. generally accepted accounting principles ("GAAP") have been condensed or omitted pursuant to such SEC rules and regulations. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K and any amendments thereto for the fiscal year ended September 30, 2009. Certain prior period amounts have been reclassified to conform to the current period presentation.

Significant Accounting Policies and Practices: The condensed consolidated financial statements include the condensed consolidated financial statements of Spectrum Brands and its subsidiaries and are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"). All intercompany transactions have been eliminated.

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

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

Discontinued Operations: On November 11, 2008, the Predecessor Company board of directors (the "Predecessor Board") approved the shutdown of the growing products portion of the Home and Garden Business, which included the manufacturing and marketing of fertilizers, enriched soils, mulch and grass seed. The decision to shutdown the growing products portion of the Home and Garden Business was made only after the Predecessor Company was unable to successfully sell this business, in whole or in part. The growing products portion of the Home and Garden Business qualified as a component of an entity, in accordance with U.S. GAAP, of the Home and Garden Business, as operations and cash flows of the growing products portion were clearly distinguished both operationally and for financial reporting purposes from the rest of the Home and Garden Business. The operations and cash flows of the growing products portion of the Home and Garden Business were eliminated from ongoing operations during the second quarter of Fiscal 2009. The Company did not have significant involvement in the operations of the growing products portion of the Home and Garden Business subsequent to the second quarter of Fiscal 2009.

The presentation herein of the results of continuing operations exclude the growing products portion of the Home and Garden Business for all periods presented. The following amounts have been segregated from continuing operations and are reflected as discontinued operations for the three month period ended June 28, 2009 and the nine month periods ended July 4, 2010 and June 28, 2009, respectively:

	Predecessor Company	Successor Company	Predecessor Company
	Three Months Ended	Nine Months Ended	
	2009	2010	2009
Net sales	$ —	$ —	$ 31,306
Loss from discontinued operations before income taxes	$ (3,092)	$ (2,512)	$ (89,064)
Provision for income tax (benefit) expense	(1,052)	223	(5,084)
Loss from discontinued operations, net of tax	$ (2,040)	$ (2,735)	$ (83,980)

Assets Held for Sale: At July 4, 2010 and September 30, 2009, the Company had $12,238 and $11,870, respectively, included in Assets held for sale in its Condensed Consolidated Statements of Financial Position (Unaudited) consisting of certain assets primarily related to a former manufacturing facility in Ningbo, China.

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 4 to 20 years. Excess of cost over fair value of net assets acquired (goodwill) and trade name intangibles are not amortized. Goodwill is tested for impairment at least annually, at the reporting unit level with such groupings being consistent with the Company's reportable segments. If an impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded. Trade name intangibles are tested for impairment at least annually by comparing the fair value with the carrying value. Any excess of carrying value over fair value is recognized as an impairment loss in income from operations. The Company's annual impairment testing is completed at its August financial period end.

ASC Topic 350: *"Intangibles-Goodwill and Other,"* ("ASC 350") 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. 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 fair values of the Company's goodwill and indefinite-lived intangible assets were not tested for impairment during the three and nine month period ended July 4, 2010 and June 28, 2009, respectively, as no event or circumstance arose which indicated that an impairment loss may have been incurred.

Shipping and Handling Costs: The Successor Company incurred shipping and handling costs of $40,204 and $111,615 for the three and nine month periods ended July 4, 2010. The Predecessor Company incurred shipping and handling costs of $35,975 and $112,314 for the three and nine month periods ended June 28, 2009. These costs are included in Selling expenses in the accompanying Condensed Consolidated Statements of Operations (Unaudited). Shipping and handling costs include costs incurred with third-party carriers to transport products to customers as well as salaries and overhead costs related to activities to prepare the Company's products for shipment from its distribution facilities.

Concentrations of Credit Risk: Trade receivables subject the Company to credit risk. Trade accounts receivable are carried at net realizable value. The Company extends credit to its customers based upon an evaluation of the customer's financial condition and credit history, and generally does not require collateral. The Company monitors its customers' credit and financial condition based on changing economic conditions and makes adjustments to credit policies as required. Provision for losses on uncollectible trade receivables are determined 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 24% and 22% of the Successor Company's Net sales during the three and nine month periods ended July 4, 2010, respectively. This customer represented approximately 25% and 23% of the Predecessor Company's Net sales during the three and nine month periods ended June 28, 2009, respectively. This customer also represented approximately 19% and 14% of the Successor Company's Trade accounts receivable, net at July 4, 2010 and September 30, 2009, respectively.

Approximately 37% and 43% of the Successor Company's Net sales during the three and nine month periods ended July 4, 2010, respectively, and 37% and 42% of the Predecessor Company's Net sales during the three and nine month periods ended June 28, 2009, respectively, 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: In 1996, the Predecessor Board approved the Rayovac Corporation 1996 Stock Option Plan ("1996 Plan"). Under the 1996 Plan, stock options to acquire up to 2,318 shares of common stock, in the aggregate, could be granted to select employees and non-employee directors of the Predecessor Company under either or both a time-vesting or a performance-vesting formula at an exercise price equal to the market price of the common stock on the date of grant. The 1996 Plan expired on September 12, 2006.

In 1997, the Predecessor Board adopted the 1997 Rayovac Incentive Plan ("1997 Plan"). Under the 1997 Plan, the Predecessor Company could grant to employees and non-employee director's stock options, stock appreciation rights ("SARs"), restricted stock, and other stock-based awards, as well as cash-based annual and long-term incentive awards. Accelerated vesting would have occurred in the event of a change in control, as defined in the 1997 Plan. Up to 5,000 shares of common stock could have been issued under the 1997 Plan. The 1997 Plan expired on August 31, 2007.

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

In 2004, the Predecessor Board adopted the 2004 Rayovac Incentive Plan ("2004 Plan"). The 2004 Plan supplemented the 1997 Plan. Under the 2004 Plan, the Predecessor Company could grant to employees and non-employee directors stock options, SARs, restricted stock, and other stock-based awards, as well as cash-based annual and long-term incentive awards. Accelerated vesting would occur in the event of a change in control, as defined in the 2004 Plan. Up to 3,500 shares of common stock, net of forfeitures and cancellations, could have been issued under the 2004 Plan. The 2004 Plan would have expired on July 31, 2014.

Upon the Effective Date, however, by operation of the Plan all the existing common stock of the Predecessor Company was extinguished and deemed cancelled and, in connection with the cancellation of the Predecessor's common stock, any and all equity awards granted under, and understandings with respect to participation in, the 2004 Plan in effect prior to the Effective Date became null and void as of the Effective Date.

In September 2009, the Successor Company's board of directors (the "Board") adopted the 2009 Spectrum Brands Inc. Incentive Plan (the "2009 Plan"). In conjunction with the Merger the 2009 Plan was assumed by SB Holdings. Up to 3,333 shares of common stock, net of forfeitures and cancellations, may be issued under the 2009 Plan.

In conjunction with the Merger, SB Holdings adopted the Spectrum Brands Holdings, Inc. 2007 Omnibus Equity Award Plan (formerly known as the Russell Hobbs, Inc. 2007 Omnibus Equity Award Plan, as amended on June 24, 2008) (the "RH Plan"). Up to 600 shares of common stock, net of forfeitures and cancellations, may be issued under the RH Plan.

The Company granted approximately 310 shares of restricted stock during the three month period ended July 4, 2010. Of these grants, approximately 271 restricted stock units were granted in conjunction with the consummation of the merger with Russell Hobbs and are time-based and vest over a one year period. The remaining 39 shares are restricted stock grants that are time-based and vest over a three year period. The Company also granted 629 shares of restricted stock grants during the three month period ended January 3, 2010. Of these grants, 18 shares are time-based and vest after a one year period and 611 shares are time-based and vest over a two year period. All vesting dates are subject to the recipient's continued employment with the Company, except as otherwise permitted by the Board or in certain cases if the employee is terminated without cause. The total market value of the restricted shares on the date of grant was approximately $23,299.

The Predecessor Company granted approximately 229 shares of restricted stock during the three and nine month period ended June 28, 2009. All shares granted were purely performance based and would have vested only upon achievement of certain performance goals which consisted of reportable segment and consolidated company earnings before interest, taxes, depreciation and amortization and cash flow components, each as defined by the Company for purposes of such awards. All vesting dates were subject to the recipient's continued employment with the Company, except as otherwise permitted by the Predecessor Board. The total market value of the restricted shares on the date of grant was approximately $150. Upon the Effective Date, by operation of the Plan, the restricted stock granted by the Predecessor Company was extinguished and deemed cancelled.

In connection with the adoption of ASC Topic 718: "*Compensation-Stock Compensation,*" ("ASC 718"), the Company is required to recognize expense related to the fair value of its employee stock awards. Total stock compensation expense associated with restricted stock awards recognized by the Successor Company during the three and nine month periods ended July 4, 2010 was $5,881 or $3,822, net of taxes and $12,259, or $7,968, net of taxes, respectively. Total stock compensation expense associated with restricted stock awards recognized by the Predecessor Company during the three and nine month periods ended June 28, 2009 was $883 or $548, net of taxes and $2,047, or $1,269, net of taxes, respectively.

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

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 Successor Company's non-vested restricted stock at July 4, 2010 is as follows:

Restricted Stock	Shares	Weighted Average Grant Date Fair Value	Fair Value
Restricted stock at September 30, 2009	—	$ —	$ —
Granted	939	24.82	23,299
Vested	(234)	23.40	(5,463)
Restricted stock at July 4, 2010	705	$ 25.30	$ 17,836

Derivative Financial Instruments: In accordance with ASC Topic 815: "Derivatives and Hedging," ("ASC 815") the Company has provided enhanced disclosures about (1) how and why an entity uses derivative instruments; (2) how derivative instruments and related hedged items are accounted for under ASC 815; and (3) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows.

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 hedge accounting is elected at inception, the Company formally designates the 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 financial instruments that are used in hedging transactions are effective at offsetting changes in the forecasted cash flows of the related underlying exposure. Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the forecasted cash flows of the underlying exposures being hedged. Any ineffective portion of a financial instrument's change in fair value is immediately recognized in earnings. For derivatives that are not designated as cash flow hedges, or do not qualify for hedge accounting treatment, the change in the fair value is also immediately recognized in earnings.

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

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

Asset Derivatives		July 4, 2010	September 30, 2009
Derivatives designated as hedging instruments under ASC 815:			
Commodity contracts	Receivables—Other	$ —	$ 2,861
Commodity contracts	Deferred charges and other	—	554
Foreign exchange contracts	Receivables—Other	5,732	295
Foreign exchange contracts	Deferred charges and other	344	—
Total asset derivatives designated as hedging instruments under ASC 815		$6,076	$ 3,710
Derivatives not designated as hedging instruments under ASC 815:			
Commodity contracts	Receivables—Other	8	—
Foreign exchange contracts	Receivables—Other	79	75
Total asset derivatives		$6,163	$ 3,785

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

Liability Derivatives		July 4, 2010	September 30, 2009
Derivatives designated as hedging instruments under ASC 815:			
Interest rate contracts	Accounts payable	$ 3,645	$ —
Interest rate contracts	Accrued interest	912	—
Interest rate contracts	Other long term liabilities	2,567	—
Commodity contracts	Accounts payable	1,332	—
Commodity contracts	Other long term liabilities	586	—
Foreign exchange contracts	Accounts payable	883	—
Foreign exchange contracts	Other long term liabilities	66	1,036
Total liability derivatives designated as hedging instruments under ASC 815		$ 9,991	$ 1,036
Derivatives not designated as hedging instruments under ASC 815:			
Foreign exchange contracts	Accounts payable	9,736	131
Total liability derivatives		$19,727	$ 1,167

Cash Flow Hedges

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of accumulated other comprehensive income ("AOCI") and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings.

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Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

Gains and losses on the derivative, representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness, are recognized in current earnings.

The following table summarizes the pretax impact of derivative instruments designated as cash flow hedges on the accompanying Condensed Consolidated Statements of Operations (Unaudited) for the three month period ended July 4, 2010 (Successor Company):

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Commodity contracts	$ (4,647)	Cost of goods sold	$ 155	Cost of goods sold	$ (73)
Interest rate contracts	(998)	Interest expense	(587)	Interest expense	(5,845)[1]
Foreign exchange contracts	(864)	Net sales	(216)	Net sales	—
Foreign exchange contracts	5,820	Cost of goods sold	1,601	Cost of goods sold	—
Total	$ (689)		$ 953		$ (5,918)

(1) Includes $(4,305) reclassified from AOCI associated with the refinancing of the senior credit facility. (See also Note 7, Debt, for a more complete discussion of the Company's refinancing of its senior credit facility.)

The following table summarizes the pretax impact of derivative instruments designated as cash flow hedges on the accompanying Condensed Consolidated Statements of Operations (Unaudited) for the nine month period ended July 4, 2010 (Successor Company):

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Commodity contracts	$ (2,201)	Cost of goods sold	$ 1,106	Cost of goods sold	$ 68
Interest rate contracts	(12,644)	Interest expense	(3,565)	Interest expense	(5,845)[1]
Foreign exchange contracts	(1,214)	Net sales	(402)	Net sales	—
Foreign exchange contracts	7,865	Cost of goods sold	1,382	Cost of goods sold	—
Total	$ (8,194)		$ (1,479)		$ (5,777)

(1) Includes $(4,305) reclassified from AOCI associated with the refinancing of the senior credit facility. (See also Note 7, Debt, for a more complete discussion of the Company's refinancing of its senior credit facility.)

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

The following table summarizes the pretax impact of derivative instruments designated as cash flow hedges on the accompanying Condensed Consolidated Statements of Operations (Unaudited) for the three month period ended June 28, 2009 (Predecessor Company):

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Commodity contracts	$ 1,930	Cost of goods sold	$ (2,934)	Cost of goods sold	$ 197
Interest rate contracts	(777)	Interest expense	(1,274)	Interest expense	(7,369)
Foreign exchange contracts	139	Net sales	302	Net sales	—
Foreign exchange contracts	584	Cost of goods sold	2,343	Cost of goods sold	—
Total	$ 1,876		$ (1,563)		$ (7,172)

The following table summarizes the pretax impact of derivative instruments designated as cash flow hedges on the accompanying Condensed Consolidated Statements of Operations (Unaudited) for the nine month period ended June 28, 2009 (Predecessor Company):

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Commodity contracts	$ (5,987)	Cost of goods sold	$ (9,969)	Cost of goods sold	$ 739
Interest rate contracts	(8,130)	Interest expense	(2,096)	Interest expense	(11,847)
Foreign exchange contracts	1,219	Net sales	321	Net sales	—
Foreign exchange contracts	9,313	Cost of goods sold	7,968	Cost of goods sold	—
Commodity contracts	(1,313)	Discontinued operations	(2,116)	Discontinued operations	(12,803)
Total	$ (4,898)		$ (5,892)		$ (23,911)

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

Derivative Contracts

For derivative instruments that are used to economically hedge the fair value of the Company's third party and intercompany foreign exchange payments and commodity purchases, the gain (loss) is recognized in earnings in the period of change associated with the derivative contract. During the three month period ended July 4, 2010 (Successor Company) and the three month period ended June 28, 2009 (Predecessor Company), the Company recognized the following respective gains (losses) on derivative contracts:

Derivatives Not Designated as Hedging Instruments Under ASC 815	Amount of Gain (Loss) Recognized in Income on Derivatives		Location of Gain (Loss) Recognized in Income on Derivatives
	Successor Company 2010	Predecessor Company 2009	
Commodity contracts	$ (53)	$ —	Cost of goods sold
Interest rate contracts[(A)]	—	(3,841)	Interest expense
Foreign exchange contracts	(9,538)	(2,483)	Other expense, net
Total	$ (9,591)	$ (6,324)	

(A) Amount represents ineffective portion of certain future payments related to an interest rate contract that was de-designated as a cash flow hedge during the pendency of the Bankruptcy Cases.

During the nine month period ended July 4, 2010 (Successor Company) and the nine month period ended June 28, 2009 (Predecessor Company), the Company recognized the following respective gains (losses) on derivative contracts:

Derivatives Not Designated as Hedging Instruments Under ASC 815	Amount of Gain (Loss) Recognized in Income on Derivatives		Location of Gain (Loss) Recognized in Income on Derivatives
	Successor Company 2010	Predecessor Company 2009	
Commodity contracts	$ 99	$ —	Cost of goods sold
Interest rate contracts[(A)]	—	(6,191)	Interest expense
Foreign exchange contracts	(11,827)	3,975	Other expense, net
Total	$ (11,728)	$ (2,216)	

(A) Amount represents ineffective portion of certain future payments related to an interest rate contract that was de-designated as a cash flow hedge during the pendency of the Bankruptcy Cases.

Credit Risk

The Company is exposed to the default risk of the counterparties with which the Company transacts. The Company monitors counterparty credit risk on an individual basis by periodically assessing each such counterparty's credit rating exposure. The maximum loss due to credit risk is not significant as the fair value of the gross asset derivatives, which are primarily concentrated with a domestic financial institution counterparty, are offset by gross liability derivative positions held by the Company that are subject to a master netting agreement. The Company considers these exposures when measuring its credit reserves on its derivatives. Additionally, the Company does not require collateral or other security to support financial instruments subject to credit risk.

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Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
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The Company's standard contracts do not contain credit risk related contingent features whereby the Company would be required to post additional cash collateral as a result of a credit event. However, as a result of the Company's current credit profile, the Company is typically required to post collateral in the normal course of business to offset its liability positions. At July 4, 2010 and September 30, 2009, the Successor Company had posted cash collateral of $7,097 and $1,943, respectively, related to such liability positions. In addition, at July 4, 2010 and September 30, 2009, the Successor Company had posted standby letters of credit of $5,000 and $0, respectively, related to such liability positions. The cash collateral is included in Current Assets—Receivables—Other within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited).

Derivative Financial Instruments

Cash Flow Hedges

The Company uses interest rate swaps to manage its interest rate risk. The swaps are designated as cash flow hedges with the changes in fair value recorded in AOCI and as a derivative hedge asset or liability, as applicable. The swaps settle periodically in arrears with the related amounts for the current settlement period payable to, or receivable from, the counter-parties included in accrued liabilities or receivables, respectively, and recognized in earnings as an adjustment to interest expense from the underlying debt to which the swap is designated. At July 4, 2010, the Successor Company had a portfolio of U.S. dollar-denominated interest rate swaps outstanding which effectively fixes the interest on floating rate debt, exclusive of lender spreads as follows: 2.25% for a notional principal amount of $300,000 through December 2011 and 2.29% for a notional principal amount of $300,000 through January 2012 (the "U.S. dollar swaps"). During both the three and nine month periods ended July 4, 2010, in connection with the refinancing of its senior credit facilities, the Company terminated a portfolio of Euro-denominated interest rate swaps at a cash loss of $3,499 which was recognized as an adjustment to interest expense for ineffectiveness. The Successor Company had no interest rate swap financial instruments at September 30, 2009. The derivative net loss on these contracts recorded in AOCI by the Successor Company at July 4, 2010 was $2,960, net of tax benefit of $1,814. At July 4, 2010, the portion of derivative net losses estimated to be reclassified from AOCI into earnings by the Successor Company over the next 12 months is 1,369, net of tax.

In connection with the Company's merger with Russell Hobbs and the refinancing of the Company's existing senior credit facilities associated with the closing of the Merger, the Company assessed the prospective effectiveness of its interest rate cash flow hedges during the three month period ended July 4, 2010. As a result, during the three and nine month periods ended July 4, 2010, the Company recorded a loss of $2,346 from ineffectiveness as an adjustment to interest expense as the Company was unable to confirm that all forecasted interest rate swaps transactions were probable of occurring. Upon the refinancing of the existing senior credit facility associated with the closing of the Merger, the Company re-designated the U.S. dollar swaps as cash flow hedges of certain scheduled interest rate payments on the new $750,000 U.S. Dollar Term Loan expiring June 16, 2016. At, July 4, 2010, the Company believes that all forecasted interest rate swap transactions designated as cash flow hedges are probable of occurring.

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 hedge is recorded in AOCI and as a derivative hedge asset or liability, as applicable.

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Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

At the time the sale or purchase is recognized, the fair value of the related hedge is reclassified as an adjustment to Net sales or purchase price variance in Cost of goods sold.

At July 4, 2010 the Successor Company had a series of foreign exchange derivative contracts outstanding through September 2011 with a contract notional value of $104,650. At September 30, 2009 the Successor Company had a series of foreign exchange derivative contracts outstanding through September 2010 with a contract notional value of $92,963. The derivative net gain on these contracts recorded in AOCI by the Successor Company at July 4, 2010 was $3,662, net of tax expense of $1,464. The derivative net loss on these contracts recorded in AOCI by the Successor Company at September 30, 2009 was $378, net of tax benefit of $167. At July 4, 2010, the portion of derivative net gains estimated to be reclassified from AOCI into earnings by the Successor Company over the next 12 months is $3,466, net of tax.

The Company is exposed to risk from fluctuating prices for raw materials, specifically zinc used in its manufacturing processes. The Company hedges a portion of the risk associated with these materials through the use of commodity swaps. The hedge contracts are designated as cash flow hedges with the fair value changes recorded in AOCI and as a hedge asset or liability, as applicable. The unrecognized changes in fair value of the hedge contracts are reclassified from AOCI into earnings when the hedged purchase of raw materials also affects earnings. The swaps effectively fix the floating price on a specified quantity of raw materials through a specified date. At July 4, 2010 the Successor Company had a series of such swap contracts outstanding through September 2012 for 16 tons with a contract notional value of $32,175. At September 30, 2009 the Successor Company had a series of such swap contracts outstanding through September 2011 for 8 tons with a contract notional value of $11,830. The derivative net loss on these contracts recorded in AOCI by the Successor Company at July 4, 2010 was $1,814, net of tax benefit of $963. The derivative net gain on these contracts recorded in AOCI by the Successor Company at September 30, 2009 was $347, net of tax expense of $183. At July 4, 2010, the portion of derivative net losses estimated to be reclassified from AOCI into earnings by the Successor Company over the next 12 months is $1,442, net of tax.

The Company was also exposed to fluctuating prices of raw materials, specifically urea and di-ammonium phosphates (“DAP”), used in its manufacturing processes in the growing products portion of the Home and Garden Business. The Successor Company did not have any contracts outstanding and did not record any activity for these raw materials during the three and nine month periods ended July 4, 2010 as the Company completed the shutdown of the growing products portion of the Home and Garden Business during the second quarter of Fiscal 2009. See Note 3, Significant Accounting Policies—Discontinued Operations, for further information on the shutdown of the growing products portion of the Home and Garden Business.

Derivative Contracts

The Predecessor Company periodically enters into forward and swap foreign exchange contracts to economically hedge the risk from third party and intercompany payments resulting from existing obligations. These obligations generally require the Company to exchange foreign currencies for U.S. Dollars, Euros or Australian Dollars. These foreign exchange contracts are fair value hedges of a related liability or asset recorded in the accompanying Condensed Consolidated Statement of Financial Position (Unaudited). The gain or loss on the derivative hedge contracts is recorded in earnings as an offset to the change in value of the related liability or asset at each period end. At July 4, 2010 and September 30, 2009 the Successor Company had $347,031 and $37,478, respectively, of such foreign exchange derivative notional value contracts outstanding.

The Company is indirectly exposed to economic risk from fluctuating prices for underlying raw materials, including nickel, through its purchases of processed parts used in its manufacturing processes. Periodically the

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

Company economically hedges a portion of the risk associated with these parts through swap agreements with the supplier of the parts. The swap agreements are designated as fair value hedges. The swaps effectively fix the floating price on a specified quantity of underlying raw materials through the life of the purchase contract with the supplier. The unrealized change in fair value of the hedge contracts is recorded in earnings and as a hedge asset or liability, as applicable. The unrealized gains or losses are reversed from earnings as the hedged purchases of processed parts also effects earnings. At July 4, 2010 and September 30, 2009 the Successor Company had $105 and $0, respectively, of such commodity derivative notional value contracts outstanding.

Fair Value of Financial Instruments: The Company measures certain financial assets and liabilities at fair value on a recurring basis. Fair value is a market-based measurement that should be determined based on the assumptions that market participants would use in pricing an asset or liability. As a basis for considering such assumptions, the Company uses a three-level hierarchy which prioritizes fair value measurements based on the types of inputs used for the various valuation techniques.

The valuation techniques required by ASC Topic 820: *"Fair Value Measurements and Disclosures,"* are based upon observable and unobservable inputs. Observable inputs reflect market data obtained from independent sources, while unobservable inputs reflect market assumptions made by the Company. These two types of inputs create the following fair value hierarchy:

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

The Company maintains policies and procedures to value instruments using the best and most relevant data available. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the level in the fair value hierarchy within which the fair value measurement in its entirety falls must be determined based on the lowest level input that is significant to the fair value measurement. The Company's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability. In addition, the Company has risk management teams that review valuation, including independent price validation for certain instruments. Further, in other instances, the Company retains independent pricing vendors to assist in valuing certain instruments.

The Company's derivatives are valued using internal models that are based on market observable inputs including interest rate curves and both forward and spot prices for currencies and commodities.

The Successor Company's net derivative portfolio at July 4, 2010 contains Level 2 instruments and represents commodity and foreign exchange contracts.

	Level 1	Level 2	Level 3	Total
Liabilities:				
Interest rate contracts	$ —	$ (7,124)	$ —	$ (7,124)
Commodity contracts, net	—	(1,910)	$ —	(1,910)
Foreign exchange contracts, net	—	(4,530)	$ —	(4,530)
Total Liabilities	$ —	$(13,564)	$ —	$(13,564)

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Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
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The Successor Company's net derivative portfolio at September 30, 2009 contains Level 2 instruments and represents, commodity and foreign exchange contracts.

	Level 1	Level 2	Level 3	Total
Assets:				
Commodity contracts	$ —	$3,415	$ —	$3,415
Total Assets	$ —	$3,415	$ —	$3,415
Liabilities:				
Foreign exchange contracts, net	$ —	$ (797)	$ —	$ (797)
Total Liabilities	$ —	$ (797)	$ —	$ (797)

The carrying values of cash and cash equivalents, accounts and notes receivable, accounts payable and short-term debt approximate fair value. The fair values of long-term debt and derivative financial instruments are generally based on quoted or observed market prices.

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

	July 4, 2010		September 30, 2009	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Total debt	$ (1,781,007)	$ (1,843,897)	$ (1,583,535)	$ (1,592,987)
Interest rate swap agreements	(7,124)	(7,124)	—	—
Commodity swap and option agreements	(1,910)	(1,910)	3,415	3,415
Foreign exchange forward agreements	(4,530)	(4,530)	(797)	(797)

See Note 3, Significant Accounting Policies—Derivative Financial Instruments and Note 7, Debt, for further details of the Company's financial instruments.

Subsequent Events: During Fiscal 2009, the Company adopted ASC 855, "Subsequent Events," ("ASC 855"). ASC 855 establishes general standards of accounting and disclosures of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. The adoption of ASC 855 requires the Company to evaluate all subsequent events that occur after the balance sheet date through the date and time the Company's financial statements are issued. The Company has evaluated subsequent events through August 18, 2010, which is the date these financial statements were issued.

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Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

4 OTHER COMPREHENSIVE LOSS

Comprehensive loss and the components of other comprehensive loss, net of tax, for the three and nine month periods ended July 4, 2010 and June 28, 2009 are as follows:

	Successor Company	Predecessor Company	Successor Company	Predecessor Company
	Three Months Ended		Nine Months Ended	
	2010	2009	2010	2009
Net loss	$(86,305)	$ (36,521)	$(165,588)	$(209,627)
Other comprehensive (loss) income:				
Foreign currency translation	(2,870)	19,495	(9,306)	(8,790)
Valuation allowance adjustments	668	3,611	(2,453)	4,168
Pension liability adjustments	—	—	(52)	—
Net unrealized gain (loss) on derivative instruments	1,548	6,841	(1,850)	9,450
Net change to derive comprehensive loss for the period	(654)	29,947	(13,661)	4,828
Comprehensive loss	$(86,959)	$ (6,574)	$(179,249)	$(204,799)

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 4, 2010 and June 28, 2009 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.

5 INVENTORIES

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

	July 4, 2010	September 30, 2009
Raw materials	$ 72,175	$ 64,314
Work-in-process	29,473	27,364
Finished goods	412,767	249,827
	$514,415	$ 341,505

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Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

6 GOODWILL AND INTANGIBLE ASSETS

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

	Global Batteries & Personal Care	Home and Garden	Global Pet Supplies	Small Appliances	Total
Goodwill:					
Balance at September 30, 2009	$ 152,293	$170,807	$160,248	$ —	$ 483,348
Additions due to Russell Hobbs combination	—	—	—	120,079	120,079
Effect of translation	(6,932)	—	(6,821)	1,252	(12,501)
Balance at July 4, 2010	$ 145,361	$170,807	$153,427	$121,331	$ 590,926
Intangible Assets:					
Trade names Not Subject to Amortization					
Balance at September 30, 2009	$ 401,983	$ 76,000	$212,253	$ —	$ 690,236
Additions due to Russell Hobbs combination	—	—	—	170,930	170,930
Effect of translation	(8,331)	—	(14,866)	3,528	(19,669)
Balance at July 4, 2010	$ 393,652	$ 76,000	$197,387	$174,458	$ 841,497
Intangible Assets Subject to Amortization					
Balance at September 30, 2009, net	$ 354,433	$172,271	$245,005	$ —	$ 771,709
Additions due to Russell Hobbs combination	—	—	—	192,397	192,397
Amortization during period	(13,349)	(6,563)	(11,180)	(652)	(31,744)
Effect of translation	(10,965)	—	(8,751)	296	(19,420)
Balance at July 4, 2010, net	$ 330,119	$165,708	$225,074	$192,041	$ 912,942
Total Intangible Assets, net, at July 4, 2010	$ 723,771	$241,708	$422,461	$366,499	$1,754,439

Intangible assets subject to amortization include proprietary technology, customer relationships and certain trade names. The carrying value of technology assets was $62,443, net of accumulated amortization of $4,655 at July 4, 2010 and $62,985, net of accumulated amortization of $515 at September 30, 2009. The carrying value of these trade names was $149,078, net of accumulated amortization of $613, at July 4, 2010 and $490, net of accumulated amortization of $10, at September 30, 2009. Remaining intangible assets subject to amortization include customer relationship intangibles. The carrying value of customer relationships was $701,421, net of accumulated amortization of $26,476, at July 4, 2010 and $708,234, net of accumulated amortization of $2,988, at September 30, 2009. The useful life of the Company's intangible assets subject to amortization are 8 years for technology assets related to the Global Pet Supplies segment, 9 to 11 years for technology assets related to the Small Appliances segment, 17 years for technology assets associated with the Global Batteries & Personal Care segment, 20 years for customer relationships of Global Batteries & Personal Care, Home and Garden and Global Pet Supplies, 15 years for Small Appliances customer relationships, 12 years for a trade name within the Small Appliances segment and 4 years for a trade name within the Home and Garden segment.

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

Amortization expense for the three and nine month periods ended July 4, 2010 and June 28, 2009 is as follows:

	Successor Company	Predecessor Company	Successor Company	Predecessor Company
	Three Months Ended		Nine Months Ended	
	2010	2009	2010	2009
Proprietary technology amortization	$ 1,563	$ 944	$ 4,655	$ 2,813
Customer relationships amortization	8,767	4,081	26,476	12,163
Trade names amortization	549	221	613	583
	$ 10,879	$ 5,246	$ 31,744	$ 15,559

The Company estimates annual amortization expense for the next five fiscal years will approximate $55,000 per year.

7 DEBT

Debt of the Company consists of the following:

	July 4, 2010		September 30, 2009	
	Amount	Rate	Amount	Rate
Term Loan, U.S. Dollar, expiring June 16, 2016	750,000	8.1%	—	—
9.5% Secured Subordinated Notes, due June 15, 2018	750,000	9.5%	—	—
Term Loan B, U.S. Dollar, expiring June 30, 2012	—	—	973,125	8.1%
Term Loan, Euro, expiring June 30, 2012	—	—	371,874	8.6%
12% Senior Subordinated Notes, due August 28, 2019	231,161	12.0%	218,076	12.0%
ABL Revolving Credit Facility, expiring June 16, 2014	22,000	6.0%	—	—
ABL Revolving Credit Facility, expiring March 31, 2012	—	—	33,225	6.6%
Supplemental Loan, expiring March 31, 2012	—	—	45,000	17.7%
Other notes and obligations	44,380	8.3%	5,919	6.2%
Capitalized lease obligations	10,969	5.1%	12,924	4.9%
	1,808,510		1,660,143	
Original issuance discounts on debt	(27,355)		—	
Adjustments resulting from fresh-start reporting valuation	(148)		(76,608)	
Less current maturities	46,261		53,578	
Long-term debt, net of current maturities	$1,734,746		$1,529,957	

In connection with the combination of Spectrum Brands and Russell Hobbs, Spectrum Brands (i) entered into a new senior secured term loan pursuant to a new senior credit agreement (the “Senior Credit Agreement”) consisting of a $750,000 U.S. Dollar Term Loan due June 16, 2016 (the “Term Loan”), (ii) issued $750,000 in aggregate principal amount of 9.5% Senior Secured Notes maturing June 15, 2018 (the “9.5% Notes”) and (iii) entered into a $300,000 U.S. Dollar asset based revolving loan facility due June 16, 2014 (the “ABL Revolving Credit Facility” and together with the Senior Credit Agreement, the “Senior Credit Facilities” and the Senior Credit Facilities together with the 9.5% Notes, the “Senior Secured Facilities”). The proceeds from the Senior Secured Facilities were used to repay Spectrum Brands’ then-existing senior term credit facility (the “Prior Term Facility”) and Spectrum Brands’ then-existing asset based revolving loan facility, to pay fees and expenses in connection with the refinancing and for general corporate purposes.

SPECTRUM BRANDS, INC.

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The 9.5% Notes and 12% Notes were issued by Spectrum Brands. SB/RH Holdings, LLC, a wholly-owned subsidiary of SB Holdings, and the wholly owned domestic subsidiaries of Spectrum Brands are the guarantors under the 9.5% Notes. The wholly owned domestic subsidiaries of Spectrum Brands are the guarantors under the 12% Notes. SB Holdings is not an issuer or guarantor of the 9.5% Notes or the 12% Notes. SB Holdings is also not a borrower or guarantor under the Company's Term Loan or the ABL Revolving Credit Facility. Spectrum Brands is the borrower under the Term Loan and its wholly owned domestic subsidiaries along with SB/RH Holdings, LLC are the guarantors under that facility. Spectrum Brands and its wholly owned domestic subsidiaries are the borrowers under the ABL Revolving Credit Facility and SB/RH Holdings, LLC is a guarantor of that facility.

Senior Term Credit Facility

The Term Loan has a maturity date of June 16, 2016. Subject to certain mandatory prepayment events, the Term Loan is subject to repayment according to a scheduled amortization, with the final payment of all amounts outstanding, plus accrued and unpaid interest, due at maturity. Among other things, the Term Loan provides for a minimum Eurodollar interest rate floor of 1.5% and interest spreads over market rates of 6.5%.

The Senior Credit Agreement contains financial covenants with respect to debt, including, but not limited to, a maximum leverage ratio and a minimum interest coverage ratio, which covenants, pursuant to their terms, become more restrictive over time. In addition, the 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. Pursuant to a guarantee and collateral agreement, the Company and its domestic subsidiaries have guaranteed their respective obligations under the Senior Credit Agreement and related loan documents and have pledged substantially all of their respective assets to secure such obligations. The Senior Credit Agreement also provides for customary events of default, including payment defaults and cross-defaults on other material indebtedness.

The Term Loan was issued at a 2.00% discount and was recorded net of the $15,000 amount incurred. The discount will be amortized as an adjustment to the carrying value of principal with a corresponding charge to interest expense over the remaining life of the Senior Credit Agreement. During both the three and nine month periods ended July 4, 2010, the Company recorded $25,968 of fees in connection with the Senior Credit Agreement. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statement of Financial Position (Unaudited) as of July 4, 2010 and will be amortized as an adjustment to interest expense over the remaining life of the Senior Credit Agreement.

At July 4, 2010, the aggregate amount outstanding under the Term Loan totaled $750,000.

At September 30, 2009, the aggregate amount outstanding under the Prior Term Facility totaled a U.S. Dollar equivalent of $1,391,459, consisting of principal amounts of $973,125 under the U.S. Dollar Term B Loan, €254,970 under the Euro Facility (USD $371,874 at September 30, 2009) as well as letters of credit outstanding under the L/C Facility totaling $46,460.

At July 4, 2010, the Company was in compliance with all covenants under the Senior Credit Agreement.

9.5% Notes

At July 4, 2010, Company had outstanding principal of $750,000 under the 9.5% Notes maturing June 15, 2018.

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

The Company may redeem all or a part of the 9.5% Notes, upon not less than 30 or more than 60 days notice at specified redemption prices. Further, the indenture governing the 9.5% Notes (the "2018 Indenture") requires the Company to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of the Company, as defined in such indenture.

The 2018 Indenture contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2018 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments on or acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency. Events of default under the 2018 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 9.5% Notes. If any other event of default under the 2018 Indenture occurs and is continuing, the trustee for the 2018 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 9.5% Notes may declare the acceleration of the amounts due under those notes.

At July 4, 2010, the Company was in compliance with all covenants under the 2018 Indenture. The Company, however, is subject to certain limitations as a result of the Company's Fixed Charge Coverage Ratio under the 2018 Indenture being below 2:1. Until the test is satisfied, the Company and certain of its subsidiaries are limited in their ability to make significant acquisitions or incur significant additional senior credit facility debt beyond the Senior Credit Facilities. The Successor Company does not expect its inability to satisfy 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.

The 9.5% Notes were issued at a 1.37% discount and were recorded net of the $10,245 amount incurred. The discount will be amortized as an adjustment to the carrying value of principal with a corresponding charge to interest expense over the remaining life of the 9.5% Notes. During both the three and nine month periods ended July 4, 2010, the Company recorded $20,810 of fees in connection with the issuance of the 9.5% Notes. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statement of Financial Position (Unaudited) as of July 4, 2010 and will be amortized as an adjustment to interest expense over the remaining life of the 9.5% Notes.

12% Notes

On August 28, 2009, in connection with emergence from the voluntary reorganization under Chapter 11 and pursuant to the Plan, the Company issued $218,076 in aggregate principal amount of 12% Notes maturing August 28, 2019. Semiannually, at its option, the Company may elect to pay interest on the 12% Notes in cash or as payment in kind, or "PIK". PIK interest would be added to principal upon the relevant semi-annual interest payment date. Under the Prior Term Facility, the Company agreed to make interest payments on the 12% Notes through PIK for the first three semi-annual interest payment periods. As a result of the refinancing of the Prior Term Facility the Company is no longer required to make interest payments as payment in kind after the semi-annual interest payment date of August 28, 2010. During both the three and nine month periods ended July 4, 2010, the Company reclassified $13,085 of accrued interest from Other long term liabilities to principal in

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

connection with the PIK provision of the 12% Notes. At July 4, 2010, the Company had $9,632 of accrued interest included in Other long term liabilities in the accompanying Condensed Consolidated Statement of Financial Position (Unaudited) that will be reclassified to principal upon the next semi-annual interest payment date of August 28, 2010.

The Company may redeem all or a part of the 12% Notes, upon not less than 30 or more than 60 days notice, beginning August 28, 2012 at specified redemption prices. Further, the indenture governing the 12% Notes require the Company to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of the Company, as defined in such indenture.

At July 4, 2010 and September 30, 2009, the Company had outstanding principal of $231,161 and $218,076, respectively, under the 12% Notes.

The indenture governing the 12% Notes (the “2019 Indenture”), contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2019 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments 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 12% Notes. If any other event of default under the 2019 Indenture occurs and is continuing, the trustee for the indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 12% Notes may declare the acceleration of the amounts due under those notes.

At July 4, 2010, the Company was in compliance with all covenants under the 12% Notes. The Company, however, is subject to certain limitations as a result of the Company’s Fixed Charge Coverage Ratio under the 2019 Indenture being below 2:1. Until the test is satisfied, Spectrum Brands and certain of its subsidiaries are limited in their ability to make significant acquisitions or incur significant additional senior credit facility debt beyond the Senior Credit Facilities. The Company does not expect its inability to satisfy 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.

In connection with the Merger, the Company obtained the consent of the note holders to certain amendments to the 2019 Indenture (the “Supplemental Indenture”). The Supplemental Indenture became effective upon the closing of the Merger. Among other things, the Supplemental Indenture amended the definition of change in control to exclude the Harbinger Capital Partners Master Fund I, Ltd. (“Harbinger Master Fund”) and Harbinger Capital Partners Special Situations Fund, L.P. (“Harbinger Special Fund”) and, together with Harbinger Master Fund, the “HCP Funds”) and Global Opportunities Breakaway Ltd. (together with the HCP Funds, the “Harbinger Parties”) and increased the Company’s ability to incur indebtedness up to $1,850,000.

During the nine month period ended July 4, 2010, the Company recorded $2,950 of fees in connection with the consent. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

Statement of Financial Position (Unaudited) as of July 4, 2010 and will be amortized as an adjustment to interest expense over the remaining life of the 12% Notes effective with the closing of the Merger.

ABL Revolving Credit Facility

The ABL Revolving Credit Facility is governed by a credit agreement (the "ABL Credit Agreement") with Bank of America as administrative agent (the "Agent"). The ABL Revolving Credit Facility consists of revolving loans (the "Revolving Loans"), with a portion available for letters of credit and a portion available as swing line loans, in each case subject to the terms and limits described therein.

The Revolving Loans may be drawn, repaid and reborrowed without premium or penalty. The proceeds of borrowings under the ABL Revolving Credit Facility are to be used for costs, expenses and fees in connection with the ABL Revolving Credit Facility, for working capital requirements of the Company and its subsidiaries', restructuring costs, and other general corporate purposes.

The ABL Revolving Credit Facility carries an interest rate, at the Company's option, which is subject to change based on availability under the facility, of either: (a) the base rate plus currently 2.75% per annum or (b) the reserve-adjusted LIBOR rate (the "Eurodollar Rate") plus currently 3.75% per annum. No amortization will be required with respect to the ABL Revolving Credit Facility. The ABL Revolving Credit Facility will mature on June 16, 2014.

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

At July 4, 2010, the Company was in compliance with all covenants under the ABL Credit Agreement.

During both the three and nine month periods ended July 4, 2010, the Company recorded $9,759 of fees in connection with the ABL Revolving Credit Facility. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statement of Financial Position (Unaudited) as of July 4, 2010 and will be amortized as an adjustment to interest expense over the remaining life of the ABL Revolving Credit Facility.

As a result of borrowings and payments under the ABL Revolving Credit Facility at July 4, 2010, the Company had aggregate borrowing availability of approximately $208,108, net of lender reserves of $28,972.

At July 4, 2010, the Company had an aggregate amount outstanding under the ABL Revolving Credit Facility of $62,920 which includes loans outstanding of $22,000 and letters of credit of $40,920.

At September 30, 2009, the Company had an aggregate amount outstanding under its then-existing asset based revolving loan facility of $84,225 which included a supplemental loan of $45,000 and $6,000 in outstanding letters of credit.

SPECTRUM BRANDS, INC.

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(Amounts in thousands, except per share figures)

8 EMPLOYEE BENEFIT PLANS

Pension Benefits

The Company has various defined benefit pension plans covering some of its employees in the U.S. and certain employees in other countries, primarily the United Kingdom and Germany. 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 96 percent current liability funded status. At January 1, 2010, 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 96 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.

Other Benefits

Under the Rayovac postretirement plan 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.

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Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

The Company's results of operations for the three and nine month periods ended July 4, 2010 and June 28, 2009 reflect the following pension and deferred compensation benefit costs:

Components of net periodic pension benefit and deferred compensation benefit cost	Successor Company Three Months Ended 2010	Predecessor Company Three Months Ended 2009	Successor Company Nine Months Ended 2010	Predecessor Company Nine Months Ended 2009
Service cost	$ 725	$ 601	$ 2,174	$ 1,803
Interest cost	1,932	1,727	5,558	5,179
Expected return on assets	(1,382)	(1,147)	(3,926)	(3,442)
Amortization of prior service cost	1	55	4	165
Recognized net actuarial loss	22	39	25	118
Employee contributions	(88)	(29)	(265)	(86)
Net periodic benefit cost	$ 1,210	$ 1,246	$ 3,570	$ 3,737

Pension and deferred compensation contributions	Successor Company Three Months Ended 2010	Predecessor Company Three Months Ended 2009	Successor Company Nine Months Ended 2010	Predecessor Company Nine Months Ended 2009
Contributions made during period	$ 1,711	$ 2,475	$ 3,714	$ 3,724

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. Prior to April 1, 2009 the Company contributed annually from 3% to 6% of participants' compensation based on age or service, and had the ability to make additional discretionary contributions. The Company suspended all contributions to its U.S. subsidiaries defined contribution pension plans effective April 1, 2009 through December 31, 2009. Effective January 1, 2010 the Company reinstated its annual contribution as described above. The Company also sponsors defined contribution pension plans for employees of certain foreign subsidiaries. Successor Company contributions charged to operations, including discretionary amounts, for the three and nine month periods ended July 4, 2010 were $933 and $2,408, respectively. Predecessor Company contributions charged to operations, including discretionary amounts, for the three and nine month periods ended June 28, 2009 were $134 and $2,583, respectively.

9 INCOME TAXES

The Company files income tax returns in the U.S. federal jurisdiction and various state, local and foreign jurisdictions and is subject to ongoing examination by the various taxing authorities. The Company's major taxing jurisdictions are the U.S., U.K., and Germany. In the U.S. federal tax filings for years prior to and including Spectrum Brands fiscal year ended September 30, 2006 are closed. However, the federal net operating loss carryforward from Spectrum Brands fiscal year ended September 30, 2006 is subject to Internal Revenue Service ("IRS") examination until the year that such net operating loss carryforward is utilized and that year is closed for audit. Spectrum Brands fiscal years ended September 30, 2007, 2008, and 2009 remain open to examination by the IRS. Filings in various U.S. state and local jurisdictions are also subject to audit and to date no significant audit matters have arisen.

In the U.S. federal tax filings for years prior to and including Russell Hobbs fiscal year ended June 30, 2008 are closed. However, the federal net operating loss carryforward from Russell Hobbs fiscal year ended June 30,

2008 is subject to Internal Revenue Service ("IRS") examination until the year that such net operating loss carryforward is utilized and that year is closed for audit. Russell Hobbs fiscal year ended June 30, 2009 remains open to examination by the IRS. Filings in various U.S. state and local jurisdictions are also subject to audit and to date no significant audit matters have arisen.

During Fiscal 2010, certain of the Company's German legal entities are undergoing audits for the fiscal years ended 2003 through 2006. The Company cannot predict the ultimate outcome of the examinations; however, it is reasonably possible that during the next 12 months some portion of previously unrecognized tax benefits could be recognized.

10 SEGMENT RESULTS

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

On June 16, 2010, the Company completed the Merger with Russell Hobbs. The results of Russell Hobbs operations since June 16, 2010 are in included in the Company's Condensed Consolidated Statement of Operations (Unaudited). The financial results are reported as a separate business segment, Small Appliances.

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

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

The operating segment profits do not include restructuring and related charges, acquisition and integration related charges, interest expense, interest income, impairment charges and income tax expense. Corporate expenses include primarily general and administrative expenses associated with corporate overhead and global long-term incentive compensation plans. 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.

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Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

Segment information for the three and nine month periods ended July 4, 2010 and June 28, 2009 is as follows:

	Successor Company	Predecessor Company	Successor Company	Predecessor Company
	Three Months Ended		Nine Months Ended	
	2010	2009	2010	2009
Net sales from external customers				
Global Batteries & Personal Care	$ 318,931	$ 296,759	$ 1,055,867	$ 973,594
Global Pet Supplies	135,216	144,594	420,388	419,085
Home and Garden Business	163,584	148,008	266,002	248,447
Small Appliances	35,755	—	35,755	—
Total segments	$ 653,486	$ 589,361	$ 1,778,012	$ 1,641,126

	Successor Company	Predecessor Company	Successor Company	Predecessor Company
	Three Months Ended		Nine Months Ended	
	2010	2009	2010	2009
Segment profit (loss)				
Global Batteries & Personal Care	$ 31,874	$ 37,316	$ 111,570	$ 124,406
Global Pet Supplies	17,229	19,221	37,325	45,799
Home and Garden Business	40,058	38,645	41,446	36,870
Small Appliances	2,137	—	2,137	—
Total segments	91,298	95,182	192,478	207,075
Corporate expense	9,616	8,209	28,978	24,543
Acquisition and integration related charges	17,002	—	22,472	—
Restructuring and related charges	4,844	3,232	16,662	40,400
Interest expense	132,238	48,649	230,130	148,559
Other expense, net	1,443	(841)	8,427	3,546
Income (loss) from continuing operations before reorganization items and income taxes	$ (73,845)	$ 35,933	$ (114,191)	$ (9,973)

	Successor Company	
	July 4, 2010	September 30, 2009
Segment total assets		
Global Batteries & Personal Care	$ 1,538,227	$ 1,630,139
Global Pet Supplies	809,963	866,901
Home and Garden	533,153	505,586
Small Appliances	820,691	—
Total segments	3,702,034	3,002,626
Corporate	65,417	18,120
Total assets at period end	$ 3,767,451	$ 3,020,746

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
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The Global Batteries & Personal Care segment does business in Venezuela through a Venezuelan subsidiary. At January 4, 2010, the beginning of the Company's second quarter of Fiscal 2010, the Company determined that Venezuela meets the definition of a highly inflationary economy under GAAP. As a result, beginning January 4, 2010, the U.S. dollar is the functional currency for the Company's Venezuelan subsidiary. Accordingly, going forward, currency remeasurement adjustments for this subsidiary's financial statements and other transactional foreign exchange gains and losses are reflected in earnings. Through January 3, 2010, prior to being designated as highly inflationary, translation adjustments related to our Venezuelan subsidiary were reflected in Shareholders' equity as a component of other comprehensive income.

In addition, on January 8, 2010, the Venezuelan government announced its intention to devalue its currency, the Bolivar fuerte, relative to the U.S. dollar. The official exchange rate for imported goods classified as essential, such as food and medicine, changed from 2.15 to 2.6 to the U.S. dollar, while payments for other non-essential goods moved to an exchange rate of 4.3 to the U.S. dollar. Some of the Company's imported products fall into the essential classification and qualify for the 2.6 rate; however, the Company's overall results in Venezuela will be reflected at the 4.3 rate expected to be applicable to dividend repatriations. As a result, the Company remeasured the local statement of financial position of its Venezuela entity during the second quarter of Fiscal 2010 to reflect the impact of the devaluation. There is also an ongoing impact related to measuring the Company's Venezuelan statement of operations at the new exchange rate of 4.3 to the U.S. dollar.

The designation of the Company's Venezuela entity as a highly inflationary economy and the devaluation of the Bolivar fuerte resulted in a $150 and $1,306 reduction to the Company's operating income during the three and nine months ended July 4, 2010, respectively. The Company also reported a foreign exchange loss in Other expense (income), net, of $5,823 for the nine month period ended July 4, 2010.

11 ACQUISITION AND INTEGRATION RELATED CHARGES

Acquisition and integration related charges reflected in Operating expenses include, but are not limited to transaction costs such as banking, legal and accounting professional fees directly related to the acquisition, termination and related costs for transitional and certain other employees, integration related professional fees and other post business combination related expenses associated with the Merger of Russell Hobbs.

The following table summarizes acquisition and integration related charges incurred by the Company for the three and nine month periods ended July 4, 2010:

	Three Months Ended	Nine Months Ended
Legal and professional fees	$ 15,512	$ 20,982
Integration costs	103	103
Employee termination charges	1,387	1,387
Total Acquisition and integration related charges	$ 17,002	$ 22,472

12 RESTRUCTURING AND RELATED CHARGES

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

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

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 as well as consultation, legal and accounting fees related to the evaluation of the Predecessor Company's capital structure incurred prior to the Bankruptcy filing.

The following table summarizes restructuring and related charges incurred by segment for the three and nine month periods ended July 4, 2010 and June 28, 2009:

	Successor Company	Predecessor Company	Successor Company	Predecessor Company
	Three Months Ended		Nine Months Ended	
	2010	2009	2010	2009
Cost of goods sold:				
Global Batteries & Personal Care	$ 1,185	$ 171	$ 2,638	$ 12,447
Global Pet Supplies	705	232	2,854	763
Home and Garden Business	—	—	38	—
Total restructuring and related charges in cost of goods sold	1,890	403	5,530	13,210
Operating expenses:				
Global Batteries & Personal Care	51	797	(155)	8,106
Global Pet Supplies	222	(20)	724	3,939
Home and Garden Business	(220)	1,168	7,805	2,949
Corporate	2,901	884	2,758	12,196
Total restructuring and related charges in operating expenses	2,954	2,829	11,132	27,190
Total restructuring and related charges	$ 4,844	$ 3,232	$16,662	$ 40,400

2009 Restructuring Initiatives

The Predecessor Company implemented a series of initiatives within the Global Batteries & Personal Care segment, the Global Pet Supplies segment and the Home and Garden Business segment to reduce operating costs as well as evaluate the Company's opportunities to improve its capital structure (the "Global Cost Reduction Initiatives"). These initiatives include headcount reductions within each of the Company's segments and the exit of certain facilities in the U.S. related to the Global Pet Supplies and Home and Garden Business segments. These initiatives also included consultation, legal and accounting fees related to the evaluation of the Predecessor Company's capital structure. The Successor Company recorded $2,553 and $13,942 of pretax restructuring and related charges during the three and nine month periods ended July 4, 2010, respectively, and the Predecessor Company recorded $2,423 and $12,515 of pretax restructuring and related charges during both the three and nine month periods ended June 28, 2009 related to the Global Cost Reduction Initiatives. Costs associated with these initiatives, which are expected to be incurred through March 31, 2014, are projected at approximately $55,000.

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

Global Cost Reduction Initiatives Summary

The following table summarizes the remaining accrual balance associated with the 2009 initiatives and the activity during the nine month period ended July 4, 2010:

	Termination and Compensation Benefits	Other Costs	Total
Accrual balance at September 30, 2009	$ 4,180	$ 84	$ 4,264
Provisions	2,938	4,885	7,823
Cash expenditures	(2,861)	(848)	(3,709)
Non-cash items	(131)	(56)	(187)
Accrual balance at July 4, 2010	$ 4,126	$4,065	$ 8,191
Expensed as incurred[(A)]	$ 1,302	$4,817	$ 6,119

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

The following table summarizes the expenses as incurred during the nine month period ended July 4, 2010, the cumulative amount incurred to date and the total future costs expected to be incurred associated with the Global Cost Reduction Initiatives by operating segment:

	Global Batteries and Personal Care	Global Pet Supplies	Home and Garden	Corporate	Total
Restructuring and related charges during the nine month period ended July 4, 2010	$ 1,913	$ 3,578	$ 8,451	$ —	$13,942
Restructuring and related charges since initiative inception	$ 6,515	$ 7,034	$ 13,203	$ 7,591	$34,343
Total remaining restructuring and related charges expected	$ —	$ 20,300	$ 200	$ —	$20,500

2008 Restructuring Initiatives

The Company implemented an initiative within the Global Batteries & Personal Care segment in China to reduce operating costs and rationalize the Company's manufacturing structure. These initiatives include the plan to exit the Company's Ningbo, China battery manufacturing facility (the "Ningbo Exit Plan"). The Successor Company recorded $193 and $1,526 of pretax restructuring and related charges during the three and nine month periods ended July 4, 2010, respectively, and the Predecessor Company recorded $193 and $12,455 of pretax restructuring and related charges during the three and nine month periods ended June 28, 2009, respectively, in connection with the Ningbo Exit Plan. The Company has recorded pretax restructuring and related charges of $28,481 since the inception of the Ningbo Exit Plan, which are substantially complete.

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

Ningbo Exit Plan Summary

The following table summarizes the remaining accrual balance associated with the 2008 initiatives and the activity during the nine month period ended July 4, 2010:

	Other Costs
Accrual balance at September 30, 2009	$ 308
Provisions	446
Cash expenditures	(237)
Non-cash items	(10)
Accrual balance at July 4, 2010	$ 507
Expensed as incurred[(A)]	$1,080

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

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, which are substantially complete, include the reduction of certain manufacturing operations in Brazil and the restructuring of management, sales, marketing and support functions. The Successor Company recorded no pretax restructuring and related charges during the three month period ended July 4, 2010 and $79 of pretax restructuring and related charges during the nine month period ended July 4, 2010. The Predecessor Company recorded $(32) and $54 of pretax restructuring and related charges during the three and nine month periods ended June 28, 2009, respectively, in connection with the Latin American Initiatives. The Company has recorded pretax restructuring and related charges of $11,526 since the inception of the Latin American Initiatives, which are substantially complete.

The following table summarizes the remaining accrual balance associated with the Latin American Initiatives and the activity during the nine month period ended July 4, 2010:

Latin American Initiatives Summary

	Other Costs
Accrual balance at September 30, 2009	$ 331
Non-cash items	(331)
Accrual balance at July 4, 2010	$ —
Expensed as incurred[(A)]	$ 79

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

In Fiscal 2007, the Company began managing its business in three vertically integrated, product-focused reporting segments; Global Batteries & Personal Care, Global Pet Supplies and the Home and Garden Business. 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

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
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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 Successor Company recorded $2,098 and $1,115 of pretax restructuring and related charges during the three and nine month periods ended July 4, 2010, respectively, and the Predecessor Company recorded $1,448 and $12,499 of pretax restructuring and related charges during the three and nine month periods ended June 28, 2009, respectively, in connection with the Global Realignment Initiatives. Costs associated with these initiatives, which are expected to be incurred through June 30, 2011, relate primarily to severance and are projected at approximately $86,300, the majority of which are cash costs.

The following table summarizes the remaining accrual balance associated with the Global Realignment Initiatives and the activity during the nine month period ended July 4, 2010:

Global Realignment Initiatives Summary

	Termination and Compensation Benefits	Other Costs	Total
Accrual balance at September 30, 2009	$ 14,581	$ 3,678	$18,259
Provisions	(31)	(1,101)	(1,132)
Cash expenditures	(5,612)	(76)	(5,688)
Non-cash items	(496)	454	(42)
Accrual balance at July 4, 2010	$ 8,442	$ 2,955	$11,397
Expensed as incurred[(A)]	$ 2,616	$ (369)	$ 2,247

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

The following table summarizes the expenses as incurred during the nine month period ended July 4, 2010, the cumulative amount incurred to date and the total future costs expected to be incurred associated with the Global Realignment Initiatives by operating segment:

	Global Batteries and Personal Care	Home and Garden	Corporate	Total
Restructuring and related charges during the nine month period ended July 4, 2010	$ (1,034)	$ (795)	$ 2,944	$ 1,115
Restructuring and related charges since initiative inception	$ 46,606	$ 6,763	$ 32,718	$86,087
Total remaining restructuring and related charges expected	$ —	$ —	$ 220	$ 220

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, which are substantially complete, include the relocation of certain operations at the Ellwangen, Germany packaging center to the Dischingen, Germany battery plant and restructuring its sales, marketing and support functions. The Successor Company recorded no pretax restructuring and related charges during the three and nine month periods ended July 4, 2010 and the Predecessor Company also recorded no

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
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pretax restructuring and related charges during the three and nine month periods ended June 28, 2009 in connection with the European Initiatives. The Company has recorded pretax restructuring and related charges of $27,057 since the inception of the European Initiatives.

The following table summarizes the remaining accrual balance associated with the 2006 initiatives and the activity during the nine month period ended July 4, 2010:

European Initiatives Summary

	Termination and Compensation Benefits	Other Costs	Total
Accrual balance at September 30, 2009	$ 2,623	$ 319	$2,942
Cash expenditures	(450)	(151)	(601)
Non-cash items	(353)	16	(337)
Accrual balance at July 4, 2010	$ 1,820	$ 184	$2,004

13 COMMITMENTS AND CONTINGENCIES

The Company has provided for the estimated costs associated with environmental remediation activities at some of its current and former manufacturing sites. The Company believes that any additional liability in excess of the amounts provided of approximately $9,626, 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.

In December 2009, San Francisco Technology, Inc. filed an action in the Federal District Court for the Northern District of California against the Company, as well as a number of unaffiliated defendants, claiming that each of the defendants had falsely marked patents on certain of its products in violation of Article 35, Section 292 of the U.S. Code and seeking to have civil fines imposed on each of the defendants for such claimed violations. This matter is currently stayed pending resolution of a similar case in which the Company is not a party. The Company is reviewing the claims but is unable to estimate any possible losses at this time.

In May 2010, Herengrucht Group, LLC filed an action in the U.S. District Court for the Southern District of California against the Company claiming that the Company had falsely marked patents on certain of its products in violation of Article 35, Section 292 of the U.S. Code and seeking to have civil fines imposed on each of the defendants for such claimed violations. The Company is reviewing the claims but is unable to estimate any possible losses at this time.

A subsidiary of the Company is a defendant in NACCO Industries, Inc. et al. v. Applica Incorporated et al., Case No. C.A. 2541-VCL, which was filed in the Court of Chancery of the State of Delaware in November 2006.

The original complaint in this action alleged a claim for, among other things, breach of contract against Applica and a number of tort claims against certain entities affiliated with the Harbinger Master Fund and Harbinger Special Fund and, together with Harbinger Master Fund, the HCP Funds. The claims against Applica related to the alleged breach of the merger agreement between Applica and NACCO Industries, Inc. (“NACCO”) and one of its affiliates, which agreement was terminated following Applica’s receipt of a superior merger offer from the HCP Funds. On October 22, 2007, the plaintiffs filed an amended complaint asserting claims against

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

Applica for, among other things, breach of contract and breach of the implied covenant of good faith relating to the termination of the NACCO merger agreement and asserting various tort claims against Applica and the HCP Funds. The original complaint was filed in conjunction with a motion preliminarily to enjoin the HCP Funds' acquisition of Applica. On December 1, 2006, plaintiffs withdrew their motion for a preliminary injunction. In light of the consummation of Applica's merger with affiliates of the HCP Funds in January 2007 (Applica is currently a subsidiary of Russell Hobbs), the Company believes that any claim for specific performance is moot. Applica filed a motion to dismiss the amended complaint in December 2007. Rather than respond to the motion to dismiss the amended complaint, NACCO filed a motion for leave to file a second amended complaint, which was granted in May 2008. Applica moved to dismiss the second amended complaint, which motion was granted in part and denied in part in December 2009.

The trial is currently scheduled for February 2011. The Company may be unable to resolve the disputes successfully or without incurring significant costs and expenses. As a result, Russell Hobbs and Harbinger Master Fund have entered into an indemnification agreement, dated as of February 9, 2010, by which Harbinger Master Fund has agreed, effective upon the consummation of the Merger, to indemnify Russell Hobbs, its subsidiaries and any entity that owns all of the outstanding voting stock of Russell Hobbs against any out-of-pocket losses, costs, expenses, judgments, penalties, fines and other damages in excess of $3,000 incurred with respect to this litigation and any future litigation or legal action against the indemnified parties arising out of or relating to the matters which form the basis of this litigation.

Applica Consumer Products, Inc., a subsidiary of the Company, is a defendant in three asbestos lawsuits in which the plaintiffs have alleged injury as the result of exposure to asbestos in hair dryers distributed by that subsidiary over 20 years ago. Although Applica never manufactured such products, asbestos was used in certain hair dryers distributed by it prior to 1979. Russell Hobbs, another subsidiary, is a defendant in one asbestos lawsuit in which the plaintiff has alleged injury as the result of exposure to asbestos in toasters and/or toaster ovens. There are numerous defendants named in these lawsuits, many of whom, unlike Russell Hobbs or Applica, actually manufactured asbestos containing products. The Company believes that these actions are without merit, but may be unable to resolve the disputes successfully without incurring significant expenses. At this time, the Company does not believe it has coverage under its insurance policies for the asbestos lawsuits.

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

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

14 ACQUISITION

On June 16, 2010, the Company merged with Russell Hobbs. Headquartered in Miramar, Florida, Russell Hobbs is a designer, marketer and distributor of a broad range of branded small household appliances. Russell Hobbs markets and distributes small kitchen and home appliances, pet and pest products and personal care products. Russell Hobbs has a broad portfolio of recognized brand names, including Black & Decker, George Foreman, Russell Hobbs, Toastmaster, LitterMaid, Farberware, Breadman and Juiceman. Russell Hobbs' customers include mass merchandisers, specialty retailers and appliance distributors primarily in North America, South America, Europe and Australia.

The results of Russell Hobbs operations since June 16, 2010 are included in the Company's Condensed Consolidated Statements of Operations (Unaudited). The financial results of Russell Hobbs are reported as a

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
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separate business segment, Small Appliances. Russell Hobbs contributed $35,755 in Net sales, and recorded Operating income of $647 for the period from June 16, 2010 through the period ended July 4, 2010, which includes $1,490 of Acquisition and integration related charges.

In accordance with ASC Topic 805, *"Business Combinations"* ("ASC 805"), the Company accounted for the Merger by applying the acquisition method of accounting. The acquisition method of accounting requires that the consideration transferred in a business combination be measured at fair value as of the closing date of the acquisition. After consummation of the Merger, the stockholders of Spectrum Brands, inclusive of Harbinger, own approximately 60% of SB Holdings and the stockholders of Russell Hobbs own approximately 40% of SB Holdings. Inasmuch as Russell Hobbs is a private company and its common stock was not publicly traded, the closing market price of the Spectrum Brands common stock at June 15, 2010 was used to calculate the purchase price. The total purchase price of Russell Hobbs was approximately $597,579 determined as follows:

Spectrum Brands closing price per share on June 15, 2010	$ 28.15
Purchase price—Russell Hobbs allocation—20,704 shares[1][2]	$ 575,203
Cash payment to payoff Russell Hobbs' north american credit facility	22,376
Total purchase price of Russell Hobbs	$ 597,579

(1) Number of shares calculated based upon conversion formula, as defined in the Merger Agreement, using balances as of June 16, 2010.
(2) The fair value of 271 shares of unvested restricted stock units as they relate to post combination services will be recorded as operating expense over the remaining service period and were assumed to have no fair value for the purchase price.

Preliminary Purchase Price Allocation

The total purchase price for Russell Hobbs was allocated to the preliminary net tangible and intangible assets based upon their preliminary fair values at June 16, 2010 as set forth below. The excess of the purchase price over the preliminary net tangible assets and intangible assets was recorded as goodwill. The preliminary allocation of the purchase price was based upon a preliminary valuation and the estimates and assumptions that are subject to change within the measurement period (up to one year from the acquisition date). The primary areas of the preliminary purchase price allocation that are not yet finalized relate to the fair values of certain tangible assets and liabilities acquired, certain legal matters, amounts for income taxes including deferred tax accounts, amounts for uncertain tax positions, and net operating loss carryforwards inclusive of associated limitations, the determination of identifiable intangible assets and the final allocation of goodwill. The Company

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

expects to continue to obtain information to assist it in determining the fair values of the net assets acquired at the acquisition date during the measurement period. The preliminary purchase price allocation for Russell Hobbs is as follows:

Current assets	$ 307,809
Property, plant and equipment	15,150
Intangible assets	363,327
Goodwill	120,079
Other assets	15,752
Total assets acquired	$ 822,117
Current liabilities	142,046
Total debt	18,970
Long-term liabilities	63,522
Total liabilities assumed	$ 224,538
Net assets acquired	$ 597,579

Preliminary Pre-Acquisition Contingencies Assumed

The Company has evaluated and continues to evaluate pre-acquisition contingencies relating to Russell Hobbs that existed as of the acquisition date. Based on the evaluation to date, the Company has preliminarily determined that certain pre-acquisition contingencies are probable in nature and estimable as of the acquisition date. Accordingly, the Company has preliminarily recorded its best estimates for these contingencies as part of the preliminary purchase price allocation for Russell Hobbs. The Company continues to gather information relating to all pre-acquisition contingencies that it has assumed from Russell Hobbs. Any changes to the pre-acquisition contingency amounts recorded during the measurement period will be included in the purchase price allocation. Subsequent to the end of the measurement period any adjustments to pre-acquisition contingency amounts will be reflected in the Company's results of operations.

Certain estimated values are not yet finalized and are subject to change, which could be significant. The Company will finalize the amounts recognized as it obtains the information necessary to complete its analysis during the measurement period. The following items are provisional and subject to change:

- tangible assets and liabilities acquired;
- amounts for legal contingencies, pending the finalization of the Company's examination and evaluation of the portfolio of filed cases;
- amounts for income taxes including deferred tax accounts, amounts for uncertain tax positions, and net operating loss carryforwards inclusive of associated limitations; and
- the determination of identifiable intangible assets and the final allocation of Goodwill.

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

ASC 805 requires, among other things, that most assets acquired and liabilities assumed be recognized at their fair values as of the acquisition date. Accordingly, the Company performed a preliminary valuation of the assets and liabilities of Russell Hobbs at June 16, 2010. Significant adjustments as a result of that preliminary valuation are summarized as followed:

- Inventories—An adjustment of $1,721 was recorded to adjust inventory to fair value. Finished goods were valued at estimated selling prices less the sum of costs of disposal and a reasonable profit allowance for the selling effort.
- Deferred tax, liabilities net—An adjustment of $43,086 was recorded to adjust deferred taxes for the preliminary fair value allocations.
- Property, plant and equipment, net—An adjustment of $(455) was recorded to adjust the net book value of property, plant and equipment to fair value giving consideration to their highest and best use. Key assumptions used in the valuation of the Company's property, plant and equipment were based on the cost approach.
- Certain indefinite-lived intangible assets were valued using a relief from royalty methodology. Customer relationships and certain definite-lived intangible assets were valued using a multi-period excess earnings method. Certain intangible assets are subject to sensitive business factors of which only a portion are within control of the Company's management. The total fair value of indefinite and definite lived intangibles was $363,327 as of June 16, 2010. A summary of the significant key inputs were as follows:
  - The Company valued customer relationships using the income approach, specifically the multi-period excess earnings method. In determining the fair value of the customer relationship, the multi-period excess earnings approach values the intangible asset at the present value of the incremental after-tax cash flows attributable only to the customer relationship after deducting contributory asset charges. The incremental after-tax cash flows attributable to the subject intangible asset are then discounted to their present value. Only expected sales from current customers were used which included an expected growth rate of 3%. The Company assumed a customer retention rate of approximately 93% which was supported by historical retention rates. Income taxes were estimated at 36% and amounts were discounted using a rate of 15.5%. The customer relationships were valued at $38,000 under this approach.
  - The Company valued trade names and trademarks using the income approach, specifically the relief from royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the trade name was not owned. Royalty rates were selected based on consideration of several factors, including prior transactions of Russell Hobbs related trademarks and trade names, other similar trademark licensing and transaction agreements and the relative profitability and perceived contribution of the trademarks and trade names. Royalty rates used in the determination of the fair values of trade names and trademarks ranged from 2.0% to 5.5% of expected net sales related to the respective trade names and trademarks. The Company anticipates using the majority of the trade names and trademarks for an indefinite period as demonstrated by the sustained use of each subjected trademark. In estimating the fair value of the trademarks and trade names, nets sales were estimated to grow at a rate of 1%-12% annually with a terminal year growth rate of 3%. Income taxes were estimated at a range of 30%—38% and amounts were discounted using rates between 15.5%-16.5%. Trade name and trademarks were valued at $170,930 under this approach.

SPECTRUM BRANDS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited)—(Continued)
(Amounts in thousands, except per share figures)

- The Company valued a trade name license agreement using the income approach, specifically the multi-period excess earnings method. In determining the fair value of the trade name license agreement, the multi-period excess earnings approach values the intangible asset at the present value of the incremental after-tax cash flows attributable only to the trade name license agreement after deducting contributory asset charges. The incremental after-tax cash flows attributable to the subject intangible asset are then discounted to their present value. In estimating the fair value of the trade name license agreement net sales were estimated to grow at a rate of 1% annually. The Company assumed a twelve year useful life of the trade name license agreement. Income taxes were estimated at 37% and amounts were discounted using a rate of 15.5%. The trade name license agreement was valued at $149,200 under this approach.
- The Company valued technology using the income approach, specifically the relief from royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the technology was not owned. Royalty rates were selected based on consideration of several factors including prior transactions of Russell Hobbs related licensing agreements and the importance of the technology and profit levels, among other considerations. Royalty rates used in the determination of the fair values of technologies were 2% of expected net sales related to the respective technology. The Company anticipates using these technologies through the legal life of the underlying patent and therefore the expected life of these technologies was equal to the remaining legal life of the underlying patents ranging from 9 to 11 years. In estimating the fair value of the technologies, nets sales were estimated to grow at a rate of 3%-12% annually. Income taxes were estimated at 37% and amounts were discounted using the rate of 15.5%. The technology assets were valued at $4,100 under this approach.

Supplemental Pro Forma Information

The following reflects the Company's pro forma results had the results of Russell Hobbs been included for all periods beginning after September 30, 2008.

	Three Months Ended		Nine Months Ended	
	2010	2009	2010	2009
Net sales:				
Reported Net sales	$ 653,486	$589,361	$1,778,012	$1,641,126
Russell Hobbs adjustment	137,540	167,059	543,952	570,242
Pro forma Net sales	$ 791,026	$756,420	$2,321,964	$2,211,368
Loss from continuing operations:				
Reported Loss from continuing operations	$ (86,305)	$ (34,481)	$ (162,853)	$ (125,647)
Russell Hobbs adjustment	(20,547)	(8,466)	(5,504)	(31,308)
Pro forma Loss from continuing operations	$(106,852)	$ (42,947)	$ (168,357)	$ (156,955)

15 NEW ACCOUNTING PRONOUNCEMENTS

Employers' Disclosures About Postretirement Benefit Plan Assets

In December 2008, the Financial Accounting Standards Board ("FASB") issued new accounting guidance on employers' disclosures about assets of a defined benefit pension or other postretirement plan. It requires employers to disclose information about fair value measurements of plan assets. The objectives of the disclosures

are to provide an understanding of: (a) how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies, (b) the major categories of plan assets, (c) the inputs and valuation techniques used to measure the fair value of plan assets, (d) the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period and (e) significant concentrations of risk within plan assets. The disclosures required are effective for the Company's annual financial statements for the period that began after December 15, 2009. The adoption of this guidance is not expected to have a material effect on the Company's financial position, results of operations or cash flows.

Accounting for Transfers of Financial Assets

In June 2009, the FASB issued new accounting guidance to improve the information provided in financial statements concerning transfers of financial assets, including the effects of transfers on financial position, financial performance and cash flows, and any continuing involvement of the transferor with the transferred financial assets. The provisions are effective for the Company's financial statements for the fiscal year beginning October 1, 2010. The Company is in the process of evaluating the impact that the guidance may have on its financial statements and related disclosures.

Variable Interest Entities

In June 2009, the FASB issued new accounting guidance requiring an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. It also requires enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The provisions are effective for the Company's financial statements for the fiscal year beginning October 1, 2010. The Company is in the process of evaluating the impact that the guidance may have on its financial statements and related disclosures.

16 CONDENSED CONSOLIDATING FINANCIAL STATEMENTS

On the Effective Date, pursuant to the Plan, Spectrum Brands , with its domestic subsidiaries as guarantors, issued the 12% Notes under the 2019 Indenture for the benefit of holders of allowed claims with respect to the Predecessor Company's then-existing senior subordinated notes. See Note 2, Voluntary Reorganization Under Chapter 11, for further details of the Bankruptcy Cases and In connection with the combination with Russell Hobbs, Spectrum Brands, with its domestic subsidiaries and SB/RH Holdings, LLC as guarantors, issued the 9.5% Notes under the 2018 Indenture. (See Note 7, Debt, for further information on the 12% Notes and the 2019 Indenture and the 9.5% Notes under the 2018 Indenture.)

The following condensed consolidating financial statements illustrate the components of the condensed consolidated financial statements of the Successor Company and the Predecessor Company. Investments in subsidiaries are accounted for using the equity method for purposes of illustrating the consolidating presentation. Earnings of subsidiaries are therefore reflected in the Company's and Guarantor Subsidiaries' investment accounts and earnings. The elimination entries presented herein eliminate investments in subsidiaries and intercompany balances and transactions. Separate 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
Successor Company

Condensed Consolidating Statement of Financial Position
July 4, 2010
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 2,666	$ 2,840	$ 110,436	$ (1)	$ 115,941
Receivables, net	527,640	1,515,730	372,234	(1,993,413)	422,191
Inventories	93,783	207,849	216,825	(4,042)	514,415
Deferred income taxes	9,620	8,513	9,392	428	27,953
Assets held for sale	—	359	11,879	—	12,238
Prepaid expenses and other	13,419	9,753	24,182	—	47,354
Total current assets	647,128	1,745,044	744,948	(1,997,028)	1,140,092
Property, plant and equipment, net	53,815	43,745	91,773	—	189,333
Long term intercompany receivables	264,828	250,081	(601,829)	86,920	—
Deferred charges and other	9,844	2,341	21,088	(2)	33,271
Goodwill	67,722	365,900	157,304	—	590,926
Intangible assets, net	538,461	779,740	436,238	—	1,754,439
Debt issuance costs	54,911	4,478	—	1	59,390
Investments in subsidiaries	5,102,120	3,824,804	3,570,511	(12,497,435)	—
Total assets	$6,738,829	$7,016,133	$ 4,420,033	$ (14,407,544)	$ 3,767,451
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 242,453	$ 1,266	$ 35,488	$ (232,946)	$ 46,261
Accounts payable	670,173	1,289,130	191,197	(1,892,602)	257,898
Accrued liabilities	55,789	71,782	141,820	1	269,392
Total current liabilities	968,415	1,362,178	368,505	(2,125,547)	573,551
Long-term debt, net of current maturities	1,719,503	361,398	101,482	(447,637)	1,734,746
Employee benefit obligations, net of current portion	10,971	4,604	50,470	—	66,045
Deferred income taxes	40,181	185,838	43,093	—	269,112
Other	24,250	(5)	31,679	1,086	57,010
Total liabilities	2,763,320	1,914,013	595,229	(2,572,098)	2,700,464
Shareholders' equity:					
Other capital	1,310,454	2,968,354	4,073,304	(7,041,659)	1,310,453
(Accumulated deficit) retained earnings	(751,774)	(535,097)	(256,379)	1,306,877	(236,373)
Excess of FMV over NBV for intergroup mergers	4	4	4	(12)	—
Accumulated other comprehensive income (loss)	3,416,825	2,668,859	7,875	(6,100,652)	(7,093)
Total shareholders' equity	3,975,509	5,102,120	3,824,804	(11,835,446)	1,066,987
Total liabilities and shareholders' equity	$6,738,829	$7,016,133	$ 4,420,033	$ (14,407,544)	$ 3,767,451

SPECTRUM BRANDS, INC. AND SUBSIDIARIES
Successor Company

Condensed Consolidating Statement of Financial Position
September 30, 2009
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,450	$ 3,364	$ 92,986	$ —	$ 97,800
Receivables, net	472,616	559,802	111,618	(844,585)	299,451
Inventories	84,267	116,291	143,701	(2,754)	341,505
Deferred income taxes	16,407	9,149	2,153	428	28,137
Assets held for sale	—	321	11,549	—	11,870
Prepaid expenses and other	15,530	6,062	18,381	—	39,973
Total current assets	590,270	694,989	380,388	(846,911)	818,736
Property, plant and equipment, net	59,229	42,888	110,244	—	212,361
Long term intercompany receivables	379,000	488,077	(861,730)	(5,347)	—
Deferred charges and other	7,462	2,463	25,009	—	34,934
Goodwill	67,722	277,691	137,935	—	483,348
Intangible assets, net	546,480	530,807	384,846	(188)	1,461,945
Debt issuance costs	9,422	—	—	—	9,422
Investments in subsidiaries	4,196,025	3,359,913	3,440,646	(10,996,584)	—
Total assets	$ 5,855,610	$ 5,396,828	$ 3,617,338	$ (11,849,030)	$ 3,020,746
LIABILITIES AND SHAREHOLDERS' EQUITY					
Current liabilities:					
Current maturities of long-term debt	$ 248,787	$ 11	$ 4,382	$ (199,602)	$ 53,578
Accounts payable	510,608	577,291	136,787	(1,038,451)	186,235
Accrued liabilities	111,803	37,441	106,011	—	255,255
Total current liabilities	871,198	614,743	247,180	(1,238,053)	495,068
Long-term debt, net of current maturities	1,518,790	402,980	(106,686)	(285,127)	1,529,957
Employee benefit obligations, net of current portion	11,667	953	43,235	—	55,855
Deferred income taxes	12,506	179,049	35,943	—	227,498
Other	11,892	3,078	37,754	(1,235)	51,489
Total liabilities	2,426,053	1,200,803	257,426	(1,524,415)	2,359,867
Shareholders' equity:					
Common stock	300	451	613,335	(613,786)	300
Additional paid-in capital	724,679	2,166,066	3,300,215	(5,466,164)	724,796
Retained earnings (accumulated deficit)	54,073	101,822	(630,365)	403,685	(70,785)
Accumulated other comprehensive income (loss)	2,650,505	1,927,686	(1,649)	(4,569,974)	6,568
	3,429,557	4,196,025	3,281,536	(10,246,239)	660,879
Less treasury stock, at cost	—	—	78,376	(78,376)	—
Total shareholders' equity	3,429,557	4,196,025	3,359,912	(10,324,615)	660,879
Total liabilities and shareholders' equity	$ 5,855,610	$ 5,396,828	$ 3,617,338	$ (11,849,030)	$ 3,020,746

SPECTRUM BRANDS, INC. AND SUBSIDIARIES
Successor Company

Condensed Consolidating Statement of Operations
Three Month Period Ended July 4, 2010
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 96,769	$ 331,447	$ 260,225	$ (34,955)	$ 653,486
Cost of goods sold	54,786	225,214	153,049	(34,322)	398,727
Restructuring and related charges	67	705	1,118	—	1,890
Gross profit	41,916	105,528	106,058	(633)	252,869
Operating expenses:					
Selling	16,441	38,836	57,126	(23)	112,380
General and administrative	(27,058)	59,078	21,599	—	53,619
Research and development	4,089	2,108	881	—	7,078
Acquisition and Integration related charges	15,479	1,490	33	—	17,002
Restructuring and related charges	2,935	(148)	167	—	2,954
	11,886	101,364	79,806	(23)	193,033
Operating (loss) income	30,030	4,164	26,252	(610)	59,836
Interest expense	132,804	(5,898)	5,309	23	132,238
Other (income) expense, net	(22,210)	5,494	(427)	18,586	1,443
(Loss) income before income taxes	(80,564)	4,568	21,370	(19,219)	(73,845)
Income tax expense (benefit)	9,997	(3,264)	5,582	145	12,460
Net (loss) income	$ (90,561)	$ 7,832	$ 15,788	$ (19,364)	$ (86,305)

SPECTRUM BRANDS, INC. AND SUBSIDIARIES
Predecessor Company

Condensed Consolidating Statement of Operations
Three Month Period Ended June 28, 2009
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 86,941	$ 308,661	$ 193,759	$ —	$ 589,361
Cost of goods sold	46,078	210,806	101,777	—	358,661
Restructuring and related charges	9,258	232	(9,087)	—	403
Gross profit	31,605	97,623	101,069	—	230,297
Operating expenses:					
Selling	12,614	33,539	48,886	—	95,039
General and administrative	17,871	10,157	14,347	—	42,375
Research and development	4,153	1,340	820	—	6,313
Restructuring and related charges	1,060	1,142	627	—	2,829
	35,698	46,178	64,680	—	146,556
Operating (loss) income	(4,093)	51,445	36,389	—	83,741
Interest expense	36,589	6,435	5,625	—	48,649
Other (income) expense, net	(42,805)	(39,292)	(420)	81,676	(841)
Income from continuing operations before reorganization items, net and income taxes	2,123	84,302	31,184	(81,676)	35,933
Reorganization items, net	56,880	5,641	—	—	62,521
(Loss) income from continuing operations before income taxes	(54,757)	78,661	31,184	(81,676)	(26,588)
Income tax (benefit) expense	(17,177)	19,143	5,927	—	7,893
(Loss) income from continuing operations	(37,580)	59,518	25,257	(81,676)	(34,481)
Loss from discontinuing operations, net of tax	1,015	(3,055)	—	—	(2,040)
Net (loss) income	$(36,565)	$ 56,463	$ 25,257	$ (81,676)	$ (36,521)

SPECTRUM BRANDS, INC. AND SUBSIDIARIES
Successor Company

Condensed Consolidating Statement of Operations
Nine Month Period Ended July 4, 2010
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 293,539	$ 766,766	$ 814,995	$ (97,288)	$1,778,012
Cost of goods sold	171,877	561,388	487,755	(95,449)	1,125,571
Restructuring and related charges	3,390	2,892	(752)	—	5,530
Gross profit	118,272	202,486	327,992	(1,839)	646,911
Operating expenses:					
Selling	53,175	95,544	179,213	(100)	327,832
General and administrative	16,221	74,592	48,950	—	139,763
Research and development	13,372	5,148	2,826	—	21,346
Acquisition and Integration related charges	20,950	1,490	32	—	22,472
Restructuring and related charges	2,566	8,329	237	—	11,132
	106,284	185,103	231,258	(100)	522,545
Operating (loss) income	11,988	17,383	96,734	(1,739)	124,366
Interest expense	208,408	4,539	17,123	60	230,130
Other (income) expense, net	(64,102)	1,954	5,951	64,624	8,427
(Loss) income from continuing operations before reorganization items, net and income taxes	(132,318)	10,890	73,660	(66,423)	(114,191)
Reorganization items expense, net	4,482	(836)	—	—	3,646
(Loss) income from continuing operations before income taxes	(136,800)	11,726	73,660	(66,423)	(117,837)
Income tax expense (benefit)	34,931	(11,652)	21,755	(18)	45,016
(Loss) income from continuing operations	(171,731)	23,378	51,905	(66,405)	(162,853)
Loss from discontinued operations, net of tax	—	(2,735)	—	—	(2,735)
Net (loss) income	$(171,731)	$ 20,643	$ 51,905	$ (66,405)	$ (165,588)

SPECTRUM BRANDS, INC. AND SUBSIDIARIES
Predecessor Company

Condensed Consolidating Statement of Operations
Nine Month Period Ended June 28, 2009
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net sales	$ 283,829	$ 738,184	$ 619,113	$ —	$1,641,126
Cost of goods sold	161,578	539,353	321,983	—	1,022,914
Restructuring and related charges	17,802	763	(5,355)	—	13,210
Gross profit	104,449	198,068	302,485	—	605,002
Operating expenses:					
Selling	50,737	95,053	155,430	—	301,220
General and administrative	50,943	24,640	41,239	—	116,822
Research and development	11,213	4,050	2,375	—	17,638
Restructuring and related charges	16,813	5,694	4,683	—	27,190
	129,706	129,437	203,727	—	462,870
Operating (loss) income	(25,257)	68,631	98,758	—	142,132
Interest expense	112,697	19,410	16,452	—	148,559
Other (income) expense, net	(68,374)	(39,104)	3,994	107,030	3,546
(Loss) income from continuing operations before reorganization items, net and income taxes	(69,580)	88,325	78,312	(107,030)	(9,973)
Reorganization items, net	77,812	6,020	—	—	83,832
(Loss) income from continuing operations before income taxes	(147,392)	82,305	78,312	(107,030)	(93,805)
Income tax expense (benefit)	30,896	(20,628)	21,574	—	31,842
(Loss) income from continuing operations	(178,288)	102,933	56,738	(107,030)	(125,647)
Income (loss) from discontinuing operations, net of tax	3,856	(87,836)	—	—	(83,980)
Net (loss) income	$(174,432)	$ 15,097	$ 56,738	$ (107,030)	$ (209,627)

SPECTRUM BRANDS, INC. AND SUBSIDIARIES
Successor Company

Condensed Consolidating Statement of Cash Flows
Nine Month Period Ended July 4, 2010
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net cash (used) provided by operating activities of continuing operations	$ (117,262)	$ (911,395)	$ 653,828	$ 331,102	$ (43,727)
Net cash used by operating activities of discontinued operations	—	(9,812)	—	—	(9,812)
Net cash (used) provided by operating activities	(117,262)	(921,207)	653,828	331,102	(53,539)
Cash flows from investing activities:					
Purchases of property, plant and equipment	(7,874)	(4,064)	(5,454)	—	(17,392)
Acquisitions	(2,577)	—	—	—	(2,577)
Intercompany investments	(174,319)	174,319	—	—	—
Proceeds from sale of property, plant and equipment and investments	—	216	44	—	260
Net cash used by investing activities	(184,770)	170,471	(5,410)	—	(19,709)
Cash flows from financing activities:					
Proceeds from new Senior Credit Facilities, excluding new ABL Revolving Credit Facility, net of discount	1,474,755	—	—	—	1,474,755
Payments of extinguished senior credit facilities, excluding old ABL credit facility	(1,278,760)	—	—	—	(1,278,760)
Debt issuance costs	(55,135)	—	—	—	(55,135)
Proceeds from debt financing	13,085	—	16,764	—	29,849
Reduction of other debt	(8,039)	—	(327)	—	(8,366)
New ABL Revolving Credit Facility, net	22,000	—	—	—	22,000
Extinguished old ABL credit facility, net	(33,225)	—	—	—	(33,225)
Refund of debt issuance costs	204	—	—	—	204
Payments of extinguished supplemental loan	(45,000)	—	—	—	(45,000)
Treasury stock purchases for SB Holdings	(2,207)	—	—	—	(2,207)
Proceeds from (advances related to) intercompany transactions	215,570	750,212	(634,679)	(331,103)	—
Net cash provided (used) by financing activities	303,248	750,212	(618,242)	(331,103)	104,115
Effect of exchange rate changes on cash and cash equivalents	—	—	(7,086)	—	(7,086)
Effect of exchange rate changes on cash and cash equivalents due to Venezuela hyperinflation	—	—	(5,640)	—	(5,640)
Net increase in cash and cash equivalents	1,216	(524)	17,450	(1)	18,141
Cash and cash equivalents, beginning of period	1,450	3,364	92,986	—	97,800
Cash and cash equivalents, end of period	$ 2,666	$ 2,840	$ 110,436	$ (1)	$ 115,941

SPECTRUM BRANDS, INC. AND SUBSIDIARIES
Predecessor Company

Condensed Consolidating Statement of Cash Flows
Nine Month Period Ended June 28, 2009
(Unaudited)
(Amounts in thousands)

	Parent	Guarantor Subsidiaries	Nonguarantor Subsidiaries	Eliminations	Consolidated Total
Net cash (used) provided by operating activities	$ (71,478)	$ 73,023	$ (437,161)	$ 392,252	$ (43,364)
Cash flows from investing activities:					
Purchases of property, plant and equipment	(1,634)	(944)	(3,028)	—	(5,606)
Proceeds from sale of property, plant and equipment and investments	15	—	359	—	374
Intercompany investments	—	39	(39)	—	—
Net cash used by investing activities from continuing operations	(1,619)	(905)	(2,708)	—	(5,232)
Net cash used by investing activities from discontinuing operations	—	(860)	—	—	(860)
Net cash used by investing activities	(1,619)	(1,765)	(2,708)	—	(6,092)
Cash flows from financing activities:					
Reduction of debt	(240,460)	—	(567)	—	(241,027)
Proceeds from debt financing	169,199	—	(13,937)	—	155,262
Debt issuance costs	(8,250)	—	—	—	(8,250)
Debtor in possession revolving credit facility activity, net	60,013	—	—	—	60,013
Proceeds from supplemental loan	45,000	—	—	—	45,000
Treasury stock purchases	(61)	—	—	—	(61)
Proceeds from (advances related to) intercompany transactions	42,359	(71,384)	421,277	(392,252)	—
Net cash provided (used) by financing activities	67,800	(71,384)	406,773	(392,252)	10,937
Effect of exchange rate changes on cash and cash equivalents	—	—	(1,841)	—	(1,841)
Net decrease in cash and cash equivalents	(5,297)	(126)	(34,937)	—	(40,360)
Cash and cash equivalents, beginning of period	9,786	3,667	91,320	—	104,773
Cash and cash equivalents, end of period	$ 4,489	$ 3,541	$ 56,383	$ —	$ 64,413

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

Introduction

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

In connection with the Merger, we refinanced our existing senior debt and a portion of Russell Hobbs' existing senior debt through a combination of a new $750 million U.S. Dollar Term Loan due June 16, 2016, new 9.5% Senior Secured Notes maturing June 15, 2018 and a new $300 million ABL revolving facility due June 16, 2014.

As further described below, on February 3, 2009, we and our wholly owned United States ("U.S.") subsidiaries (collectively, the "Debtors") filed voluntary petitions under Chapter 11 of the U.S. Bankruptcy Code (the "Bankruptcy Code"), in the U.S. Bankruptcy Court for the Western District of Texas (the "Bankruptcy Court"). On August 28, 2009 (the "Effective Date"), the Debtors emerged from Chapter 11 of the Bankruptcy Code. Effective as of the Effective Date and pursuant to the Debtors' confirmed plan of reorganization, we converted from a Wisconsin corporation to a Delaware corporation.

Unless the context indicates otherwise, the terms the "Company," "Spectrum," "we," "our" or "us" are used to refer to Spectrum Brands and its subsidiaries both before and after the Merger, as well as both before and on and after the Effective Date. The term "Old Spectrum," refers only to Spectrum Brands, our Wisconsin predecessor, and its subsidiaries prior to the Effective Date.

Financial information included in our financial statements prepared after August 30, 2009 will not be comparable to financial information from prior periods. See Item 1A. Risk Factors—"*Risks Related To Our Emergence From Bankruptcy*" for more information.

Business Overview

We are a global branded consumer products company with positions in seven major product categories: consumer batteries; small appliances; pet supplies; electric shaving and grooming; electric personal care; portable lighting; and home and garden control products.

We manage our business in four reportable segments: (i) Global Batteries & Personal Care, which consists of our 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"); (iii) the Home and Garden Business, which consists of our home and garden control product offerings, including household insecticides, repellants and herbicides (the "Home and Garden Business"); and (iv) Small Appliances, which consists of small electrical appliances primarily in the kitchen and home product categories ("Small Appliances").

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

products, small household appliances, personal care products and portable lighting products are manufactured by third-party suppliers, primarily located in Asia.

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

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

Our operating performance is influenced by a number of factors including: general economic conditions; foreign exchange fluctuations; trends in consumer markets; consumer confidence and preferences; our overall product line mix, including pricing and gross margin, which vary by product line and geographic market; pricing of certain raw materials and commodities; energy and fuel prices; and our general competitive position, especially as impacted by our competitors' advertising and promotional activities and pricing strategies.

Chapter 11 Proceedings

On February 3, 2009, we announced that we had reached agreements with certain noteholders, representing, in the aggregate, approximately 70% of the face value of our then outstanding senior subordinated notes, to pursue a refinancing that, if implemented as proposed, would significantly reduce our outstanding debt. On the same day, the Debtors filed voluntary petitions under Chapter 11 of the Bankruptcy Code, in the Bankruptcy Court (the "Bankruptcy Filing") and filed with the Bankruptcy Court a proposed plan of reorganization (the "Proposed Plan") that detailed the Debtors' proposed terms for the refinancing. The Chapter 11 cases were jointly administered by the Bankruptcy Court as Case No. 09-50455 (the "Bankruptcy Cases"). The Bankruptcy Court entered a written order (the "Confirmation Order") on July 15, 2009 confirming the Proposed Plan (as so confirmed, the "Plan"). For more details regarding the Chapter 11 Proceedings, as well as the events leading to our voluntary filing for Chapter 11 bankruptcy, see "Item 1. Business" in our Annual Report on Form 10-K for our fiscal year ended September 30, 2009.

On the Effective Date the Plan became effective, and the Debtors emerged from Chapter 11 of the Bankruptcy Code. Pursuant to and by operation of the Plan, on the Effective Date, all of Old Spectrum's existing equity securities, including the existing common stock and stock options, were extinguished and deemed cancelled. Reorganized Spectrum Brands, Inc. filed a certificate of incorporation authorizing new shares of common stock. Pursuant to and in accordance with the Plan, on the Effective Date, reorganized Spectrum Brands, Inc. issued a total of 27,030,000 shares of common stock and approximately $218 million in aggregate principal amount of 12% Senior Subordinated Toggle Notes due 2019 (the "12% Notes") to holders of allowed claims with respect to Old Spectrum's 8 1/2% Senior Subordinated Notes due 2013 (the "8 1/2 Notes"), 7 3/8% Senior Subordinated Notes due 2015 (the "7 3/8 Notes") and Variable Rate Toggle Senior Subordinated Notes due 2013 (the "Variable Rate Notes") (collectively, the "Senior Subordinated Notes"). For a further discussion of the 12% Notes see *"Debt Financing Activities—12% Notes."* Also on the Effective Date, reorganized Spectrum Brands, Inc. issued a total of 2,970,000 shares of common stock to supplemental and sub-supplemental debtor-in-possession credit facility participants in respect of the equity fee earned under the Debtors' debtor-in-possession credit facility.

Results of Operations

Fiscal Quarter and Fiscal Nine Month Period Ended July 4, 2010 Compared to Fiscal Quarter and Fiscal Nine Month Period Ended June 28, 2009

In this Quarterly Report on Form 10-Q we refer to the fiscal three month period ended July 4, 2010 as the "Fiscal 2010 Quarter," the fiscal nine month period ended July 4, 2010 as the "Fiscal 2010 Nine Months," the fiscal three month period ended June 28, 2009 as the "Fiscal 2009 Quarter" and the fiscal nine month period ended June 28, 2009 as the "Fiscal 2009 Nine Months."

We have presented the growing products portion of our Home and Garden Business as discontinued operations for all periods presented. The board of directors of Old Spectrum committed to the shutdown of the growing products portion of the Home and Garden Business in November 2008 and the shutdown was completed during the second quarter of our Fiscal 2009. See Note 3, Significant Accounting Policies—Discontinued Operations, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information on the shutdown of the growing products portion of our Home and Garden Business. As a result, and unless specifically stated, all discussions regarding the Fiscal 2010 Quarter, the Fiscal 2010 Nine Months, the Fiscal 2009 Quarter and the Fiscal 2009 Nine Months only reflect results from our continuing operations.

Net Sales. Net sales for the Fiscal 2010 Quarter increased to $653 million from $589 million in the Fiscal 2009 Quarter, an 11% increase. The following table details the principal components of the change in net sales from the Fiscal 2009 Quarter to the Fiscal 2010 Quarter (in millions):

	Net Sales
Fiscal 2009 Quarter Net Sales	$ 589
Increase in Global Batteries & Personal Care consumer battery sales	11
Increase in Global Batteries & Personal Care Remington branded product sales	12
Increase in Home and garden control product sales	16
Increase in Portable Lighting product sales	3
Decrease in Pet supplies sales	(8)
Addition of Small Appliances	35
Foreign currency impact, net	(5)
Fiscal 2010 Quarter Net Sales	$ 653

Net sales for the Fiscal 2010 Nine Months increased to $1,778 million from $1,641 million in the Fiscal 2009 Nine Months, an 8% increase. The following table details the principal components of the change in net sales from the Fiscal 2009 Nine Months to the Fiscal 2010 Nine Months (in millions):

	Net Sales
Fiscal 2009 Nine Months Net Sales	$ 1,641
Increase in Global Batteries & Personal Care Remington branded product sales	27
Increase in Global Batteries & Personal Care consumer battery sales	18
Increase in Home and Garden control product sales	17
Increase in Portable Lighting product sales	3
Decrease in Pet supplies sales	(3)
Addition of Small Appliances	35
Foreign currency impact, net	40
Fiscal 2010 Nine Months Net Sales	$ 1,778

Consolidated net sales by product line for the Fiscal 2010 Quarter, the Fiscal 2009 Quarter, the Fiscal 2010 Nine Months and the Fiscal 2009 Nine Months are as follows (in millions):

	Fiscal Quarter		Fiscal Nine Months	
	2010	2009	2010	2009
Product line net sales				
Battery sales	$ 194	$ 185	$ 629	$ 590
Pet supplies sales	135	145	420	419
Home and Garden control product sales	164	148	266	249
Shaving and grooming product sales	61	48	196	166
Personal care product sales	43	44	167	158
Lighting product sales	21	18	65	59
Small appliances	35	—	35	—
Total net sales to external customers	$ 653	$ 589	$ 1,778	$ 1,641

Global consumer battery sales increased $9 million, or 5%, in the Fiscal 2010 Quarter compared to the Fiscal 2009 Quarter. The increase in consumer battery sales is attributable to increases in Latin America and North America of $9 million and $7 million, respectively. These gains were partially offset by declines in Europe of $5 million and unfavorable foreign exchange translation of $2 million. The decrease within Europe is primarily due to the continued exit of low margin private label sales. The $10 million, or 7%, decrease in pet supplies sales during the Fiscal 2010 Quarter compared to the Fiscal 2009 Quarter is due to decreased promotional activity and unfavorable foreign exchange translation of approximately $1 million. The $16 million, or 11%, increase in home and garden control product sales in the Fiscal 2010 Quarter compared to the Fiscal 2009 Quarter is a result of greater volume with major customers driven by incentives to the retailer and promotional campaigns. Shaving and grooming product sales increased $13 million, or 23%, in the Fiscal 2010 Quarter compared to the Fiscal 2009 Quarter driven by increases within Europe of $10 million. The increased shaving and grooming product sales within Europe is a result of successful promotions and operational execution. Personal care product sales during the Fiscal 2010 Quarter decreased $1 million, or 3%, compared to the Fiscal 2009 Quarter, as a result of unfavorable foreign exchange impacts. Lighting product sales increased $3 million, or 19%, during the Fiscal 2010 Quarter compared to the Fiscal 2009 Quarter as a result of significant new distribution to a major customer.

Global consumer battery sales increased $39 million, or 7%, in the Fiscal 2010 Nine Months compared to the Fiscal 2009 Nine Months. The increase was driven by favorable foreign exchange translation of $21 million coupled with increased sales in North America and Latin America. These increases were tempered by decreased consumer battery sales of $17 million in Europe, primarily due to our continued exit of low margin private label battery sales. Pet supplies sales were virtually flat in the Fiscal 2010 Nine Months compared to the Fiscal 2009 Nine Months, increasing $1 million to $420 million. The $1 million increase comprised of favorable foreign exchange translation of $5 million which was offset by decreased aquatics sales, primarily in the Pacific Rim. Home and garden control product sales increased $17 million, or 7%, in the Fiscal 2010 Nine Months compared to the Fiscal 2009 Nine Months. The increase is due to additional sales to major customers driven by incentives to retailers and promotional campaigns. Electric shaving and grooming products increased $30 million, or 18%, in the Fiscal 2010 Nine Months compared to the Fiscal 2009 Nine Months. This increase is primarily due to increased sales in Europe of $23 million and favorable foreign exchange translation of $6 million. During the Fiscal 2010 Nine Months electric personal care sales increased $9 million, or 5%, compared to the Fiscal 2009 Nine Months primarily due to favorable foreign exchange translation of $5 million and increases within Latin America and North America of $3 million and $2 million, respectively. These increases within electric personal care sales were slightly offset by declines in Europe of $2 million. The $6 million, or 9%, increase in portable lighting sales in the Fiscal 2010 Nine Months compared to the Fiscal 2009 Nine Months was primarily due to favorable foreign exchange translation of $2 million coupled with the same factors mentioned above for the Fiscal 2010 Quarter.

Gross Profit. Gross profit for the Fiscal 2010 Quarter was $253 million versus $230 million for the Fiscal 2009 Quarter. Our gross profit margin for the Fiscal 2010 Quarter decreased slightly to 38.6% from 39.1% in the Fiscal 2009 Quarter. This slight decline in gross profit margin is primarily due to Restructuring and related charges of $2 million in the Fiscal 2010 Quarter compared to de minimis charges during the Fiscal 2009 Quarter. Restructuring and related charges in the Fiscal 2010 Quarter were primarily related to cost reduction initiatives announced in 2009. Gross profit for the Fiscal 2010 Nine Months was $647 million versus $605 million for the Fiscal 2009 Nine Months. Our gross profit margin for the Fiscal 2010 Nine Months decreased slightly to 36.4% from 36.8% in the Fiscal 2009 Nine Months. As a result of our adoption of fresh-start reporting upon emergence from Chapter 11 of the Bankruptcy Code, in accordance with Statement of Financial Accounting Standards No. 141, *"Business Combinations,"* ("SFAS 141"), inventory balances were revalued at August 30, 2009 resulting in an increase in such inventory balances of $49 million. As a result of the inventory revaluation, we recognized $34 million in additional cost of goods sold in the Fiscal 2010 Nine Months. The impact of the inventory revaluation was offset by lower Restructuring and related charges as Cost of goods sold during the Fiscal 2010 Nine Months included $6 million of Restructuring and related charges whereas the Fiscal 2009 Nine Months included $13 million of Restructuring and related charges. The Restructuring and related charges incurred in the Fiscal 2010 Nine Months were primarily associated with cost reduction initiatives announced in 2009. The $13 million of Restructuring and related charges incurred in the Fiscal 2009 Nine Months primarily related to the shutdown of our Ningbo, China battery manufacturing facility. See *"Restructuring and Related Charges"* below, as well as Note 12, Restructuring and Related Charges, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our restructuring and related charges.

Operating Expense. Operating expenses for the Fiscal 2010 Quarter totaled $193 million versus $147 million for the Fiscal 2009 Quarter representing an increase of $46 million. During the Fiscal 2010 Quarter we incurred $17 million of Acquisition and integration related charges as a result of our merger with Russell Hobbs. During the Fiscal 2010 Quarter we also incurred $6 million of Selling expense and $3 million of General and administrative expense related to the Small Appliances segment. Also included in Operating expenses for the Fiscal 2010 Quarter was additional depreciation and amortization as a result of the revaluation of our long lived assets in connection with our adoption of fresh-start reporting upon emergence from Chapter 11 of the Bankruptcy Code. Operating expenses for the Fiscal 2010 Nine Months totaled $523 million versus $463 million for the Fiscal 2009 Nine Months representing an increase of $60 million. The increase in the Fiscal 2010 Nine Months was due to the same factors affecting the Fiscal 2010 Quarter increase partially offset by lower restructuring and related charges. In the Fiscal 2010 Nine Months we recorded approximately $11 million of restructuring and related charges which were primarily related to cost reduction initiatives announced in 2009. We recorded $27 million of restructuring and related charges in the Fiscal 2009 Nine Months which related to consulting, legal and accounting fees related to the evaluation of our capital structure coupled with various cost reduction initiatives announced in 2009 and our global realignment announced in January 2007. See *"Restructuring and Related Charges"* below, as well as Note 12, Restructuring and Related Charges, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our restructuring and related charges.

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

Operating segment profits do not include restructuring and related charges, acquisition and integration related charges, interest expense, interest income, impairment charges, reorganization items and income tax expense. Expenses associated with global operations, consisting of research and development, manufacturing management, global purchasing, quality operations and inbound supply chain are included in the determination of operating segment profits. In addition, certain general and administrative expenses necessary to reflect the operating segments on a standalone basis have been included in the determination of operating segment profits. Corporate expenses include primarily general and administrative expenses associated with corporate overhead and global long-term incentive compensation plans.

All depreciation and amortization included in income from operations is related to operating segments or corporate expense. Costs are allocated to operating segments or corporate expense according to the function of each cost center. All capital expenditures are related to operating segments. Variable allocations of assets are not made for segment reporting.

Global strategic initiatives and financial objectives for each reportable segment are determined at the corporate level. Each reportable segment is responsible for implementing defined strategic initiatives and achieving certain financial objectives and has a general manager responsible for the sales and marketing initiatives and financial results for product lines within that segment. Financial information pertaining to our reportable segments is contained in Note 10, Segment Results, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q.

Global Batteries & Personal Care

	Fiscal Quarter		Fiscal Nine Months	
	2010	2009	2010	2009
	(in millions)			
Net sales to external customers	$ 319	$ 297	$1,056	$ 974
Segment profit	$ 32	$ 37	$ 112	$ 124
Segment profit as a % of net sales	10.0%	12.5%	10.6%	12.7%
Assets at July 4, 2010 and September 30, 2009	$1,538	$1,630	$1,538	$1,630

Segment net sales to external customers in the Fiscal 2010 Quarter increased $22 million to $319 million from $297 million during the Fiscal 2009 Quarter, a 7% increase. Unfavorable foreign currency exchange translation impacted net sales in the Fiscal 2010 Quarter by approximately $4 million. Battery sales for the Fiscal 2010 Quarter increased to $194 million when compared to sales of $185 million in the Fiscal 2009 Quarter. The increase is attributable to gains in Latin America and North America of $9 million and $7 million, respectively. The increased sales within Latin America were driven by increased specialty battery sales volume in Central America and Columbia while the increases in North America were attributable to continued sales growth with a major customer. These gains were partially offset by declines in Europe of $5 million and unfavorable foreign exchange translation of $2 million. The decrease within Europe is primarily due to the continued exit of low margin private label sales. Net sales of electric shaving and grooming products in the Fiscal 2010 Quarter increased by $13 million from their levels in the Fiscal 2009 Quarter primarily due to increases within Europe of $10 million. The increased shaving and grooming product sales within Europe is a result of successful promotions and operational execution. We also experienced modest increases during the Fiscal 2010 Quarter compared to the Fiscal 2009 Quarter within both North America and Latin America of $2 million and $1 million, respectively. Net sales of electric personal care products in the Fiscal 2010 Quarter decreased slightly by $1 million compared to the Fiscal 2009 Quarter due to unfavorable foreign exchange translation. Net sales of portable lighting products for the Fiscal 2010 Quarter increased to $21 million as compared to sales of $18 million for the Fiscal 2009 Quarter as a result of increased distribution to a major customer. Segment net sales to external customers in the Fiscal 2010 Nine Months increased $82 million to $1,056 million from $974 million during the Fiscal 2009 Nine Months, a 9% increase. Favorable foreign currency exchange translation impacted net sales in the Fiscal 2010 Nine Months by approximately $35 million. Battery sales for the Fiscal 2010 Nine Months increased to $629 million when compared to sales of $590 million in the Fiscal 2009 Nine Months. The increased sales are attributable to favorable foreign currency exchange translation of $21 million coupled with increased specialty battery sales of $24 million which was partially tempered by a decline in alkaline sales of $6 million. The increase in specialty battery sales are due to greater volume in Colombia and Central America coupled with increased sales at a major customer within North America. The decrease in alkaline sales is due to the continued exit of low margin private label sales in Europe which was offset by sales with a major customer in North America. Net sales of electric shaving and grooming products in the Fiscal 2010 Nine Months increased by $30 million from their levels in the Fiscal 2009 Nine Months due to favorable foreign exchange translation of $6 million coupled with increased sales in Europe of $23 million. Net sales of electric personal care products in the

Fiscal 2010 Nine Months increased by $9 million compared to the Fiscal 2009 Nine Months due to favorable foreign exchange translation of $5 million coupled with increases within North America and Latin America of $2 million and $3 million, respectively. These increases within electric personal care sales were slightly offset by declines in Europe of $2 million. Net sales of portable lighting products for the Fiscal 2010 Nine Months increased to $65 million as compared to sales of $59 million for the Fiscal 2009 Nine Months. The increased lighting products sales is a result of the factors mentioned above.

Segment profitability in the Fiscal 2010 Quarter was $32 million compared to $37 million in the Fiscal 2009 Quarter. Segment profitability as a percentage of net sales decreased to 10.0% in the Fiscal 2010 Quarter compared to 12.5% in the Fiscal 2009 Quarter. Segment profitability in the Fiscal 2010 Quarter was negatively impacted by an increase of approximately $4 million in intangible asset amortization, primarily related to customer relationship lists, as was required when we adopted fresh-start reporting upon our emergence from Chapter 11 of the Bankruptcy Code. Offsetting this decrease to segment profitability was higher sales, primarily due to favorable foreign exchange translation, and savings from our cost reduction initiatives announced in Fiscal 2009. Segment profitability in the Fiscal 2010 Nine Months decreased to $112 million from $124 million in the Fiscal 2009 Nine Months. Segment profitability as a percentage of net sales decreased to 10.6% in the Fiscal 2010 Nine Months compared to 12.7% in the Fiscal 2009 Nine Months. The decrease in segment profitability for the Fiscal 2010 Nine Months was mainly attributable to a $19 million increase in cost of goods sold due to the revaluation of inventory coupled with approximately a $12 million increase in intangible amortization due to our adoption of fresh-start reporting as mentioned in the Fiscal 2010 Quarter. Offsetting this decrease to segment profitability was higher sales, primarily due to favorable foreign exchange translation, and savings from our restructuring initiatives mentioned above in the Fiscal 2010 Quarter. See *"Restructuring and Related Charges"* below, as well as Note 12, Restructuring and Related Charges, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our restructuring and related charges.

Segment assets at July 4, 2010 decreased to $1,538 million from $1,630 million at September 30, 2009. The decrease is primarily due to the impact of foreign currency translation. On July 4, 2010 and September 30, 2009, goodwill and intangible assets, which were revalued in conjunction with fresh-start reporting upon our emergence from Chapter 11 of the Bankruptcy Code, totaled approximately $869 million and $909 million, respectively. See Note 2, Voluntary Reorganization Under Chapter 11, of Notes to Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information on fresh-start reporting.

Foreign Currency Translation—Venezuela Impacts

The Global Batteries & Personal Care segment does business in Venezuela through a Venezuelan subsidiary. As of January 4, 2010, the beginning of our second quarter of Fiscal 2010, we have determined that Venezuela meets the definition of a highly inflationary economy under GAAP. As a result, beginning January 4, 2010, the U.S. dollar is the functional currency for our Venezuelan subsidiary. Accordingly, going forward, currency remeasurement adjustments for this subsidiary's financial statements and other transactional foreign exchange gains and losses are reflected in earnings. Through January 3, 2010, prior to being designated as highly inflationary, translation adjustments related to our Venezuelan subsidiary were reflected in Shareholders' equity as a component of other comprehensive income.

In addition, on January 8, 2010, the Venezuelan government announced its intention to devalue its currency, the Bolivar fuerte, relative to the U.S. dollar. The official exchange rate for imported goods classified as essential, such as food and medicine, changed from 2.15 to 2.6 to the U.S. dollar, while payments for other non-essential goods moved to an exchange rate of 4.3 to the U.S. dollar. Some of our imported products fell into the essential classification and qualified for the 2.6 rate; however, our overall results in Venezuela are reflected at the 4.3 rate expected to be applicable to dividend repatriations. As a result, we remeasured the local statement of financial position of our Venezuela entity during the second quarter of our fiscal 2010 to reflect the impact of the

devaluation. There will also be an ongoing impact related to measuring our Venezuelan statement of operations at the new exchange rate of 4.3 to the U.S. dollar; however, we do not expect that impact to be material.

The designation of our Venezuela entity as a highly inflationary economy and the devaluation of the Bolivar fuerte resulted in a $1 million unfavorable impact to our operating income and a foreign exchange loss, reflected in Other expense, net, of approximately $6 million for the Fiscal 2010 Nine Months.

Global Pet Supplies

	Fiscal Quarter			Fiscal Nine Months	
	2010	2009	(in millions)	2010	2009
Net sales to external customers	$ 135	$ 145		$ 420	$ 419
Segment profit	$ 17	$ 19		$ 37	$ 46
Segment profit as a % of net sales	12.6%	13.1%		8.8%	11.0%
Assets at July 4, 2010 and September 30, 2009	$ 810	$ 867		$ 810	$ 867

Segment net sales to external customers in the Fiscal 2010 Quarter decreased to $135 million from $145 million in the Fiscal 2009 Quarter, representing a decrease of $10 million or 7%. The decrease in net sales in the Fiscal 2010 Quarter was primarily driven by decreased promotional activity from retailers and unfavorable foreign exchange translation of approximately $1 million. Segment net sales to external customers in the Fiscal 2010 Nine Months increased slightly to $420 million from $419 million in the Fiscal 2009 Nine Months. The increase in net sales in the Fiscal 2010 Nine Months was primarily driven by favorable foreign currency exchange translation of $4 million which was partially offset the factors mentioned above.

Segment profitability in the Fiscal 2010 Quarter was $17 million versus $19 million in the Fiscal 2009 Quarter. Segment profitability as a percentage of sales in the Fiscal 2009 Quarter decreased to 12.6% from 13.1% in the same period last year. The slight decline in segment profitability for the Fiscal 2010 Quarter was mainly attributable to the previously mentioned decrease in promotional activity from retailers. Segment profitability in the Fiscal 2010 Nine Months was $37 million versus $46 million in the Fiscal 2009 Nine Months. Segment profitability as a percentage of sales in the Fiscal 2010 Nine Months decreased to 8.8% from 11.0% in the same period last year. The decrease in segment profitability for the Fiscal 2010 Nine Months was mainly attributable to a $14 million increase in cost of goods sold due to the revaluation of inventory in accordance with SFAS 141, as was required when we adopted fresh-start reporting upon our emergence from Chapter 11 of the Bankruptcy Code which was partially offset by increased segment profitability during the Fiscal 2010 Nine Months as a result of improved pricing and lower manufacturing costs and savings from our global cost reduction initiatives announced in Fiscal 2009. See *"Restructuring and Related Charges"* below, as well as Note 12, Restructuring and Related Charges, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our restructuring and related charges.

Segment assets at July 4, 2010 decreased to $810 million from $867 million at September 30, 2009. The decrease is primarily due to the impact of foreign currency translation. On July 4, 2010 and September 30, 2009, goodwill and intangible assets, which were revalued in conjunction with fresh-start reporting upon our emergence from Chapter 11 of the Bankruptcy Code, totaled approximately $576 million and $618 million, respectively. See Note 2, Voluntary Reorganization Under Chapter 11, of Notes to Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information on fresh-start reporting.

Home and Garden

	Fiscal Quarter		Fiscal Nine Months	
	2010	2009	2010	2009
	(in millions)			
Net sales to external customers	$ 164	$ 148	$ 266	$ 249
Segment profit	$ 40	$ 39	$ 41	$ 37
Segment profit as a % of net sales	24.4%	26.4%	15.4%	14.9%
Assets at July 4, 2010 and September 30, 2009	$ 533	$ 506	$ 533	$ 506

Segment net sales to external customers in the Fiscal 2010 Quarter increased to $164 million from $148 million in the Fiscal 2009 Quarter. The increase in net sales in the Fiscal 2010 Quarter was primarily a result of greater volume with major customers driven by incentives to the retailer. Segment net sales to external customers increased to $266 million in the Fiscal 2010 Nine Months from $249 million in the Fiscal 2009 Nine Months. The increase in net sales in the Fiscal 2010 Nine Months is attributable to the factors mentioned above.

Segment profitability in the Fiscal 2010 Quarter increased slightly to $40 million from $39 million in the Fiscal 2009 Quarter. Segment profitability as a percentage of sales in the Fiscal 2010 Quarter decreased slightly to 24.4% from 26.4% in the same period last year. Segment profitability in the Fiscal 2010 Nine Months increased to $41 million from $37 million in the Fiscal 2009 Nine Months. Segment profitability as a percentage of sales in the Fiscal 2010 Nine Months increased to 15.4% from 14.9% in the same period last year. This slight increase in segment profitability was attributable to savings from our global cost reduction initiatives announced in Fiscal 2009. See *"Restructuring and Related Charges"* below, as well as Note 13, Restructuring and Related Charges, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our restructuring and related charges. The increase in profitability during the Fiscal 2010 Nine Months was tempered by a $2 million increase in cost of goods sold due to the revaluation of inventory and increased intangible amortization due to the revaluation of our customer relationships in accordance with SFAS 141 as was required when we adopted fresh-start reporting upon our emergence from Chapter 11 of the Bankruptcy Code.

Segment assets at July 4, 2010 increased to $533 million from $506 million at September 30, 2009. On July 4, 2010 and September 30, 2009, goodwill and intangible assets, which were revalued in conjunction with fresh-start reporting upon our emergence from Chapter 11 of the Bankruptcy Code, totaled approximately $413 million and $419 million, respectively. See Note 2, Voluntary Reorganization Under Chapter 11, of Notes to Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information on fresh-start reporting.

Small Appliances

	Fiscal Quarter		Fiscal Nine Months	
	2010	2009	2010	2009
	(in millions)			
Net sales to external customers	$ 35	$ —	$ 35	$ —
Segment profit	$ 2	$ —	$ 2	$ —
Segment profit as a % of net sales	5.7%	—	5.7%	—
Assets at July 4, 2010 and September 30, 2009	$ 821	$ —	$ 821	$ —

Segment net sales to external customers in the Fiscal 2010 Quarter were $35 million. This represents sales related to Russell Hobbs from the date of the consummation of the merger, June 16, 2010 through the close of the Fiscal 2010 Quarter.

Segment profitability in the Fiscal 2010 Quarter was $2 million. This represents segment profit related to Russell Hobbs from the date of the consummation of the merger, June 16, 2010 through the close of the Fiscal 2010 Quarter.

Segment assets at July 4, 2010 were $821 million. On July 4, 2010 goodwill and intangible assets, which were revalued in conjunction with the Merger, totaled approximately $488 million.

Corporate Expense. Our corporate expense in the Fiscal 2010 Quarter was $10 million compared to $8 million during the Fiscal 2009 Quarter. Corporate expense as a percentage of consolidated net sales for the Fiscal 2010 Quarter was 1.5% and 1.4% for the Fiscal 2009 Quarter. The increase is primarily due to stock compensation expense of $6 million in the Fiscal 2010 Quarter compared to $1 million of stock compensation expense in the Fiscal 2009 Quarter. Our corporate expense in the Fiscal 2010 Nine Months was $29 million compared to $25 million during the Fiscal 2009 Nine Months. Corporate expense as a percentage of consolidated net sales for the Fiscal 2010 Nine Months was 1.6% and 1.5% for the Fiscal 2009 Nine Months. The increase is primarily due to stock compensation expense of $12 million in the Fiscal 2010 Nine Months compared to $2 million of stock compensation expense in the Fiscal 2009 Nine Months.

Acquisition and Integration Related Charges. During the Fiscal 2010 Quarter, we, in connection with the merger with Russell Hobbs, recorded Acquisition and integration related charges of $17 million, which consisted primarily of professional and legal fees. During the Fiscal 2010 Nine Months we recorded Acquisition and integration related charges of $22 million, which consisted primarily of legal and professional fees.

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

The following table summarizes all restructuring and related charges we incurred in the Fiscal 2010 Quarter, the Fiscal 2009 Quarter, the Fiscal 2010 Nine Months and the Fiscal 2009 Nine Months (in millions):

	Fiscal Quarter		Fiscal Nine Months	
	2010	2009	2010	2009
Costs included in cost of goods sold:				
Latin American Initiatives:				
Termination benefits	—	—	0.2	0.2
Other associated costs	—	—	(0.1)	—
Global Realignment Initiatives:				
Termination benefits	—	—	—	0.3
Ningbo Exit Plan:				
Termination benefits	0.2	—	0.2	0.8
Other associated costs	—	0.2	1.2	11.2
Global Cost Reduction Initiatives:				
Termination benefits	1.1	—	2.4	0.2
Other associated costs	0.6	0.2	1.6	0.5
Total included in cost of goods sold	1.9	0.4	5.5	13.2
Costs included in operating expenses:				
United & Tetra integration:				
Termination benefits	—	(0.2)	—	2.2
Other associated costs	—	(0.6)	—	0.6
Global Realignment Initiatives:				
Termination benefits	2.5	1.0	2.5	8.9
Other associated costs	(0.4)	0.5	(1.4)	2.3
Ningbo Exit Plan:				
Other associated costs	—	—	—	1.5
Global Cost Reduction Initiatives:				
Termination benefits	—	0.5	1.8	2.5
Other associated costs	0.8	1.6	8.3	9.2
Total included in operating expenses	2.9	2.8	11.2	27.2
Total restructuring and related charges	$ 4.8	$ 3.2	$ 16.7	$ 40.4

We have implemented a series of initiatives in the Global Batteries & Personal Care segment in Europe to reduce operating costs and rationalize our manufacturing structure (the "European Initiatives"). In connection with the European Initiatives, which are substantially complete, we implemented a series of initiatives within the Global Batteries & Personal Care segment in Europe to reduce operating costs and rationalize our manufacturing structure. These initiatives include the relocation of certain operations at our Ellwangen, Germany packaging center to the Dischingen, Germany battery plant and restructuring Europe's sales, marketing and support functions. We recorded no pretax restructuring and related charges during the Fiscal 2010 Quarter, the Fiscal 2009 Quarter, the Fiscal 2010 Nine Months and the Fiscal 2009 Nine Months in connection with the European Initiatives. We have recorded pretax restructuring and related charges of approximately $27 million since the inception of the European Initiatives.

We have implemented a series of initiatives within our Global Batteries & Personal Care business segment in Latin America to reduce operating costs (the "Latin American Initiatives"). The initiatives, which are substantially complete, include the reduction of certain manufacturing operations in Brazil and the restructuring of management, sales, marketing and support functions. We recorded de minimis pretax restructuring and related charges during the Fiscal 2010 Quarter, the Fiscal 2009 Quarter, the Fiscal 2010 Nine Months and the Fiscal 2009 Nine Months in connection with the Latin American Initiatives. We have recorded restructuring and related charges of approximately $12 million since the inception of the Latin American Initiatives.

In Fiscal 2007, we began managing our business in three vertically integrated, product-focused reporting segments; Global Batteries & Personal Care, Global Pet Supplies and the Home and Garden Business. As part of this realignment, our global operations organization, which had previously been 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 we undertook a number of cost reduction initiatives, primarily headcount reductions, at the corporate and operating segment levels (the "Global Realignment Initiatives"). We recorded approximately $2 million and $1 million of pretax restructuring and related charges during the Fiscal 2010 Quarter and Fiscal 2010 Nine Months, respectively, and recorded $1 million and $12 million during the Fiscal 2009 Quarter and Fiscal 2009 Nine Months, respectively, in connection with the Global Realignment Initiatives. Costs associated with these initiatives, which are expected to be incurred through June 30, 2011, relate primarily to severance and are projected at approximately $87 million.

During Fiscal 2008, we implemented an initiative within the Global Batteries & Personal Care segment to reduce operating costs and rationalize our manufacturing structure. These initiatives, which are substantially complete, include the exit of our battery manufacturing facility in Ningbo, China ("Ningbo") (the "Ningbo Exit Plan"). We recorded de minimis pretax restructuring and related charges during the Fiscal 2010 Quarter and approximately $2 million during the Fiscal 2010 Nine Months. We recorded de minimis pretax restructuring and related charges during the Fiscal 2009 Quarter and approximately $12 million of pretax restructuring and related charges during the Fiscal 2009 Nine Months in connection with the Ningbo Exit Plan. We have recorded restructuring and related charges of approximately $28 million since the inception of the Ningbo Exit Plan.

During Fiscal 2009, we implemented a series of initiatives within the Global Batteries & Personal Care segment, the Global Pet Supplies segment, and the Home and Garden Business segment to reduce operating costs as well as evaluate our opportunities to improve our capital structure (the "Global Cost Reduction Initiatives"). These initiatives include headcount reductions within all our segments and the exit of certain facilities in the U.S. related to the Global Pet Supplies and the Home and Garden Business segments. These initiatives also included consultation, legal and accounting fees related to the evaluation of our capital structure. We recorded $3 million of restructuring and related charges during the Fiscal 2010 Quarter, $14 million during the Fiscal 2010 Nine Months, $2 million during the Fiscal 2009 Quarter and $13 million during the Fiscal 2009 Nine Months related to the Global Cost Reduction Initiatives. Costs associated with these initiatives, which are expected to be incurred through March 31, 2014, are projected at approximately $55 million.

Interest Expense. Interest expense in the Fiscal 2010 Quarter increased to $132 million from $49 million in the Fiscal 2009 Quarter. Included in the Fiscal 2010 Quarter interest expense are the following: (i) $55 million representing the write-off of the unamortized portion of discounts and premiums related to debt that was paid off in conjunction with our refinancing, a non-cash charge; (ii) $9 million related to bridge commitment fees while we were refinancing our debt; (iii) $6 million representing the write-off of the unamortized debt issuance costs related to debt that was paid off, a non-cash charge; (iv) $4 million related to a prepayment premium; and (iv) $3 million related to the termination of a Euro-denominated interest rate swap. Interest expense in the Fiscal 2010 Nine Months increased to $230 million from $149 million in the Fiscal 2009 Nine Months. The increase during the Fiscal 2010 Nine Months is also a result of the factors mentioned above. See Note 7, Debt, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our outstanding debt.

Reorganization items. During the Fiscal 2010 Nine Months, we, in connection with our reorganization under Chapter 11 of the Bankruptcy Code, recorded Reorganization items, net of $4 million, which are primarily professional and legal fees. During the Fiscal 2009 Quarter and the Fiscal 2009 Nine Months we incurred approximately $63 million and $84 million, respectively, of expense in Reorganization items, net. The Fiscal 2009 Quarter included legal and professional fees of $56 million and a provision for rejected leases of $6 million. The Fiscal 2009 Nine Months included the following: (i) legal and professional fees of $67 million; (ii) write off of deferred financing costs of $11 million; and (iii) a provision for rejected leases of $6 million. See Note 2, Voluntary Reorganization Under Chapter 11, of Notes to Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for more information related to our reorganization under Chapter 11 of the Bankruptcy Code.

Income Taxes. Our effective tax rate on income from continuing operations was approximately (17)% and (38)% for the Fiscal 2010 Quarter and Fiscal 2010 Nine Months, respectively. Our effective tax rate on income from continuing operations was approximately (30)% and (34)% for the Fiscal 2009 Quarter and Fiscal 2009 Nine Months, respectively. We have had changes of ownership, as defined under Internal Revenue Code (“IRC”) Section 382, that continue to subject a significant amount of our U.S. federal and state net operating losses and other tax attributes to certain limitations. Under ASC Topic 740: “*Income Taxes,*” (“ASC 740”) we, as discussed more fully below, continue to have a valuation allowance against our net deferred tax assets in the U.S., excluding certain indefinite lived intangibles.

At July 4, 2010, we are estimating that at September 30, 2010 we will have U.S. federal and state net operating loss carryforwards of approximately $1,109 million and $1,978 million, respectively, which will expire through years ending in 2030, and we will have foreign net operating loss carryforwards of approximately $184 million, which expire beginning in 2010. Certain of the foreign net operating losses have indefinite carryforward periods. At September 30, 2009 we had U.S. federal and state net operating loss carryforwards of approximately $598 million and $643 million, respectively, which, at that time, were scheduled to expire through years ending in 2029. At September 30, 2009 we had foreign net operating loss carryforwards of approximately $138 million, which at the time were set to expire beginning in 2010. Certain of the foreign net operating losses have indefinite carryforward periods. Limitations apply to a substantial portion of the U.S. federal and state net operating loss carryforwards in accordance with IRC Section 382. As such, we estimate that approximately $297 million of our federal and $451 million of our state net operating losses will expire unused.

As a consequence of the Salton-Applica Merger, as well as earlier business combinations and issuances of common stock consummated by both companies, use of the tax benefits of Russell Hobbs’ loss carryforwards is also subject to limitations imposed by Section 382 of the Code. The determination of the limitations is complex and requires significant judgment and analysis of past transactions. Our analysis to determine what portion of Russell Hobbs’ carryforwards are restricted or eliminated by that provision is ongoing and, pursuant to such analysis, we expect that a significant portion of these carryforwards will not be available to offset future taxable income, if any. In addition, use of Russell Hobbs’ net operating loss and credit carryforwards is dependent upon both Russell Hobbs and us achieving profitable results in the future.

The ultimate realization of our deferred tax assets depends on our ability to generate sufficient taxable income of the appropriate character in the future and in the appropriate taxing jurisdictions. We establish valuation allowances for deferred tax assets when we estimate it is more likely than not that the tax assets will not be realized. We base these estimates on projections of future income, including tax planning strategies, in certain jurisdictions. Changes in industry conditions and other economic conditions may impact our ability to project future income. ASC 740 requires the establishment of a valuation allowance when it is more likely than not that some portion or all of the deferred tax assets will not be realized. In accordance with ASC 740, we periodically assess the likelihood that our deferred tax assets will be realized and determine if adjustments to the valuation allowance are appropriate. As a result of this assessment, we determined that a full valuation allowance is required against the tax benefit of our net deferred tax assets in the U.S. and various other foreign jurisdictions, excluding certain indefinite lived intangibles. In addition, certain other subsidiaries are subject to valuation allowances with respect to certain deferred tax assets. During the Fiscal 2010 Quarter we increased our valuation allowance against net deferred tax assets by approximately $92 million. Our total valuation allowance, established for the tax benefit of deferred tax assets that may not be realized, was approximately $271 million and $133 million at July 4, 2010 and September 30, 2009, respectively. Of this amount, approximately $259 million and $109 million relates to U.S. net deferred tax assets at July 4, 2010 and September 30, 2009, respectively and approximately $12 million and $24 million relates to foreign net deferred tax assets at July 4, 2010 and September 30, 2009, respectively.

We recognize in our financial statements the impact of a tax position, if that position is more likely than not of being sustained on audit, based on the technical merits of the position. At July 4, 2010 and September 30, 2009, we had approximately $10 million and $8 million of unrecognized tax benefits, respectively. At July 4, 2010 and September 30, 2009, we had approximately $6 million and $3 million of accrued interest and penalties related to uncertain tax positions, respectively.

Discontinued Operations. On November 11, 2008, the board of directors of Old Spectrum approved the shutdown of the growing products portion of the Home and Garden Business, which includes the manufacturing and marketing of fertilizers, enriched soils, mulch and grass seed, following an evaluation of the historical lack of profitability and the projected input costs and significant working capital demands for the growing product portion of the Home and Garden Business during Fiscal 2009. We believe the shutdown is consistent with what we have done in other areas of our business to eliminate unprofitable products from our portfolio. We completed the shutdown of the growing products portion of the Home and Garden Business during the second quarter of Fiscal 2009. Accordingly, the presentation herein of the results of continuing operations excludes the growing products portion of the Home and Garden Business for all periods presented. See Note 3, Significant Accounting Policies—Discontinued Operations, of Notes to Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for further details on the disposal of the growing products portion of the Home and Garden Business.

The following amounts related to the growing products portion of the Home and Garden Business have been segregated from continuing operations and are reflected as discontinued operations during the Fiscal 2009 Quarter, the Fiscal 2010 Nine Months and the Fiscal 2009 Nine Months, respectively (in millions):

	Fiscal Quarter	Fiscal Nine Months	
	2009	2010	2009
Net sales	$ —	$ —	$ 31.3
Loss from discontinued operations before income taxes	$ (3.1)	$ (2.5)	$ (89.1)
Provision for income tax (benefit) expense	(1.1)	0.2	(5.1)
Loss from discontinued operations, net of tax	$ (2.0)	$ (2.7)	$ (84.0)

Liquidity and Capital Resources

Operating Activities

For the Fiscal 2010 Nine Months cash used by operating activities totaled $54 million as compared to a use of $43 million in the Fiscal 2009 Nine Months. Cash used by continuing operations during the Fiscal 2010 Nine Months was $44 million, compared to cash used by continuing operations of $28 million in the Fiscal 2009 Nine Months. This change was primarily the result of $47 million in cash payments for administrative related reorganization items during the Fiscal 2010 Nine Months and $22 million of cash payments in conjunction with the merger with Russell Hobbs. These items were partially offset by an increase of income after non-cash items of $54 million. The $54 million increase in income after non-cash items is primarily due to higher sales, driven by increased market share and favorable foreign exchange translation and savings from our various cost reduction initiatives. See *"Restructuring and Related Charges"* above, as well as Note 13, Restructuring and Related Charges, to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our various cost reduction initiatives. Cash used by operating activities of discontinued operations was $10 million in the Fiscal 2010 Nine Months, compared to cash use of $16 million during the Fiscal 2009 Nine Months. The operating activities of discontinued operations were related to the growing products portion of the Home and Garden Business. See *"Discontinued Operations,"* above, as well as Note 3, Significant Accounting Policies-Discontinued Operations, of Notes to Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for further details on the disposal of the growing products portion of the Home and Garden Business.

We expect to fund our cash requirements, including capital expenditures, interest and principal payments due in Fiscal 2010 through a combination of cash on hand and cash flows from operations and available borrowings under our ABL Revolving Credit Facility. Going forward our ability to satisfy financial and other covenants in our senior credit agreements and senior subordinated indenture and to make scheduled payments or prepayments on our debt and other financial obligations will depend on our future financial and operating performance. There can be no assurances that our business will generate sufficient cash flows from operations or that future borrowings under the ABL Revolving Credit Facility will be available in an amount sufficient to satisfy our debt maturities or to fund our other liquidity needs. In addition, the current economic crisis could have a further negative impact on our financial position, results of operations or cash flows. See Item 1A. Risk Factors, for further discussion of the risks associated with our ability to service all of our existing indebtedness, our ability to maintain compliance with financial and other covenants related to our indebtedness and the impact of the current economic crisis.

Investing Activities

Net cash used by investing activities was $20 million for the Fiscal 2010 Nine Months. For the Fiscal 2009 Nine Months net cash used by investing activities was $6 million. The $14 million increase in cash used by investing activities is primarily due to increased capital expenditures for continuing operations of $12 million, partially offset by the non-recurrence of $1 million cash used by investing activities for discontinued operations in the Fiscal 2009 Nine Months.

Debt Financing Activities

In connection with the Merger, we (i) entered into a new senior secured term loan pursuant to a new senior credit agreement (the "Senior Credit Agreement") consisting of a $750 million U.S. Dollar Term Loan due June 16, 2016 (the "Term Loan"), (ii) issued $750 million in aggregate principal amount of 9.5% Senior Secured Notes maturing June 15, 2018 (the "9.5% Notes") and (iii) entered into a $300 million U.S. Dollar asset based revolving loan facility due June 16, 2014 (the "ABL Revolving Credit Facility" and together with the Senior Credit Agreement, the "Senior Credit Facilities" and the Senior Credit Facilities together with the 9.5% Notes, the "Senior Secured Facilities"). The proceeds from the Senior Secured Facilities were used to repay our then-existing senior term credit facility (the "Prior Term Facility") and our then-existing asset based revolving loan facility, to pay fees and expenses in connection with the refinancing and for general corporate purposes.

The 9.5% Notes and 12% Notes were issued by Spectrum Brands. SB/RH Holdings, LLC, a wholly-owned subsidiary of SB Holdings, and certain of the U.S. subsidiaries of Spectrum Brands are the guarantors under the 9.5% Notes. Certain of the U.S. subsidiaries of Spectrum Brands are the guarantors under the 12% Notes. SB Holdings is not an issuer or guarantor of the 9.5% Notes or the 12% Notes. SB Holdings is also not a borrower or guarantor under the Company's Term Loan or the ABL Revolving Credit Facility. Spectrum Brands is the borrower under the Term Loan and certain of its U.S. subsidiaries along with SB/RH Holdings, LLC are the guarantors under that facility. Spectrum Brands and certain of its U.S. subsidiaries are the borrowers under the ABL Revolving Credit Facility and SB/RH Holdings, LLC is a guarantor of that facility.

Senior Term Credit Facility

The Term Loan has a maturity date of June 16, 2016. Subject to certain mandatory prepayment events, the Term Loan is subject to repayment according to a scheduled amortization, with the final payment of all amounts outstanding, plus accrued and unpaid interest, due at maturity. Among other things, the Term Loan provides for a minimum Eurodollar interest rate floor of 1.5% and interest spreads over market rates of 6.5%.

The Senior Credit Agreement contains financial covenants with respect to debt, including, but not limited to, a maximum leverage ratio and a minimum interest coverage ratio, which covenants, pursuant to their terms, become more restrictive over time. In addition, the 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. Pursuant to a guarantee and collateral agreement, we and our domestic subsidiaries have guaranteed our respective obligations under the Senior Credit Agreement and related loan documents and have pledged substantially all of our respective assets to secure such obligations. The Senior Credit Agreement also provides for customary events of default, including payment defaults and cross-defaults on other material indebtedness.

The Term Loan was issued at a 2.00% discount and was recorded net of the $15 million amount incurred. The discount will be amortized as an adjustment to the carrying value of principal with a corresponding charge to interest expense over the remaining life of the Senior Credit Agreement. During both the Fiscal 2010 Quarter and Fiscal 2010 Nine Months, we recorded $26 million of fees in connection with the Senior Credit Agreement. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statement of Financial Position (Unaudited) as of July 4, 2010 and will be amortized as an adjustment to interest expense over the remaining life of the Senior Credit Agreement.

At July 4, 2010, the aggregate amount outstanding under the Term Loan totaled $750 million.

At September 30, 2009, the aggregate amount outstanding under the Prior Term Facility totaled a U.S. Dollar equivalent of $1,391 million, consisting of principal amounts of $973 million under the U.S. Dollar Term B Loan, €255 million under the Euro Facility (USD $372 million at September 30, 2009) as well as letters of credit outstanding under the L/C Facility totaling $46 million.

At July 4, 2010, we were in compliance with all covenants under the Senior Credit Agreement.

9.5% Notes

At July 4, 2010, we had outstanding principal of $750 million under the 9.5% Notes maturing June 15, 2018.

We may redeem all or a part of the 9.5% Notes, upon not less than 30 or more than 60 days notice, beginning June 15, 2014 at specified redemption prices. Further, the indenture governing the 9.5% Notes (the "2018 Indenture') requires us to make an offer, in cash, to repurchase all or a portion of the applicable

outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control, as defined in such indenture.

The 2018 Indenture contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2018 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments on or acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency. Events of default under the 2018 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 9.5% Notes. If any other event of default under the 2018 Indenture occurs and is continuing, the trustee for the 2018 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 9.5% Notes may declare the acceleration of the amounts due under those notes.

At July 4, 2010, we were in compliance with all covenants under the 2018 Indenture. We, however, are subject to certain limitations as a result of our Fixed Charge Coverage Ratio under the 2018 Indenture being below 2:1. Until the test is satisfied, we and certain of our subsidiaries are limited in our ability to make significant acquisitions or incur significant additional senior credit facility debt beyond the Senior Credit Facilities. We do not expect our inability to satisfy 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 its existing businesses, although no assurance can be given in this regard.

The 9.5% Notes were issued at a 1.37% discount and were recorded net of the $10 million amount incurred. The discount will be amortized as an adjustment to the carrying value of principal with a corresponding charge to interest expense over the remaining life of the 9.5% Notes. During both the Fiscal 2010 Quarter and the Fiscal 2010 Nine Months, we recorded $21 million of fees in connection with the issuance of the 9.5% Notes. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statement of Financial Position (Unaudited) as of July 4, 2010 and will be amortized as an adjustment to interest expense over the remaining life of the 9.5% Notes.

12% Notes

On August 28, 2009, in connection with emergence from the voluntary reorganization under Chapter 11 and pursuant to the Plan, we issued $218 million in aggregate principal amount of 12% Notes maturing August 28, 2019. Semiannually, at our option, we may elect to pay interest on the 12% Notes in cash or as payment in kind, or “PIK”. PIK interest would be added to principal upon the relevant semi-annual interest payment date. Under the Prior Term Facility, we agreed to make interest payments on the 12% Notes through PIK for the first three semi-annual interest payment periods. As a result of the refinancing of the Prior Term Facility we are no longer required to make interest payments as payment in kind after the semi-annual interest payment date of August 28, 2010. During both the Fiscal 2010 Quarter and the Fiscal 2010 Nine Months, we reclassified $13 million of accrued interest from Other long term liabilities to principal in connection with the PIK provision of the 12% Notes. At July 4, 2010, we had $10 million of accrued interest included in Other long term liabilities in the accompanying Condensed Consolidated Statement of Financial Position (Unaudited) that will be reclassified to principal upon the next semi-annual interest payment date of August 28, 2010.

We may redeem all or a part of the 12% Notes, upon not less than 30 or more than 60 days notice, beginning August 28, 2012 at specified redemption prices. Further, the indenture governing the 12% Notes require us to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control, as defined in such indenture.

At July 4, 2010 and September 30, 2009, we had outstanding principal of $231 million and $218 million, respectively, under the 12% Notes.

The indenture governing the 12% Notes (the "2019 Indenture"), contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

In addition, the 2019 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments 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 12% Notes. If any other event of default under the 2019 Indenture occurs and is continuing, the trustee for the indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 12% Notes may declare the acceleration of the amounts due under those notes.

At July 4, 2010, we were in compliance with all covenants under the 12% Notes. We, however, are subject to certain limitations as a result of our Fixed Charge Coverage Ratio under the 2019 Indenture being below 2:1. Until the test is satisfied, we and certain of our subsidiaries are limited in their ability to make significant acquisitions or incur significant additional senior credit facility debt beyond the Senior Credit Facilities. We do not expect its inability to satisfy 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.

In connection with the Merger, we obtained the consent of the note holders to certain amendments to the 2019 Indenture (the "Supplemental Indenture"). The Supplemental Indenture became effective upon the closing of the Merger. Among other things, the Supplemental Indenture amended the definition of change in control to exclude the Harbinger Capital Partners Master Fund I, Ltd. ("Harbinger Master Fund") and Harbinger Capital Partners Special Situations Fund, L.P. ("Harbinger Special Fund") and, together with Harbinger Master Fund, the "HCP Funds") and Global Opportunities Breakaway Ltd. (together with the HCP Funds, the "Harbinger Parties") and increased our ability to incur indebtedness up to $1,850 million.

During both the Fiscal 2010 Quarter and Fiscal 2010 Nine Months, we recorded $3 million of fees in connection with the consent. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statement of Financial Position (Unaudited) as of July 4, 2010 and will be amortized as an adjustment to interest expense over the remaining life of the 12% Notes effective with the closing of the Merger.

ABL Revolving Credit Facility

The ABL Revolving Credit Facility is governed by a credit agreement (the "ABL Credit Agreement") with Bank of America as administrative agent (the "Agent"). The ABL Revolving Credit Facility consists of revolving loans (the "Revolving Loans"), with a portion available for letters of credit and a portion available as swing line loans, in each case subject to the terms and limits described therein.

The Revolving Loans may be drawn, repaid and reborrowed without premium or penalty. The proceeds of borrowings under the ABL Revolving Credit Facility are to be used for costs, expenses and fees in connection with the ABL Revolving Credit Facility, for working capital requirements of the Company and its subsidiaries', restructuring costs, and other general corporate purposes.

The ABL Revolving Credit Facility carries an interest rate, at our option, which is subject to change based on availability under the facility, of either: (a) the base rate plus currently 2.75% per annum or (b) the reserve-adjusted LIBOR rate (the "Eurodollar Rate") plus currently 3.75% per annum. No amortization will be required with respect to the ABL Revolving Credit Facility. The ABL Revolving Credit Facility will mature on June 16, 2014.

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

At July 4, 2010, we were in compliance with all covenants under the ABL Credit Agreement.

During both the Fiscal 2010 Quarter and Fiscal 2010 Nine Months, we recorded $10 million of fees in connection with the ABL Revolving Credit Facility. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statement of Financial Position (Unaudited) as of July 4, 2010 and will be amortized as an adjustment to interest expense over the remaining life of the ABL Revolving Credit Facility.

As a result of borrowings and payments under the ABL Revolving Credit Facility at July 4, 2010, we had aggregate borrowing availability of approximately $208 million, net of lender reserves of $29 million.

At July 4, 2010, we had an aggregate amount outstanding under the ABL Revolving Credit Facility of $63 million which includes loans outstanding of $22 million and letters of credit of $41 million.

At September 30, 2009, we had an aggregate amount outstanding under its then-existing asset based revolving loan facility of $84 million which included a supplemental loan of $45 million and $6 million in outstanding letters of credit.

Interest Payments and Fees

In addition to principal payments on our Senior Credit Facilities, we have annual interest payment obligations of approximately $71 million in the aggregate under our 9.5% Notes and annual interest payment obligations of approximately $28 million in the aggregate under our 12% Notes. We also incur interest on our borrowings under the Senior Credit Facilities, and such interest would increase borrowings under the ABL Revolving Credit Facility if cash were not otherwise available for such payments. Interest on the 9.5% Notes and interest on the 12% Notes is payable semi-annually in arrears and interest under the Senior Credit Facilities is payable on various interest payment dates as provided in the Senior Credit Agreement and the ABL Credit Agreement. Interest is payable in cash, except that, under the terms of the Senior Credit Facilities, interest under the 12% Notes is required to be paid for the first three semi-annual interest payment dates by increasing the aggregate principal amount due under the subject notes. As a result of the refinancing of the previous Senior Credit Agreement on June 16, 2010, we are no longer required to make interest payments as payment in kind after the semi-annual interest payment date of August 28, 2010. Thereafter, we may make the semi-annual interest payments for the 12% Notes either in cash or by further increasing the aggregate principal amount due under the notes subject to certain conditions. Based on amounts currently outstanding under the Senior Credit Facilities, and using market interest rates and foreign exchange rates in effect at July 4, 2010, we estimate annual interest payments of approximately $61 million in the aggregate under our Senior Credit Facilities would be required assuming no further principal payments were to occur and excluding any payments associated with outstanding interest rate swaps. We are required to pay certain fees in connection with the Senior Credit Facilities. Such fees include a quarterly commitment fee of up to 0.75% on the unused portion of the ABL Revolving Credit Facility and certain additional fees with respect to the letter of credit subfacility under the ABL Revolving Credit Facility.

Equity Financing Activities

During the Fiscal 2010 Nine Months, we granted approximately 0.9 million shares of restricted stock. All vesting dates are subject to the recipient's continued employment with us, except as otherwise permitted by our Board of Directors or in certain cases if the employee is terminated without cause. The total market value of the restricted shares on the date of grant was approximately $23 million which was recorded as unearned restricted stock compensation. Unearned compensation is amortized to expense over the appropriate vesting period.

Off-Balance Sheet Arrangements

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

Contractual Obligations and Commercial Commitments

There have been no material changes to our contractual obligations and commercial commitments as discussed in our Annual Report on Form 10-K and any amendments thereto for our fiscal year ended September 30, 2009.

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 and any amendments thereto for our fiscal year ended September 30, 2009.

Recently Issued Accounting Standards

Employers' Disclosures About Postretirement Benefit Plan Assets

In December 2008, the FASB issued new accounting guidance on employers' disclosures about assets of a defined benefit pension or other postretirement plan. It requires employers to disclose information about fair value measurements of plan assets. The objectives of the disclosures are to provide an understanding of: (a) how investment allocation decisions are made, including the factors that are pertinent to an understanding of investment policies and strategies, (b) the major categories of plan assets, (c) the inputs and valuation techniques used to measure the fair value of plan assets, (d) the effect of fair value measurements using significant unobservable inputs on changes in plan assets for the period and (e) significant concentrations of risk within plan assets. The disclosures required are effective for our annual financial statements for the period that began after December 15, 2009. The adoption of this guidance is not expected to have a material effect on our financial position, results of operations or cash flows.

Accounting for Transfers of Financial Assets

In June 2009, the FASB issued new accounting guidance to improve the information provided in financial statements concerning transfers of financial assets, including the effects of transfers on financial position, financial performance and cash flows, and any continuing involvement of the transferor with the transferred financial assets. The provisions are effective for our financial statements for the fiscal year beginning October 1, 2010. We are in the process of evaluating the impact that the guidance may have on our financial statements and related disclosures.

Variable Interest Entities

In June 2009, the FASB issued new accounting guidance requiring an enterprise to perform an analysis to determine whether the enterprise's variable interest or interests give it a controlling financial interest in a variable interest entity. It also requires enhanced disclosures that will provide users of financial statements with more transparent information about an enterprise's involvement in a variable interest entity. The provisions are effective for our financial statements for the fiscal year beginning October 1, 2010. We are in the process of evaluating the impact that the guidance may have on our financial statements and related disclosures.

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 Note 3, Significant Accounting Policies—Derivative Financial Instruments to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q.

Interest Rate Risk

We have bank lines of credit at variable interest rates. The general level of U.S. interest rates, LIBOR and Euro LIBOR affect interest expense. We 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, Brazilian Reals and Canadian Dollars. We manage our foreign exchange exposure from anticipated sales, accounts receivable, intercompany loans, firm purchase commitments, accounts payable and credit obligations through the use of naturally occurring offsetting positions (borrowing in local currency), forward foreign exchange contracts, foreign exchange rate swaps and foreign exchange options. The related amounts payable to, or receivable from, the contract counter-parties are included in accounts payable or accounts receivable.

Commodity Price Risk

We are exposed to fluctuations in market prices for purchases of zinc used in 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.

At July 4, 2010, 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 $1.0 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 loss of $1.0 million.

At July 4, 2010, 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 $42.2 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 $16.6 million.

At July 4, 2010, 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 $3.0 million. The net impact on reported earnings, after also including the reduction in cost of one year's purchases of the related commodities due to the same change in commodity prices, would be a net gain of $0.6 million.

Item 4. Controls and Procedures

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

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

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

In December 2009, San Francisco Technology, Inc. filed an action in the Federal District Court for the Northern District of California against the Company, as well as a number of unaffiliated defendants, claiming that each of the defendants had falsely marked patents on certain of its products in violation of Article 35, Section 292 of the U.S. Code and seeking to have civil fines imposed on each of the defendants for such claimed violations. This matter is currently stayed pending resolution of a similar case in which the Company is not a party. The Company is reviewing the claims and intends to vigorously defend this matter but, as of the date of this Quarterly Report on Form 10-Q, cannot estimate any possible losses.

In May 2010, Herengrucht Group, LLC filed an action in the U.S. District Court for the Southern District of California against the Company claiming that the Company had falsely marked patents on certain of its products in violation of Article 35, Section 292 of the U.S. Code and seeking to have civil fines imposed on each of the defendants for such claimed violations. The Company is reviewing the claims but is unable to estimate any possible losses at this time.

A subsidiary of the Company is a defendant in NACCO Industries, Inc. et al. v. Applica Incorporated et al., Case No. C.A. 2541-VCL, which was filed in the Court of Chancery of the State of Delaware in November 2006.

The original complaint in this action alleged a claim for, among other things, breach of contract against Applica and a number of tort claims against certain entities affiliated with the Harbinger Parties. The claims against Applica related to the alleged breach of the merger agreement between Applica and NACCO Industries, Inc. (“NACCO”) and one of its affiliates, which agreement was terminated following Applica’s receipt of a superior merger offer from the HCP Funds. On October 22, 2007, the plaintiffs filed an amended complaint asserting claims against Applica for, among other things, breach of contract and breach of the implied covenant of good faith relating to the termination of the NACCO merger agreement and asserting various tort claims against Applica and the HCP Funds. The original complaint was filed in conjunction with a motion preliminarily to enjoin the HCP Funds’ acquisition of Applica. On December 1, 2006, plaintiffs withdrew their motion for a preliminary injunction. In light of the consummation of Applica’s merger with affiliates of the HCP Funds in January 2007 (Applica is currently a subsidiary of Russell Hobbs), the Company believes that any claim for specific performance is moot. Applica filed a motion to dismiss the amended complaint in December 2007. Rather than respond to the motion to dismiss the amended complaint, NACCO filed a motion for leave to file a second amended complaint, which was granted in May 2008. Applica moved to dismiss the second amended complaint, which motion was granted in part and denied in part in December 2009.

The trial is currently scheduled for February 2011. The Company intends to vigorously defend the action, but may be unable to resolve the disputes successfully or without incurring significant costs and expenses. As a result, Russell Hobbs and Harbinger Master Fund have entered into an indemnification agreement, dated as of February 9, 2010, by which Harbinger Master Fund has agreed, effective upon the consummation of the Merger, to indemnify Russell Hobbs, its subsidiaries and any entity that owns all of the outstanding voting stock of Russell Hobbs against any out-of-pocket losses, costs, expenses, judgments, penalties, fines and other damages in excess of $3 million incurred with respect to this litigation and any future litigation or legal action against the indemnified parties arising out of or relating to the matters which form the basis of this litigation.

Applica Consumer Products, Inc., a subsidiary of the Company, is a defendant in three asbestos lawsuits in which the plaintiffs have alleged injury as the result of exposure to asbestos in hair dryers distributed by that subsidiary over 20 years ago. Although Applica never manufactured such products, asbestos was used in certain hair dryers distributed by it prior to 1979. Russell Hobbs, another subsidiary, is a defendant in one asbestos lawsuit in which the plaintiff has alleged injury as the result of exposure to asbestos in toasters and/or toaster ovens. There are numerous defendants named in these lawsuits, many of whom, unlike Russell Hobbs or

Applica, actually manufactured asbestos containing products. The Company believes that these actions are without merit and intends to vigorously defend the action, but may be unable to resolve the disputes successfully without incurring significant expenses. At this time, the Company does not believe it has coverage under its insurance policies for the asbestos lawsuits.

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

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 Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations regarding our business strategy, future operations, financial condition, estimated revenues, projected costs, projected synergies, prospects, plans and objectives of management, as well as information concerning expected actions of third parties, are forward-looking statements. When used in this 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 our current expectations of future events and projections and are subject to a number of risks and uncertainties, many of which are beyond our control and some of which may change rapidly, actual results or outcomes may differ materially from those expressed or implied herein, and you should not place undue reliance on these statements. Important factors that could cause our actual results to differ materially from those expressed or implied herein include, without limitation:

- the impact of our substantial indebtedness on our business, financial condition and results of operations;
- the impact of restrictions in our debt instruments on our ability to operate our business, finance our capital needs or pursue or expand business strategies;
- any failure to comply with financial covenants and other provisions and restrictions of our debt instruments;
- our ability to successfully integrate the business acquired in connection with the combination with Russell Hobbs and achieve the expected synergies from that integration at the expected costs;
- the impact of expenses resulting from the implementation of new business strategies, divestitures or current and proposed restructuring activities;
- the impact of fluctuations in commodity prices, costs or availability of raw materials or terms and conditions available from suppliers, including suppliers' willingness to advance credit;
- interest rate and exchange rate fluctuations;
- the loss of, or a significant reduction in, sales to a significant retail customer(s);
- competitive promotional activity or spending by competitors or price reductions by competitors;
- the introduction of new product features or technological developments by competitors and/or the development of new competitors or competitive brands;
- the effects of general economic conditions, including inflation, recession or fears of a recession, depression or fears of a depression, labor costs and stock market volatility or changes in trade, monetary or fiscal policies in the countries where we do business;

- changes in consumer spending preferences and demand for our products;
- our ability to develop and successfully introduce new products, protect our intellectual property and avoid infringing the intellectual property of third parties;
- our ability to successfully implement, achieve and sustain manufacturing and distribution cost efficiencies and improvements, and fully realize anticipated cost savings;
- the 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;
- the impact of pending or threatened litigation;
- changes in accounting policies applicable to our business;
- government regulations;
- the seasonal nature of sales of certain of our products;
- the effects of climate change and unusual weather activity; 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 4, 2010 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 U.S. 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.

Risks Related to the Merger

Significant costs have been incurred in connection with the consummation of the Merger and are expected to be incurred in connection with the integration of Spectrum Brands and Russell Hobbs into a combined company, including legal, accounting, financial advisory and other costs.

We expect to incur one-time costs of approximately $23 million in connection with integrating the operations, products and personnel of Spectrum Brands and Russell Hobbs into a combined company, in addition to costs related directly to completing the Merger described below. These costs may include costs for:

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

In addition, we expect to incur a number of non-recurring costs associated with combining our operations with those of Russell Hobbs, which cannot be estimated accurately at this time. We expect to incur approximately $85 million of transaction fees and other costs related to the Merger. Additional unanticipated costs may yet be incurred as we integrate our business with that of Russell Hobbs. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of our operations with those of Russell Hobbs, may offset incremental transaction and transaction-related costs over time, this net benefit may not be achieved in the near term, or at all. There can be no assurance that we will be successful in our integration efforts. In addition, while we expect to benefit from leveraging distribution channels and brand names across both companies, we cannot assure you that we will achieve such benefits.

We may not realize the anticipated benefits of the Merger.

The Merger involved the integration of two companies that previously operated independently. The integration of our operations with those of Russell Hobbs is expected to result in financial and operational benefits, including increased revenues and cost savings. There can be no assurance, however, regarding when or the extent to which we will be able to realize these increased revenues, cost savings or other benefits. Integration may also be difficult, unpredictable, and subject to delay because of possible company culture conflicts and different opinions on technical decisions and product roadmaps. We must integrate or, in some cases, replace, numerous systems, including those involving management information, purchasing, accounting and finance, sales, billing, employee benefits, payroll and regulatory compliance, many of which are dissimilar. In some instances, we and Russell Hobbs have served the same customers, and some customers may decide that it is desirable to have additional or different suppliers. Difficulties associated with integration could have a material adverse effect on our business, financial condition and operating results.

Integrating our business with that of Russell Hobbs may divert our management's attention away from operations.

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

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

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

General customer uncertainty related to the Merger could harm us.

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

Risks Related To Our Emergence From Bankruptcy

Because our consolidated financial statements are required to reflect fresh-start reporting adjustments to be made upon emergence from bankruptcy, financial information in our financial statements prepared after August 30, 2009 will not be comparable to our financial information from prior periods.

All conditions required for the adoption of fresh-start reporting were met upon emergence from Chapter 11 of the Bankruptcy Code on the Effective Date. However, in light of the proximity of that date to our accounting period close immediately following the Effective Date, which was August 30, 2009, we elected to adopt a convenience date of August 30, 2009 for recording fresh-start reporting. We adopted fresh-start reporting in accordance with the Accounting Standards Codification ("ASC") Topic 852: *"Reorganizations,"* pursuant to which our reorganization value, which is intended to reflect the fair value of the entity before considering liabilities and approximate the amount a willing buyer would pay for the assets of the entity immediately after the reorganization, will be allocated to the fair value of assets in conformity with Statement of Financial Accounting Standards No. 141, *"Business Combinations,"* using the purchase method of accounting for business combinations. We will state liabilities, other than deferred taxes, at a present value of amounts expected to be paid. The amount remaining after allocation of the reorganization value to the fair value of identified tangible and intangible assets will be reflected as goodwill, which is subject to periodic evaluation for impairment. In addition, under fresh-start reporting the accumulated deficit will be eliminated. Thus, our future statements of financial position and results of operations will not be comparable in many respects to statements of financial position and consolidated statements of operations data for periods prior to the adoption of fresh-start reporting. The lack of comparable historical information may discourage investors from purchasing our securities. Additionally, the financial information included in this Quarterly Report on Form 10-Q may not be indicative of future financial information.

Risks Related To Our Business

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

We have, and we expect to continue to have, a significant amount of indebtedness. As of July 4, 2010, we had total indebtedness under our Senior Secured Facilities, the 12% Notes and other debt of approximately $1.7 Billion. Our substantial indebtedness has had, and could continue to have, material adverse consequences for our business, and may:

- require us to dedicate a large portion of our cash flow to pay principal and interest on our indebtedness, which will reduce the availability of our cash flow to fund working capital, capital expenditures, research and development expenditures and other business activities;

- increase our vulnerability to general adverse economic and industry conditions;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- restrict our ability to make strategic acquisitions, dispositions or 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.

Under the Senior Secured Facilities and the indenture governing the 12% Senior Subordinated Notes (the "***2019 Indenture***"), we may incur additional indebtedness. If new debt is added to our existing debt levels, the related risks that we now face would increase.

Furthermore, a substantial 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 and could adversely impact our results of operations. While we may enter into agreements limiting our exposure to higher debt service requirements, any such agreements may not offer complete protection from this risk.

Restrictive covenants in the Senior Secured Facilities and the 2019 Indenture may restrict our ability to pursue our business strategies.

The Senior Secured Facilities and the 2019 Indenture each restrict, among other things, asset dispositions, mergers and acquisitions, dividends, stock repurchases and redemptions, other restricted payments, indebtedness and preferred stock, loans and investments, liens and affiliate transactions. The Senior Secured Facilities and the 2019 Indenture also contain customary events of default. These covenants, among other things, limit our ability to fund future working capital and capital expenditures, engage in future acquisitions or development activities, or otherwise realize the value of our assets and opportunities fully because of the need to dedicate a portion of cash flow from operations to payments on debt. In addition, the Senior Secured Facilities contain financial covenants relating to maximum leverage and minimum interest coverage. Such covenants could limit the flexibility of our restricted entities in planning for, or reacting to, changes in the industries in which they operate. Our ability to comply with these covenants is subject to certain events outside of our control. If we are unable to comply with these covenants, the lenders under our Senior Secured Facilities could terminate their commitments and the lenders under our Senior Secured Facilities could accelerate repayment of our outstanding borrowings, and, in either case, we may be unable to obtain adequate refinancing outstanding borrowings on favorable terms. If we are unable to repay outstanding borrowings when due, the lenders under the Senior Secured Facilities will also have the right to proceed against the collateral granted to them to secure the indebtedness owed to them. If our obligations under the Senior Secured Facilities and the 12% Notes are accelerated, we cannot assure you that our assets would be sufficient to repay in full such indebtedness.

We face risks related to the current economic environment.

The current economic environment and related turmoil in the global financial system has had and may continue to have an impact on our business and financial condition. Global economic conditions have significantly impacted economic markets within certain sectors, with financial services and retail businesses being particularly impacted. Our ability to generate revenue depends significantly on discretionary consumer spending. It is difficult to predict new general economic conditions that could impact consumer and customer demand for our products or our ability to manage normal commercial relationships with our customers, suppliers and creditors. The recent continuation of a number of negative economic factors, including constraints on the supply of credit to households, uncertainty and weakness in the labor market and general consumer fears of a continuing economic downturn could have a negative impact on discretionary consumer spending. If the

economy continues to deteriorate or fails to improve, our business could be negatively impacted, including as a result of reduced demand for our products or supplier or customer disruptions. Any weakness in discretionary consumer spending could have a material adverse effect on our revenues, results of operations and financial condition. In addition, our ability to access the capital markets may be restricted at a time when it could be necessary or beneficial to do so, which could have an impact on our flexibility to react to changing economic and business conditions.

In early 2010, concern over sovereign debt in Greece and certain other European Union countries caused significant devaluation of the Euro relative to other currencies, such as the U.S. Dollar. Destabilization of the European economy could lead to a decrease in consumer confidence, which could cause reductions in discretionary spending and demand for our products. Furthermore, sovereign debt issues could also lead to further significant, and potentially longer-term, economic issues such as reduced economic growth and devaluation of the Euro against the U.S. Dollar, any of which could adversely affect our business, financial conditions and operating results.

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

The markets in which we participate are very competitive. In the consumer battery market, our primary competitors are *Duracell* (a brand of The Procter & Gamble Company ("Procter & Gamble")), *Energizer* and *Panasonic* (a brand of Matsushita Electrical Industrial Co., Ltd.). 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 Koninklijke Philips Electronics NV), and *Vidal Sassoon* and *Revlon* (brands of Helen of Troy Limited). In the pet supplies market, our primary competitors are Mars Corporation, The Hartz Mountain Corporation and Central Garden & Pet Company ("Central Garden & Pet"). In the Home and Garden Business, our principal national competitors are The Scotts Miracle-Gro Company, Central Garden & Pet and S.C. Johnson & Son, Inc. Our principal national competitors within our Small Appliances segment include Jarden Corporation, DeLonghi America, Euro-Pro Operating LLC, Metro Thebe, Inc., d/b/a HWI Breville, NACCO Industries, Inc. (*Hamilton Beach*) and SEB S.A. In each of these markets, we also face competition from numerous other companies. In addition, in a number of our product lines, we compete with our retail customers, who use their own private label brands, and with distributors and foreign manufacturers of unbranded products. Significant new competitors or increased competition from existing competitors may adversely affect the business, financial condition and results of our operations.

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

- We compete against many well-established companies that may have substantially greater financial and other resources, including personnel and research and development, and greater overall market share than us.
- In some key product lines, our competitors may have lower production costs and higher profit margins than us, which may enable them to compete more aggressively in offering retail discounts, rebates and other promotional incentives.
- 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.
- We may not be successful in the introduction, marketing and manufacture of any new products or product innovations or be able to develop and introduce, in a timely manner, innovations to our existing products that satisfy customer needs or achieve market acceptance.

Some competitors may be willing to reduce prices and accept lower profit margins to compete with us. As a result of this competition, we could lose market share and sales, or be forced to reduce our prices to meet competition. If our product offerings are unable to compete successfully, our sales, results of operations and financial condition could be materially and adversely affected.

We may not be able to realize expected benefits and synergies from future acquisitions of businesses or product lines.

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

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, electric shaving, grooming and personal care and small household appliance products are seasonal. A large percentage of sales for these products generally occur during our first fiscal quarter that ends on or about December 31, due to the impact of the December holiday season. Sales of our lawn and garden and household insect control products are also seasonal. A large percentage of our sales of these 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 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 are subject to significant international business risks that could hurt our business and cause our results of operations to fluctuate.

Approximately 44% of our net sales for the fiscal year ended September 30, 2009 were from customers outside of the U.S. Our pursuit of international growth opportunities may require significant investments for an extended period before returns on these investments, if any, are realized. Our international operations are subject to risks including, among others:

- currency fluctuations, including, without limitation, fluctuations in the foreign exchange rate of the Euro;
- changes in the economic conditions or consumer preferences or demand for our products in these markets;
- the risk that because our brand names may not be locally recognized, we must spend significant amounts of time and money to build brand recognition without certainty that we will be successful;
- labor unrest;

- political and economic instability, as a result of terrorist attacks, natural disasters or otherwise;
- lack of developed infrastructure;
- longer payment cycles and greater difficulty in collecting accounts;
- restrictions on transfers of funds;
- import and export duties and quotas, as well as general transportation costs;
- changes in domestic and international customs and tariffs;
- changes in foreign labor laws and regulations affecting our ability to hire and retain employees;
- inadequate protection of intellectual property in foreign countries;
- unexpected changes in regulatory environments;
- difficulty in complying with foreign law;
- difficulty in obtaining distribution and support; and
- adverse tax consequences.

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

Adverse weather conditions during our peak selling season for our home and garden control products could have a material adverse effect on our Home and Garden Business.

Weather conditions in the U.S. have a significant impact on the timing and volume of sales of certain of our lawn and garden and household insecticide and repellent products. Periods of dry, hot weather can decrease insecticide sales, while periods of cold and wet weather can slow sales of herbicides.

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

The principal raw materials used to produce our products—including zinc powder, electrolytic manganese dioxide powder, petroleum-based plastic materials, steel, aluminum, copper and corrugated materials (for packaging)—are sourced either on a global or regional basis by us or our suppliers, and the prices of those raw materials are susceptible to price fluctuations due to supply and demand trends, energy costs, transportation costs, government regulations, duties and tariffs, changes in currency exchange rates, price controls, general economic conditions and other unforeseen circumstances. In particular, during 2007 and 2008, and to date in 2010, we experienced extraordinary price increases for raw materials, particularly as a result of strong demand from China. Although we may increase the prices of certain of our goods to our customers, we may not be able to pass all of these cost increases on to our customers. As a result, our margins may be adversely impacted by such cost increases. We cannot provide any assurance that our sources of supply will not be interrupted due to changes in worldwide supply of or demand for raw materials or other events that interrupt material flow, which may have an adverse effect on our profitability and results of operations.

We regularly engage in forward purchase and hedging derivative transactions in an attempt to effectively manage and stabilize some of the raw material costs we expect to incur over the next 12 to 24 months; however, our hedging positions may not be effective, or may not anticipate beneficial trends, in a particular raw material market or may, as a result of changes in our business, no longer be useful for us. In addition, for certain of the principal raw materials we use to produce our products, such as electrolytic manganese dioxide powder, there are no available effective hedging markets. If these efforts are not effective or expose us to above average costs for an extended period of time, and we are unable to pass our raw materials costs on to our customers, our future

profitability may be materially and adversely affected. Furthermore, with respect to transportation costs, certain modes of delivery are subject to fuel surcharges which are determined based upon the current cost of diesel fuel in relation to pre-established agreed upon costs. We may be unable to pass these fuel surcharges on to our customers, which may have an adverse effect on our profitability and results of operations.

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

We may not be able to fully utilize our U.S. net operating loss carryforwards.

As of July 4, 2010, Spectrum Brands had U.S. federal and state net operating loss carryforwards of approximately $1,109 and $1,978 million, respectively. These net operating loss carryforwards expire through years ending in 2030. As of July 4, 2010, our management determined that it continues to be more likely than not that the net U.S. deferred tax asset, excluding certain indefinite lived intangibles, would not be realized in the future and as such recorded a full valuation allowance to offset the net U.S. deferred tax asset, including Spectrum Brands' net operating loss carryforwards. In addition, Spectrum Brands has had changes of ownership, as defined under Section 382 of the Internal Revenue Code of 1986, as amended (the "***Code***"), that continue to subject a significant amount of Spectrum Brands' U.S. net operating losses and other tax attributes to certain limitations. We estimate that approximately $297 million of our federal and $451 million of our state net operating losses will expire unused due to the limitation in Section 382 of the Code.

As a consequence of the Salton-Applica Merger, as well as earlier business combinations and issuances of common stock consummated by both companies, use of the tax benefits of Russell Hobbs' loss carryforwards is also subject to limitations imposed by Section 382 of the Code. The determination of the limitations is complex and requires significant judgment and analysis of past transactions. Our analysis to determine what portion of Russell Hobbs' carryforwards are restricted or eliminated by that provision is ongoing and, pursuant to such analysis, we expect that a significant portion of these carryforwards will not be available to offset future taxable income, if any. In addition, use of Russell Hobbs' net operating loss and credit carryforwards is dependent upon both Russell Hobbs and us achieving profitable results in the future.

If we are unable to fully utilize our net operating losses, other than those restricted under Section 382 of the Code, as discussed above, to offset taxable income generated in the future, our results of operations could be materially and negatively impacted.

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

As a result of consolidation of retailers and consumer trends toward national mass merchandisers, a significant percentage of our sales are attributable to a very limited group of customers. Our largest customer accounted for approximately 23% of our consolidated net sales for the fiscal year ended September 30, 2009. As these mass merchandisers and retailers grow larger and become more sophisticated, they may demand lower pricing, special packaging, or impose other requirements on product suppliers. These business demands may relate to inventory practices, logistics, or other aspects of the customer-supplier relationship. Because of the importance of these key customers, demands for price reductions or promotions, reductions in their purchases, changes in their financial condition or loss of their accounts could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

Our international sales and certain of our expenses are transacted in foreign currencies. During the Fiscal 2010 Nine Months, approximately 43% of our net sales and 44% of our operating expenses were denominated in foreign currencies. We expect that the amount of our revenues and expenses transacted in foreign currencies will increase as our Latin American, European and Asian operations grow and, as a result, our exposure to risks associated with foreign currencies could increase accordingly. Significant changes in the value of the U.S. dollar in relation to foreign currencies will affect our cost of goods sold and our operating margins and could result in exchange losses or otherwise have a material effect on our business, financial condition and results of operations. Changes in currency exchange rates may also affect our sales to, purchases from and loans to our subsidiaries as well as sales to, purchases from and bank lines of credit with our customers, suppliers and creditors that are denominated in foreign currencies.

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

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

A deterioration in trade relations with China could lead to a substantial increase in tariffs imposed on goods of Chinese origin, which potentially could reduce demand for and sales of our products.

We purchase a number of our products and supplies from suppliers located in China. China gained Permanent Normal Trade Relations ("PNTR") with the U.S. when it acceded to the World Trade Organization ("WTO"), effective January 2002. The U.S. imposes the lowest applicable tariffs on exports from PNTR countries to the U.S. In order to maintain its WTO membership, China has agreed to several requirements, including the elimination of caps on foreign ownership of Chinese companies, lowering tariffs and publicizing its laws. China may not meet these requirements, it may not remain a member of the WTO, and its PNTR trading status may not be maintained. If China's WTO membership is withdrawn or if PNTR status for goods produced in China were removed, there could be a substantial increase in tariffs imposed on goods of Chinese origin entering the U.S. which could have a material negative adverse effect on our sales and gross margin.

Our international operations may expose us to risks related to compliance with the laws and regulations of foreign countries.

We are subject to three European Union ("EU") Directives that may have a material impact on our business: Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment, Waste of Electrical and Electronic Equipment and the Directive on Batteries and Accumulators and Waste Batteries, discussed below. Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment requires us to eliminate specified hazardous materials from products we sell in EU member states. Waste of Electrical and Electronic Equipment requires us to collect and treat, dispose of or recycle certain products we manufacture or import into the EU at our own expense. The EU Directive on Batteries and Accumulators and Waste Batteries bans heavy metals in batteries by establishing maximum quantities of heavy metals in batteries and mandates waste management of these batteries, including collection, recycling and disposal systems, with the costs imposed upon producers and importers such as us. Complying or failing to comply with the EU Directives may harm our business. For example:

- Although contracts with our suppliers address related compliance issues, we may be unable to procure appropriate Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment 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 2010 for which there is reduced demand, and we may need to write down the carrying value of such inventories.
- We may be unable to sell certain existing inventories of our batteries in Europe.

Many of the developing countries in which we operate do not have significant governmental regulation relating to environmental safety, occupational safety, employment practices or other business matters routinely regulated in the U.S. or may 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 closing manufacturing facilities. Increases in our costs as a result of increased regulation, legislation or enforcement could materially and adversely affect our business, results of operations and financial condition.

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

To establish and protect our intellectual property rights, we rely upon a combination of national, foreign and multi-national patent, trademark and trade secret laws, together with licenses, confidentiality agreements and other contractual arrangements. The measures that we take to protect our intellectual property rights may prove

inadequate to prevent third parties from infringing or misappropriating our intellectual property. We may need to resort to litigation to enforce or defend our intellectual property rights. If a competitor or collaborator files a patent application claiming technology also claimed by us, or a trademark application claiming a trademark, service mark or trade dress also used by us, in order to protect our rights, we may have to participate in expensive and time consuming opposition or interference proceedings before the U.S. Patent and Trademark Office or a similar foreign agency. Similarly, our intellectual property rights may be challenged by third parties or invalidated through administrative process or litigation. The costs associated with protecting intellectual property rights, including litigation costs, may be material. For example, our Small Appliances segment has spent several million dollars on protecting its patented automatic litter box business over the last few years. Furthermore, even if our intellectual property rights are not directly challenged, disputes among third parties could lead to the weakening or invalidation of our intellectual property rights, or our competitors may independently develop technologies that are substantially equivalent or superior to our technology. Obtaining, protecting and defending intellectual property rights can be time consuming and expensive, and may require us to incur substantial costs, including the diversion of the time and resources of management and technical personnel.

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

We license various trademarks, trade names and patents from third parties for certain of our products. These licenses generally place marketing obligations on us and require us to pay fees and royalties based on net sales or profits. Typically, these licenses may be terminated if we fail to satisfy certain minimum sales obligations or if we breach the terms of the license. The termination of these licensing arrangements could adversely affect our business, financial condition and results of operations.

In our Small Appliances segment, we license the use of the *Black & Decker* brand for marketing in certain small household appliances in North America, South America (excluding Brazil) and the Caribbean. Sales of *Black & Decker* branded products represented approximately 53% and 68% of the total consolidated revenue of our Small Appliances segment in the 2009 and 2008 fiscal year, respectively. In December 2007, The Black & Decker Corporation (“BDC”) extended the license agreement through December 2012, with an automatic extension through December 2014 if certain milestones are met regarding sales volume and product return. The failure to renew the license agreement with BDC or to enter into a new agreement on acceptable terms could have a material adverse effect on our financial condition, liquidity and results of operations.

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

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

In addition, an unfavorable ruling in intellectual property litigation could subject us to significant liability, as well as require us to cease developing, manufacturing or selling the affected products or using the affected processes or trademarks. Any significant restriction on our proprietary or licensed intellectual property that impedes our ability to develop and commercialize our products could have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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 our Portage, Wisconsin facility. Damage to this facility, or prolonged interruption in the operations of this facility for repairs, as a result of labor difficulties or for other reasons, could have a material adverse effect on our ability to manufacture and sell our foil shaving products which could in turn harm our business, financial condition and results of operations.

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

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

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

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

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 a defendant 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. Additionally, we do not maintain product recall insurance. We may not be able to maintain such insurance on acceptable terms, if at all, in the future. 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. In particular, product recalls or product liability claims challenging the safety of our products may result in a decline in sales for a particular product. This could be true even if the claims themselves are ultimately settled for immaterial amounts. This type of adverse publicity could occur and product liability claims could be made in the future.

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

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

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

Risk of environmental liability is inherent in our business. As a result, material environmental costs may arise in the future. In particular, we may incur capital and other costs to comply with increasingly stringent environmental laws and enforcement policies, such as the EU Directives: Restriction of the Use of Hazardous Substances in Electrical and Electronic Equipment, Waste of Electrical and Electronic Equipment and the Directive on Batteries and Accumulators and Waste Batteries, discussed above. Moreover, there are proposed international accords and treaties, as well as federal, state and local laws and regulations, that would attempt to control or limit the causes of climate change, including the effect of greenhouse gas emissions on the environment. In the event that the U.S. government or foreign governments enact new climate change laws or regulations or make changes to existing laws or regulations, compliance with applicable laws or regulations may result in increased manufacturing costs for our products, such as by requiring investment in new pollution control equipment or changing the ways in which certain of our products are made. We may incur some of these costs directly and others may be passed on to us from our third-party suppliers. Although we believe that we are substantially in compliance with applicable environmental laws and regulations at our facilities, we may not always be in compliance with such laws and regulations or any new laws and regulations in the future, which could have a material adverse effect on our business, financial condition and results of operations.

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

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 Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") or similar state or foreign jurisdiction laws that hold persons who "arranged for" the disposal or treatment of such substances strictly liable for costs incurred in responding to the release or threatened release of hazardous substances from such sites, regardless of fault or the lawfulness of the original disposal. Liability under CERCLA is typically joint and several, meaning that a liable party may be responsible for all of the costs incurred in investigating and remediating contamination at a site. We occasionally are identified by federal or state governmental agencies as being a potentially responsible party for response actions contemplated at an off-site facility. At the existing sites where we have been notified of our status as a potentially responsible party, it is either premature to determine if our potential liability, if any, will be material or we do not believe that our liability, if any, will be material. We may be named as a potentially responsible party under CERCLA or similar state or foreign jurisdiction laws in the future for other sites not currently known to us, and the costs and liabilities associated with these sites may have a material adverse effect on our business, financial condition and results of operations.

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

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

As a distributor of consumer products in the U.S., certain of our products are also subject to the Consumer Product Safety Act, which empowers the U.S. Consumer Product Safety Commission (the "Consumer Commission") to exclude from the market products that are found to be unsafe or hazardous. Under certain circumstances, the Consumer Commission could require us to repair, replace or refund the purchase price of one or more of its products, or we may voluntarily do so. For example, Russell Hobbs, in cooperation with the Consumer Commission, voluntarily recalled approximately 9,800 units of a thermal coffeemaker sold under the *Black & Decker* brand in August 2009 and approximately 584,000 coffeemakers in June 2009. Any additional repurchases or recalls of our products could be costly to us and could damage the reputation or the value of our brands. If we are required to remove, or we voluntarily remove our products from the market, our reputation or brands could be tarnished and we may have large quantities of finished products that could not be sold. Furthermore, failure to timely notify the Consumer Commission of a potential safety hazard can result in

significant fines being assessed against us. Additionally, laws regulating certain consumer products exist in some states, as well as in other countries in which we sell our products, and more restrictive laws and regulations may be adopted in the future.

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

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

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

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

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

On occasion, customers 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. 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.

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

Approximately 20% of our total labor force is employed under collective bargaining agreements. One of these agreements, which covers approximately 35% of the labor force under collective bargaining agreements, or approximately 7% of our total labor force, is scheduled to expire on September 30, 2010. While we currently expect to negotiate continuations to the terms of these agreements, there can be no assurances that we will be able to obtain terms that are satisfactory to us or otherwise to reach agreement at all with the applicable parties. In addition, in the course of our business, we may also become subject to additional collective bargaining agreements. These agreements may be on terms that are less favorable than those under our current collective bargaining agreements. Increased exposure to collective bargaining agreements, whether on terms more or less favorable than existing collective bargaining agreements, could adversely affect the operation of our business,

including through increased labor expenses. While we intend to comply with all collective bargaining agreements to which we are subject, there can be no assurances that we will be able to do so and any noncompliance could subject us to disruptions in our operations and materially and adversely affect our results of operations and financial condition.

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

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

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

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

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

Item 5. Other Information

None.

Item 6. Exhibits

Please refer to the Exhibit Index.

SIGNATURES

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

Date: August 18, 2010

SPECTRUM BRANDS HOLDINGS, INC.

By: /s/ ANTHONY L. GENITO

Anthony L. Genito
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX

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

Exhibit 4.3	Supplemental Indenture, dated March 15, 2010, to the Indenture governing Spectrum Brands' 12% Senior Subordinated Toggle Notes due 2019, dated August 28, 2009, by and among Spectrum Brands, the guarantors named therein and U.S. Bank National Association, as trustee (filed by incorporation by reference to Exhibit 4.1 to the Current Report on Form 8-K filed with the SEC on March 16, 2010).
Exhibit 4.4	Second Supplemental Indenture, dated June 15, 2010, to the Indenture governing Spectrum Brands' 12% Senior Subordinated Toggle Notes due 2019, dated as of August 28, 2009, by and among Spectrum Brands, Inc., Battery Merger Corp. and U.S. Bank National Association, as trustee.*
Exhibit 4.5	Third Supplemental Indenture, dated June 16, 2010, to the Indenture governing Spectrum Brands' 12% Senior Subordinated Toggle Notes due 2019, dated as of August 28, 2009, by and among Spectrum Brands, Inc., Russell Hobbs, Inc. and U.S. Bank National Association, as trustee.*
Exhibit 4.6	Indenture governing Spectrum Brands' 9.5% Senior Secured Notes due 2018, dated as of June 16, 2010, among Spectrum Brands, Inc., the guarantors named therein and US Bank National Association, as trustee.*
Exhibit 10.1	Amended and Restated Employment Agreement, entered into as of October 22, 2009, by and between Spectrum Brands, Inc. and Kent J. Hussey (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on October 28, 2009).
Exhibit 10.2	2009 Spectrum Brands, Inc. Incentive Plan (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC on August 31, 2009).
Exhibit 10.3	Registration Rights Agreement, dated as of August 28, 2009, by and among Spectrum Brands, Inc. and the investors listed on the signature pages thereto, with respect to Spectrum Brands Inc.'s 12% Senior Subordinated Toggle Notes due 2019 (filed by incorporation by reference to Exhibit 4.2 to the Current Report on Form 8-K filed with the SEC on August 31, 2009).
Exhibit 10.4	Registration Rights Agreement, dated as of August 28, 2009, by and among Spectrum Brands, Inc. and the investors listed on the signature pages thereto, with respect to Spectrum Brands, Inc.'s equity (filed by incorporation by reference to Exhibit 4.3 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands, Inc. on August 31, 2009).
Exhibit 10.5	Form of Spectrum Brands, Inc. Restricted Stock Award Agreement under the 2009 Incentive Plan (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC on October 28, 2009).
Exhibit 10.6	Support Agreement, dated as of February 9, 2010 by and among Avenue International Master, L.P., Avenue Investments, L.P., Avenue Special Situations Fund IV, L.P., Avenue Special Situations Fund V, L.P., Avenue-CDP Global Opportunities Fund, L.P. and Spectrum Brands, Inc. (filed by incorporation by reference to Exhibit 10.1 to the Current Report on form 8-K filed with the SEC on February 12, 2010).
Exhibit 10.7	Support Agreement, dated as of February 9, 2010 by and among Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P., Global Opportunities Breakaway Ltd. and Spectrum Brands, Inc. (filed by incorporation by reference to Exhibit 10.2 to the Current Report on form 8-K filed with the SEC on February 12, 2010).
Exhibit 10.8	Stockholder Agreement, dated as of February 9, 2010, by and among Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Funds, L.P., Global Opportunities Breakaway Ltd., and SB/RH Holdings, Inc. (filed by incorporation by reference to Exhibit 10.5 to the Current Report on form 8-K filed with the SEC on February 12, 2010).

Exhibit 10.9	Registration Rights Agreement, dated as of February 9, 2010, by and among Spectrum Brands Holdings, Inc., Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P., Global Opportunities Breakaway Ltd., Avenue International Master, L.P., Avenue Investments, L.P., Avenue Special Situations Fund IV, L.P., Avenue Special Situations Fund V, L.P. and Avenue-CDP Global Opportunities Fund, L.P. (filed by incorporation by reference to Exhibit 4.1 to the Registration Statement on Form S-4 filed with the SEC by Spectrum Brands Holdings, Inc. on March 29, 2010).
Exhibit 10.10	Letter Agreement dated as of March 1, 2010 by and among Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P., Global Opportunities Breakaway Ltd., and Spectrum Brands (filed by incorporation by reference to Exhibit 10.1 to the Current Report on form 8-K filed with the SEC on March 2, 2010).
Exhibit 10.11	Separation and Consulting Agreement between Spectrum Brands, Inc. and Kent J. Hussey, dated April 14, 2010 (filed by incorporation by reference to Exhibit 10.1 to the Current Report on form 8-K filed with the SEC on April 15, 2010).
Exhibit 10.12	Credit Agreement dated as of June 16, 2010, by and among Spectrum Brands, Inc. and certain of its domestic subsidiaries, as borrowers, the lenders party thereto and Credit Suisse AG, as administrative agent.*
Exhibit 10.13	Subsidiary Guaranty dated as of June 16, 2010, by and among the subsidiaries of Spectrum Brands, Inc. party thereto, certain additional subsidiary guarantors described therein and Credit Suisse AG, as administrative agent.*
Exhibit 10.14	Guaranty dated as of June 16, 2010, by and among SB/RH Holdings, LLC and Credit Suisse AG, as administrative agent.*
Exhibit 10.15	Security Agreement dated as of June 16, 2010, by and among Spectrum Brands, Inc., SB/RH Holdings, LLC, the other grantors party thereto and Wells Fargo Bank, National Association, as collateral trustee.*
Exhibit 10.16	Loan and Security Agreement dated as of June 16, 2010, by and among Spectrum Brands, Inc. and certain of its domestic subsidiaries, as borrowers, the lenders party thereto and Bank of America, N.A., as administrative agent.*
Exhibit 10.17	Guaranty dated as of June 16, 2010, by and among the guarantors described therein and Bank of America, N.A., as administrative agent.*
Exhibit 10.18	Collateral Trust Agreement dated as of June 16, 2010, by and among Spectrum Brands, Inc., SB/RH Holdings, LLC, the other grantors party thereto, Credit Suisse AG, Cayman Islands Branch, as administrative agent, U.S. Bank National Association, as indenture trustee, and Wells Fargo Bank, National Association, as collateral trustee.*
Exhibit 10.19	Intercreditor Agreement dated as of June 16, 2010, by and among Spectrum Brands, Inc., SB/RH Holdings, LLC, the other grantors party thereto, Bank of America, N.A., as ABL agent, and Wells Fargo Bank, National Association, as term/notes agent.*
Exhibit 10.20	Trademark Security Agreement dated as of June 16, 2010, by and among the loan parties party thereto and Wells Fargo Bank, National Association, as collateral trustee.*
Exhibit 10.21	Copyright Security Agreement dated as of June 16, 2010, by and among the loan parties party thereto and Wells Fargo Bank, National Association, as collateral trustee.*
Exhibit 10.22	Patent Security Agreement dated as of June 16, 2010, by and among the loan parties party thereto and Wells Fargo Bank, National Association, as collateral trustee.*

Exhibit 10.23	Amended and Restated Employment Agreement, entered into as of August 11, 2010, by and among Spectrum Brands, Inc., Spectrum Brands Holdings, Inc. and David R. Lumley. (filed by incorporation by reference to Exhibit 10.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on August 17, 2010).
Exhibit 10.24	Retention Agreement, entered into as of August 11, 2010, by and between Spectrum Brands, Inc. and Anthony Genito (filed by incorporation by reference to Exhibit 10.2 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on August 17, 2010).
Exhibit 10.25	Employment Agreement, entered into as of August 16, 2010, by and between Spectrum Brands, Inc. and Terry L. Polistina (filed by incorporation by reference to Exhibit 10-25 to the Quarterly Report on Form 10-Q filed with the SEC by Spectrum Brands Holding, Inc. on August 18, 2010).
Exhibit 10.26	Spectrum Brands Holdings, Inc. 2007 Omnibus Equity Award Plan (formerly known as the Russell Hobbs, Inc. 2007 Omnibus Equity Award Plan) (filed by incorporation by reference to Exhibit 10.1 to the Registration Statement on Form S-8 filed with the SEC by Spectrum Brands Holdings, Inc. on June 16, 2010).
Exhibit 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 4.4

EXECUTION COPY

SECOND SUPPLEMENTAL INDENTURE

This Second Supplemental Indenture (this "Second Supplemental Indenture"), dated as of June 15, 2010, among Battery Merger Corp., a Delaware corporation (the "Guaranteeing Subsidiary"), Spectrum Brands, Inc., a Delaware corporation (the "Company"), and U.S. Bank National Association, a national banking organization organized under the laws of the United States of America, as Trustee (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company and the Guarantors have heretofore executed and delivered to the Trustee an Indenture, dated as of August 28, 2009, among the Company, the Guarantors and the Trustee, as supplemented by the Supplemental Indenture, dated as March 15, 2010 (as such may be amended or supplemented from time to time, the "Indenture"), providing for the issuance of an unlimited aggregate principal amount of 12% Senior Subordinated Toggle Notes Due 2019 (the "Notes");

WHEREAS, the Indenture provides that under certain circumstances the Guaranteeing Subsidiary shall execute and deliver to the Trustee a supplemental indenture pursuant to which the Guaranteeing Subsidiary shall unconditionally guarantee all of the Company's obligations under the Notes and the Indenture on the terms and conditions set forth herein (the "Note Guarantee"); and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Second Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged, the Guaranteeing Subsidiary and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. The Guaranteeing Subsidiary hereby agrees as follows:

(a) Along with all other Guarantors, to jointly and severally Guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the obligations of the Company hereunder or thereunder, that:

(i) the principal of and interest and premium, if any, on the Notes shall be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful

(subject in all cases to any applicable grace period provided in the Indenture), and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder shall be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately.

(b) The obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance that might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(c) Subject to Section 6.06 of the Indenture and to the extent permitted by applicable law, each Guarantor hereby waives: diligence presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever.

(d) Subject to Section 6.06 of the Indenture and to the extent permitted by applicable law, this Note Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture.

(e) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors, or any custodian, trustee, liquidator or other similar official acting in relation to either the Company or the Guarantors, any amount paid by either to the Trustee or such Holder, this Note Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(f) The Guaranteeing Subsidiary shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(g) As between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article VI of the Indenture for the purposes of this Note Guarantee, notwithstanding any stay, injunction or other

prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article VI of the Indenture, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Note Guarantee.

(h) The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Note Guarantee.

(j) Pursuant to Section 11.03 of the Indenture, after giving effect to any maximum amount and any other contingent and fixed liabilities of the Guarantor that are relevant under any applicable Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under Article XI of the Indenture, the Trustee, the Holders and the Guarantor irrevocably agree that the obligation of such Guarantor shall result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent transfer or conveyance.

3. Subordination. The Obligations of the Guaranteeing Subsidiary under its Note Guarantee pursuant to this Second Supplemental Indenture shall be subordinated to the Senior Debt of the Guaranteeing Subsidiary on the same basis as the Notes are subordinated to the Senior Debt of the Company. For the purposes of the foregoing sentence, the Trustee and the Holders shall have the right to receive and/or retain payments by the Guaranteeing Subsidiary only at such time as they may receive and/or retain payments in respect of the Notes pursuant to the Indenture, including Article X thereof.

4. Execution and Delivery. Each Guaranteeing Subsidiary agrees that the Note Guarantees shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Note Guarantee.

5. Releases. Any Guarantor shall be released and relieved of any obligations under its Note Guarantee as provided in Section 11.05 of the Indenture.

6. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, stockholder or agent of the Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Company or any Guaranteeing Subsidiary under the Notes, any Note Guarantees, the Indenture or this Second Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

7. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS SECOND SUPPLEMENTAL INDENTURE.

8. Counterparts. The parties may sign any number of copies of this Second Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

9. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

10. Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Second Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guaranteeing Subsidiary and the Company.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Second Supplemental Indenture to be duly executed and attested, all as of the date first above written.

BATTERY MERGER CORP.

By: /s/ Lisa R. Carstarphen
Name: Lisa R. Carstarphen
Title: Vice President and Secretary

SPECTRUM BRANDS, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Senior Vice President, Secretary and General Counsel

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

By: /s/ Wally Jones
Name: Wally Jones
Title: Vice President

Exhibit 4.5

EXECUTION COPY

THIRD SUPPLEMENTAL INDENTURE

This Third Supplemental Indenture (this "Third Supplemental Indenture"), dated as of June 16, 2010, among Spectrum Brands, Inc., a Delaware corporation (the "Company"), the guaranteeing subsidiaries set forth on Schedule A hereto (together, the "Guaranteeing Subsidiaries", and each a "Guaranteeing Subsidiary"), the Guarantors (as defined in the Indenture referred to herein) and U.S. Bank National Association, a national banking organization organized under the laws of the United States of America, as Trustee (the "Trustee").

W I T N E S S E T H

WHEREAS, the Company and the Guarantors have heretofore executed and delivered to the Trustee an Indenture, dated as of August 28, 2009, among the Company, the Guarantors and the Trustee, as supplemented by the Supplemental Indenture, dated as of March 15, 2010 and the Second Supplemental Indenture, dated as of June 15, 2010 (as such may be amended or supplemented from time to time, the "Indenture"), providing for the issuance of an unlimited aggregate principal amount of 12% Senior Subordinated Toggle Notes Due 2019 (the "Notes");

WHEREAS, on June 16, 2010, pursuant to the terms of the Agreement and Plan of Merger, dated as of February 9, 2010, by and among the Company, Spectrum Brands Holdings, Inc. ("Holdings"), Russell Hobbs, Inc., Battery Merger Corp. ("Battery Sub"), a direct wholly-owned subsidiary of Holdings, and Grill Merger Corp., a direct wholly-owned subsidiary of Holdings, Battery Sub merged with and into the Company, and the Company continued as the surviving entity in such merger and became an indirect wholly-owned subsidiary of Holdings;

WHEREAS, Section 4.20 and Section 11.06 of the Indenture provide that under certain circumstances the Company shall cause each Guaranteeing Subsidiary to become a Guarantor by executing and delivering to the Trustee a supplement to the Indenture;

WHEREAS, pursuant to Section 5.01 of the Indenture if the Company merges with or into another Person, each Guarantor must confirm by amendment to its Note Guarantee that its Note Guarantee will apply to the obligations of the Company under the Notes and the Indenture; and

WHEREAS, pursuant to Section 9.01 of the Indenture, the Trustee is authorized to execute and deliver this Third Supplemental Indenture.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt of which is hereby acknowledged the Company, the Guarantors, the Guaranteeing Subsidiaries and the Trustee mutually covenant and agree for the equal and ratable benefit of the Holders of the Notes as follows:

1. Capitalized Terms. Capitalized terms used herein without definition shall have the meanings assigned to them in the Indenture.

2. Agreement to Guarantee. Each Guaranteeing Subsidiary hereby agrees as follows:

(a) Along with all other Guarantors, to jointly and severally Guarantee to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of the Indenture, the Notes or the obligations of the Company hereunder or thereunder, that:

(i) the principal of and interest and premium, if any, on the Notes shall be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful (subject in all cases to any applicable grace period provided in the Indenture), and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder shall be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and

(ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately.

(b) The obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or the Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to any provisions hereof or thereof, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance that might otherwise constitute a legal or equitable discharge or defense of a guarantor.

(c) Subject to Section 6.06 of the Indenture and to the extent permitted by applicable law, each Guarantor hereby waives: diligence presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever.

(d) Subject to Section 6.06 of the Indenture and to the extent permitted by applicable law, this Note Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and the Indenture.

(e) If any Holder or the Trustee is required by any court or otherwise to return to the Company, the Guarantors, or any custodian, trustee, liquidator or other similar official acting in relation to either the Company or the Guarantors, any amount paid by either to the Trustee or such Holder, this Note Guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect.

(f) The Guaranteeing Subsidiaries shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby.

(g) As between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article VI of the Indenture for the purposes of this Note Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article VI of the Indenture, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Note Guarantee.

(h) The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Note Guarantee.

(j) Pursuant to Section 11.03 of the Indenture, after giving effect to any maximum amount and any other contingent and fixed liabilities of the Guarantor that are relevant under any applicable Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under Article XI of the Indenture, the Trustee, the Holders and the Guarantor irrevocably agree that the obligation of such Guarantor shall result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent transfer or conveyance.

3. Note Guarantees. Each Guarantor, including each Guaranteeing Subsidiary, hereby confirms that its Note Guarantee applies to the obligations of the Company in accordance with the Notes and the Indenture.

4. Subordination. The Obligations of each Guaranteeing Subsidiary under its Note Guarantee pursuant to this Third Supplemental Indenture shall be subordinated to the Senior Debt of such Guaranteeing Subsidiary on the same basis as the Notes are subordinated to the Senior Debt of the Company. For the purposes of the foregoing sentence, the Trustee and the Holders shall have the right to receive and/or retain payments by such Guaranteeing Subsidiary only at such time as they may receive and/or retain payments in respect of the Notes pursuant to the Indenture, including Article X thereof.

5. Execution and Delivery. Each Guaranteeing Subsidiary agrees that the Note Guarantees shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Note Guarantee.

6. Releases. Any Guarantor shall be released and relieved of any obligations under its Note Guarantee as provided in Section 11.05 of the Indenture.

7. No Recourse Against Others. No past, present or future director, officer, employee, incorporator, stockholder or agent of any Guaranteeing Subsidiary, as such, shall have any liability for any obligations of the Company or any Guaranteeing Subsidiary under the Notes, any Note Guarantees, the Indenture or this Third Supplemental Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of the Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

8. NEW YORK LAW TO GOVERN. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS THIRD SUPPLEMENTAL INDENTURE.

9. Counterparts. The parties may sign any number of copies of this Third Supplemental Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

10. Effect of Headings. The Section headings herein are for convenience only and shall not affect the construction hereof.

11. Trustee. The Trustee shall not be responsible in any manner whatsoever for or in respect of the validity or sufficiency of this Third Supplemental Indenture or for or in respect of the recitals contained herein, all of which recitals are made solely by the Guarantors, the Guaranteeing Subsidiaries and the Company.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the parties hereto have caused this Third Supplemental Indenture to be duly executed and attested, all as of the date first above written.

SPECTRUM BRANDS, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Senior Vice President, Secretary and General Counsel

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

By: /s/ Wally Jones
Name: Wally Jones
Title: Vice President

BATTERY MERGER CORP.

By: /s/ Lisa R. Carstarphen
Name: Lisa R. Carstarphen
Title: Vice President and Secretary

RUSSELL HOBBS, INC.

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

APN HOLDING COMPANY, INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa R. Carstarphen
Title: Vice President and Secretary

APPLICA AMERICAS, INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa R. Carstarphen
Title: Vice President and Secretary

APPLICA CONSUMER PRODUCTS, INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa R. Carstarphen
Title: Vice President and Secretary

APPLICA MEXICO HOLDINGS, INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa R. Carstarphen
Title: Vice President and Secretary

HOME CREATIONS DIRECT, LTD.

By: /s/ Lisa R. Carstarphen
Name: Lisa R. Carstarphen
Title: Vice President and Secretary

HP DELAWARE, INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa R. Carstarphen
Title: Vice President and Secretary

HPG LLC

By: /s/ Lisa R. Carstarphen
Name: Lisa R. Carstarphen
Title: Vice President and Secretary

SALTON HOLDINGS, INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa R. Carstarphen
Title: Vice President and Secretary

TOASTMASTER INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa R. Carstarphen
Title: Vice President and Secretary

Schedule A

The Guaranteeing Subsidiaries

1. Russell Hobbs, Inc.
2. APN Holding Company, Inc.
3. Applica Americas, Inc.
4. Applica Consumer Products, Inc.
5. Applica Mexico Holdings, Inc.
6. Home Creations Direct, Ltd.
7. HP Delaware, Inc.
8. HPG LLC
9. Salton Holdings, Inc.
10. Toastmaster Inc.

Exhibit 4.6

SPECTRUM BRANDS, INC.
as Issuer

the Guarantors party hereto

and

US BANK NATIONAL ASSOCIATION
as Trustee

Indenture

Dated as of June 16, 2010

9.500%
Senior Secured Notes
Due 2018

CROSS-REFERENCE TABLE

TIA Sections		Indenture Sections
§ 310	(a)	7.10
	(b)	7.03, 7.08
§ 311		7.03
	(b)(4)	7.03
	(b)(6)	7.03
§ 312		12.02
§ 313	(a)(1) - (4)	7.06
	(b)	10.02
	(c)	7.05, 7.06
	(d)	7.06
§ 315	(a)	7.02
	(b)	7.02
	(c)	7.02
	(d)	7.02
§ 316	(c)	12.02

ARTICLE 11
GUARANTEES

ARTICLE 12
MISCELLANEOUS

EXHIBITS

EXHIBIT A	*Form of Note*
EXHIBIT B	*Form of Supplemental Indenture*
EXHIBIT C	*Restricted Legend*
EXHIBIT D	*DTC Legend*
EXHIBIT E	*Regulation S Certificate*
EXHIBIT F	*Rule 144A Certificate*
EXHIBIT G	*Institutional Accredited Investor Certificate*
EXHIBIT H	*Certificate of Beneficial Ownership*
EXHIBIT I	*Temporary Offshore Global Note Legend*
EXHIBIT J	*Form of Intercreditor Agreement*
EXHIBIT K	*Form of Collateral Trust Agreement*
EXHIBIT L	Forms of Other Security Documents

INDENTURE, dated as of June 16, 2010, between Spectrum Brands, Inc., a Delaware corporation, as the Company, the Guarantors party hereto and US Bank National Association, as Trustee.

RECITALS

The Company has duly authorized the execution and delivery of the Indenture to provide for the issuance of up to $750,000,000 aggregate principal amount of the Company's 9.500% Senior Secured Notes Due 2018, and, if and when issued, any Additional Notes, together with any Exchange Notes issued therefor as provided herein (the "**Notes**"). All things necessary to make the Indenture a valid agreement of the Company, in accordance with its terms, have been done, and the Company has done all things necessary to make the Notes (in the case of the Additional Notes, when duly authorized), when executed by the Company and authenticated and delivered by the Trustee and duly issued by the Company, the valid obligations of the Company as hereinafter provided.

In addition, the Guarantors party hereto have duly authorized the execution and delivery of the Indenture as guarantors of the Notes. All things necessary to make the Indenture a valid agreement of each Guarantor, in accordance with its terms, have been done, and each Guarantor has done all things necessary to make the Note Guarantees, when the Notes are executed by the Company and authenticated and delivered by the Trustee and duly issued by the Company, the valid obligations of such Guarantor as hereinafter provided.

Except as set forth herein, this Indenture is subject to, and will be governed by, the provisions of the Trust Indenture Act that are required to be a part of and govern indentures qualified under the Trust Indenture Act.

THIS INDENTURE WITNESSETH

For and in consideration of the premises and the purchase of the Notes by the Holders thereof, the parties hereto covenant and agree, for the equal and proportionate benefit of all Holders, as follows:

ARTICLE 1
DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01. *Definitions.*

"**Acquired Debt**" means, with respect to any specified Person:

(1) Indebtedness of any other Person existing at the time such other Person is merged with or into, or becomes a Subsidiary of, such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Subsidiary of, such specified Person; and

(2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

"**Additional Interest**" means additional interest owed to the Holders pursuant to a Registration Rights Agreement.

"**Additional Notes**" means any notes issued under the Indenture in addition to the Original Notes, including any Exchange Notes issued in exchange for such Additional Notes, having the same terms in all respects as the Original Notes, or in all respects except with respect to issue price and interest accrued on or prior to the issue date thereof.

"**Affiliate**" of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings; *provided further* that Paula Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs-KG, Mannheim shall not be deemed an Affiliate of the Company or any of its Restricted Subsidiaries solely by virtue of the beneficial ownership by the Company or its Restricted Subsidiaries of up to 20% of the Voting Stock of such entity.

"**Affiliate Transaction**" has the meaning assigned to such term in Section 4.13.

"**Agent**" means any Registrar, Paying Agent, Collateral Trustee or Authenticating Agent.

"**Agent Member**" means a member of, or a participant in, the Depositary.

"**Applicable Authorized Representative**" has the meaning assigned to such term in the Collateral Trust Agreement.

"**Applicable Premium**" means, with respect to any Note on any redemption date, the greater of (1) 1.0% of the principal amount of such Note; or (2) the excess of (a) the present value at such redemption date of (i) the redemption price of such Note at June 15, 2014 (as stated in the table in Section 3.01), plus (ii) all required interest payments due on such Note through June 15, 2014 excluding accrued but unpaid interest to the applicable redemption date, computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over (b) the principal amount of the Note.

"**Asset Sale**" means:

(1) the sale, lease, conveyance or other disposition of any property or assets of the Company or any Restricted Subsidiary; *provided* that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries taken as a whole will be governed by Section 4.11 and/or Article 5 and not by Section 4.12; and

(2) the issuance of Equity Interests (other than directors' qualifying shares) by any of the Company's Restricted Subsidiaries or the sale by the Company or any Restricted Subsidiary of Equity Interests (other than directors' qualifying shares) in any of its Subsidiaries.

Notwithstanding the preceding, the following are not included in the definition of "Asset Sale":

(1) any single transaction or series of related transactions that involves assets having a fair market value of less than $15.0 million;

(2) a transfer of assets between or among the Company and its Restricted Subsidiaries;

(3) an issuance of Equity Interests by a Restricted Subsidiary to the Company or to another Restricted Subsidiary;

(4) the sale, lease, assignment or other disposition of equipment, inventory, accounts receivable or other assets in the ordinary course of business and any other non-recourse factoring of accounts receivable pursuant to a factoring program sponsored by a retailer of national standing in partnership with a financial institution;

(5) the sale or other disposition of Cash Equivalents;

(6) a Permitted Investment or Restricted Payment that is permitted by Section 4.07;

(7) any sale or disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable or no longer required for use in the ordinary course of the business of the Company or its Restricted Subsidiaries;

(8) the licensing of intellectual property in the ordinary course of business;

(9) any sale or other disposition deemed to occur with creating or granting a Lien not otherwise prohibited by the Indenture;

(10) any surrender or waiver of contract rights pursuant to a settlement, release, recovery on or surrender of contract, tort or other claims of any kind;

(11) foreclosure or any similar action with respect to any property or other asset of the Company or any of its Restricted Subsidiaries not constituting Collateral, which foreclosure or other similar action does not otherwise constitute a Default;

(12) to the extent allowable under Section 1031 of the Internal Revenue Code of 1986, any exchange of like property (excluding any boot thereon) for use in a Permitted Business; *provided* that if any property so disposed of is Collateral, the Company will provide Liens on such exchanged for like property under the Security Documents with the same or higher priority (except as permitted by clause (4) under the definition of "Permitted Investment"); and

(13) the unwinding of any Hedging Obligation.

"**Asset Sales Proceeds Account**" has the meaning assigned to such term in Section 10.03.

"**Authenticating Agent**" refers to a Person engaged to authenticate the Notes in the stead of the Trustee.

"**Beneficial Owner**" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" shall be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" shall have a corresponding meaning.

"**Board of Directors**" means:

(1) with respect to a corporation, the board of directors of the corporation or any duly authorized committee thereof having the authority of the full board with respect to the determination to be made;

(2) with respect to a limited liability company, any managing member thereof or, if managed by managers, the board of managers thereof, or any duly authorized committee thereof having the authority of the full board with respect to the determination to be made;

(3) with respect to a partnership, the Board of Directors of the general partner of the partnership; and

(4) with respect to any other Person, the board or committee of such Person serving a similar function.

"**Board Resolution**" means a resolution duly adopted by the Board of Directors which is certified by the Secretary or an Assistant Secretary of the Company and remains in full force and effect as of the date of its certification.

"**Business Day**" means any day except a Saturday, Sunday or other day on which commercial banks in New York City or in the city where the Corporate Trust Office of the Trustee is located are authorized by law to close.

"**Capital Lease Obligation**" means, at the time any determination thereof is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalized on a balance sheet in accordance with GAAP.

"**Capital Stock**" means:

(1) in the case of a corporation, corporate stock;

(2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;

(3) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and

(4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"**Cash Equivalents**" means (a) United States dollars, Euros, British Pounds Sterling or any other currencies received in the ordinary course of business; (b) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (provided that

the full faith and credit of the United States is pledged in support thereof) having maturities of not more than one year from the date of acquisition; (c) time deposits, certificates of deposit and eurodollar time deposits with maturities of one year or less from the date of acquisition, bankers' acceptances with maturities not exceeding one year and overnight bank deposits, in each case, with any bank or trust company organized or licensed under the laws of the United States or any state thereof or the District of Columbia whose short-term debt is rated "A-2" or higher by S&P or "P-2" or higher by Moody's; (d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (b) and (c) above entered into with any financial institution meeting the qualifications specified in clause (c) above; (e) commercial paper having at least a "P-1" rating from Moody's or "A-1" from S&P and in each case maturing within nine months after the date of acquisition; (f) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof having the highest ratings obtainable from Moody's or S&P and maturing within six months from the date of acquisition thereof; (g) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (f) of this definition; and (h) in the case of a Foreign Subsidiary, substantially similar investments, of comparable credit quality, denominated in local currency held by such Foreign Subsidiary from time to time in the ordinary course of business.

"**Cash Management Obligations**" means, with respect to any Person, all obligations, whether now owing or hereafter arising, of such Person in respect of overdrafts and related liabilities or arising from (i) services in connection with operating, collections, payroll, trust or other depository or disbursement accounts, including automated clearinghouse, e-payable, electronic funds transfer, wire transfer, controlled disbursement, overdraft, depository, information reporting, lockbox or stop payment services, (ii) commercial credit card and merchant card services; and (iii) other banking products or services (other than letters of credit and leases).

"**Certificate of Beneficial Ownership**" means a certificate substantially in the form of Exhibit H.

"**Certificated Note**" means a Note in registered individual form without interest coupons.

"**Change of Control**" means the occurrence of any of the following:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) other than a Permitted Holder;

(2) the adoption of a plan relating to the liquidation or dissolution of the Company;

(3) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) becomes the ultimate Beneficial Owner, directly or indirectly, of 35% or more of the voting power of the Voting Stock of the Company or Holdings other than a Permitted Holder; *provided* that such event shall not be deemed a Change of Control so long as one or more Permitted Holders shall Beneficially Own more of the voting power of the Voting Stock of the Company or Holdings than such person or group;

(4) the first day on which a majority of the members of the Board of Directors of the Company or Holdings are not Continuing Directors;

(5) Holdings ceases to directly own all Capital Stock of the Company; or

(6) so long as the Existing Subordinated Notes are outstanding, any "change of control" as defined therein occurs.

For purposes of this definition, (i) any direct or indirect holding company of the Company (including Holdings) shall not itself be considered a Person for purposes of clauses (3) or (5) above or a "person" or "group" for purposes of clauses (3) or (5) above, *provided* that no "person" or "group" (other than the Permitted Holders or another such holding company) Beneficially Owns, directly or indirectly, more than 50% of the voting power of the Voting Stock of such company, and a majority of the Voting Stock of such holding company immediately following it becoming the holding company of the Company is Beneficially Owned by the Persons who Beneficially Owned the voting power of the Voting Stock of the Company immediately prior to it becoming such holding company and (ii) a Person shall not be deemed to have beneficial ownership of securities subject to a stock purchase agreement, merger agreement or similar agreement until the consummation of the transactions contemplated by such agreement.

"**Change of Control Offer**" has the meaning assigned to such term in Section 4.11.

"**Change of Control Payment**" has the meaning assigned to such term in Section 4.11.

"**Change of Control Payment Date**" has the meaning assigned to such term in Section 4.11.

"**Code**" means the Internal Revenue Code of 1986, as amended, or any successor statute thereto.

"**Collateral**" means the Primary Collateral and the Secondary Collateral.

"**Collateral Trustee**" means Wells Fargo Bank, National Association, in its capacity as the Collateral Trustee, or any collateral agent or trustee appointed pursuant to the Collateral Trust Agreement.

"**Collateral Trust Agreement**" means the collateral trust agreement (in the form attached as Exhibit K hereto) dated as of the Issue Date among the Collateral Trustee, the Trustee and the Term Loan Agent, as amended from time to time.

"**Collateral Requirement**" means the requirement that:

(1) all documents and instruments, including Uniform Commercial Code financing statements and mortgages, required by law to be filed, registered or recorded to create the Liens intended to be created by the Security Documents and perfect or record such Liens as valid Liens with priority set forth in the Security Documents free of any other Liens except for Permitted Liens, shall have been filed, registered or recorded; and

(2) the Collateral Trustee shall have received, with respect to each real property interest required to be subject to a mortgage pursuant to Section 10.02, counterparts of a mortgage in form satisfactory to the Collateral Trustee, duly executed and delivered by the record owner of such mortgaged property, a lender's title insurance policy insuring the lien of each mortgage, an existing survey of the mortgaged property and the Opinions of Counsel required pursuant to Section 10.02(b).

"**Commission**" means the Securities and Exchange Commission.

"**Company**" means the party named as such in the first paragraph of the Indenture or any successor obligor under the Indenture and the Notes pursuant to Article 5.

"**Consolidated Cash Flow**" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

(a) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*

(b) Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that any such Fixed Charges were deducted in computing such Consolidated Net Income; *plus*

(c) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; *plus*

(d)(i) unusual or non-recurring charges, (ii) relocation costs, restructuring charges and integration costs or reserves (including such items related to proposed and completed acquisitions and Asset Sales and to closure/consolidation of facilities), and including without limitation restructuring charges related to the Transactions incurred prior to or within 36 months of the Issue Date, (iii) Transaction Expenses and (iv) severance costs, including such costs related to proposed and completed Permitted Investments and Asset Sales and to closure/consolidation of facilities, in each case incurred by the Company and its Restricted Subsidiaries; *minus*

(e) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue consistent with past practice,

in each case, on a consolidated basis and determined in accordance with GAAP.

"**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate of the Net Income of such Person and its Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided* that:

(1) the Net Income (but not loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting shall be included only to the extent of the amount of dividends or distributions paid in cash to the specified Person or a Restricted Subsidiary thereof;

(2) the Net Income of any Restricted Subsidiary (other than a Guarantor) shall be excluded to the extent that the declaration or payment of dividends or similar distributions by that Restricted Subsidiary of that Net Income is not at the date of determination permitted without any prior governmental approval (that has not been obtained) or, directly or indirectly, by operation of the terms of its charter or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to that Restricted Subsidiary or its equityholders;

(3) the Net Income of any Person acquired during the specified period for any period prior to the date of such acquisition shall be excluded;

(4) the cumulative effect of a change in accounting principles shall be excluded;

(5) notwithstanding clause (1) above, the Net Income (but not loss) of any Unrestricted Subsidiary shall be excluded, whether or not distributed to the specified Person or one of its Subsidiaries;

(6) (a) unrealized gains and losses due solely to fluctuations in currency values and the related tax effects according to GAAP shall be excluded (until realized, at which time such gains or losses shall be included); and (b) unrealized gains and losses with respect to Hedging Obligations shall be excluded (until realized, at which time such gains or losses shall be included);

(7) any non-cash charge or expense realized or resulting from stock option plans, employee benefit plans or post-employment benefit plans, or grants or sales of stock, stock appreciation or similar rights, stock options, restricted stock, Preferred Stock or other rights shall be excluded;

(8) (a)(i) the non-cash portion of "straight-line" rent expense less (ii) the cash portion of "straight-line" rent expense which exceeds the amount expensed in respect of such rent expense shall be excluded and (b) non-cash gains, losses, income and expenses resulting from fair value accounting required by the applicable standard under GAAP and related interpretations shall be excluded (until realized, at which time such gains or losses shall be included);

(9) expenses with respect to liability or casualty events or business interruption shall be excluded to the extent covered by insurance and actually reimbursed, or, so long as such Person has made a determination that there exists reasonable evidence that such amount will in fact be reimbursed by the insurer and only to the extent that such amount is (a) approved by the applicable carrier in writing within 180 days and (b) in fact reimbursed within 365 days of the date of such evidence (with a deduction for any amount so added back to the extent not so reimbursed within 365 days); and

(10) any non-cash impairment charges resulting from the application of FASB ASC 350, *Intangibles — Goodwill and Other*, and the amortization of intangibles arising pursuant to FASB ASC 805, *Business Combinations*, shall be excluded.

"**Consolidated Net Tangible Assets**" of any Person means, as of any date, the amount which, in accordance with GAAP, would be set forth under the caption "Total Assets" (or any like caption) on a consolidated balance sheet of such Person and its Restricted Subsidiaries (or, in the case of a group of Foreign Subsidiaries, on a combined basis), as of the end of the most recently ended fiscal quarter for which internal financial statements are available, less (1) all intangible assets, including, without limitation, goodwill, organization costs, patents, trademarks, copyrights, franchises, and research and development costs and (2) current liabilities.

"**Continuing Directors**" means, as of any date of determination, any member of the Board of Directors of the Company or Holdings who:

(1) was a member of such Board of Directors on the Issue Date or

(2) was nominated for election or elected to such Board of Directors with the approval of the Permitted Holders or a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

"**Corporate Trust Office**" means the office of the Trustee at which the corporate trust business of the Trustee is principally administered, which at the date of the Indenture is located at 150 Fourth Avenue North, 2nd Floor, Nashville, Tennessee 37219.

"**Covenant Defeasance**" has the meaning assigned to such term in Section 8.03.

"**Credit Facilities**" means, one or more debt facilities (including, without limitation, the Revolving Credit Agreement and the Term Loan Agreement), or commercial paper facilities with banks or other institutional lenders or investors or indentures or other agreements providing for revolving credit loans, term loans, debt securities, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit or other long-term indebtedness and, in each case, as such agreements may be amended, amended and restated, supplemented, modified, refinanced, extended, substituted, replaced, renewed, or otherwise restructured, in whole or in part, in one or more instances, from time to time (including any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing and including any amendment increasing the amount of Indebtedness incurred or available to be borrowed thereunder, extending the maturity of any Indebtedness incurred thereunder or contemplated thereby or deleting, adding or substituting one or more parties thereto (whether or not such added or substituted parties are banks or other lenders)), including into one or more debt facilities, commercial paper facilities or other debt instruments, indentures or agreements (including by means of sales of debt securities (including Additional Notes) to investors), providing for revolving credit loans, term loans, letters of credit or other debt obligations.

"**Default**" means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

"**Depositary**" means the depositary of each Global Note, which will initially be DTC.

"**Designated Non-cash Consideration**" means any non-cash consideration received by the Company or one of its Restricted Subsidiaries in connection with an Asset Sale that is designated as Designated Non-cash Consideration pursuant to an Officer's Certificate executed by an Officer of the Company or such Restricted Subsidiary at the time of such Asset Sale.

"**Disqualified Stock**" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is 91 days after the date that is the earlier date on which the Notes mature and the date the Notes are no longer outstanding, except to the extent such Capital Stock is solely redeemable with, or solely exchangeable for, any Equity Interests of the Company that are not Disqualified Stock; *provided* that if such Capital Stock is issued to any plan for the benefit of employees of the Company or its Subsidiaries or by any such plan to such employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Company or its Subsidiaries in order to satisfy applicable statutory or regulatory obligation; *provided, further*, that any Capital Stock held by any future, present or former employee, director, officer, manager or consultant (or their estates, spouses or former spouses) of the Company, any of its Subsidiaries or any of its direct or indirect parent companies pursuant to any stockholders agreement, management equity plan or stock option plan or any other management or employee benefit plan or agreement shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Company or its Subsidiaries following the termination of employment of such employee, director, officer, manager or consultant with the Company or any of its Subsidiaries (so long as, in each case referred to in this sentence, any such requirement is made subject to compliance with the Indenture). Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07. The term "Disqualified Stock" shall also include any options, warrants or other rights that are convertible into Disqualified Stock or that are redeemable at the option of the holder, or required to be redeemed, prior to the date that is 91 days after the date on which the Notes mature.

"**DTC**" means The Depository Trust Company, a New York corporation, and its successors.

"**DTC Legend**" means the legend set forth in Exhibit D.

"**Domestic Subsidiary**" means any Restricted Subsidiary of the Company other than a Restricted Subsidiary that is (1) a "controlled foreign corporation" under Section 957 of the Internal Revenue Code or (2) a Subsidiary of any such controlled foreign corporation.

"**Equity Interests**" means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

"**Equity Offering**" means a primary offering, after the Issue Date, of Qualified Stock of the Company or of Holdings or any direct or indirect parent of Holdings (to the extent the proceeds thereof are contributed to the common equity of the Company) other than an issuance registered on Form S-4 or S-8 or any successor thereto or any issuance pursuant to employee benefit plans or otherwise in compensation to officers, directors or employees.

"**Event of Default**" has the meaning assigned to such term in Section 6.01.

"**Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Exchange Notes**" means the Notes of the Company issued pursuant to the Indenture in exchange for, and in an aggregate principal amount equal to, the Initial Notes or any Initial Additional Notes in compliance with the terms of a Registration Rights Agreement and containing terms substantially identical to the Initial Notes or any Initial Additional Notes (except that (i) such Exchange Notes will be registered under the Securities Act and will not be subject to transfer restrictions or bear the Restricted Legend, and (ii) the provisions relating to Additional Interest will be eliminated).

"**Exchange Offer**" means an offer by the Company to the Holders of the Initial Notes or any Initial Additional Notes to exchange outstanding Notes for Exchange Notes, as provided for in a Registration Rights Agreement.

"**Exchange Offer Registration Statement**" means the Exchange Offer Registration Statement as defined in a Registration Rights Agreement.

"**Excluded Property**" means

(i) motor vehicles the perfection of a security interest in which is excluded from the Uniform Commercial Code in the relevant jurisdiction;

(ii) voting Equity Interests in any Foreign Subsidiary, to the extent (but only to the extent) required to prevent the Collateral from including more than 65% of all voting Equity Interests in such Foreign Subsidiary;

(iii) any interest in a joint venture or non-Wholly Owned Subsidiary to the extent and for so long as the attachments of security interest created hereby therein would violate any joint venture agreement, organizational document, shareholders agreement or equivalent agreement relating to such joint venture or Subsidiary;

(iv) any rights of the Company or any Guarantor in any contract, license, right or other agreement if under the terms thereof, or any applicable law with respect thereto, the valid grant of a security interest therein to the Collateral Trustee is prohibited and such prohibition has not been waived or the consent of the other party to such contract or license has not been obtained or, under applicable law, such prohibition cannot be waived, *provided however* that "Excluded Property" shall not be interpreted (i) to apply to any contract or license to the extent the applicable prohibition is ineffective or unenforceable under the UCC (including Sections 9-406 through 9-409) or any other applicable law, or (ii) so as to limit, impair or otherwise affect Collateral Trustee's unconditional continuing security interest in and Lien upon any rights or interests of the Company or such Guarantor in or to moneys due or to become due under any such contract or license (including any accounts);

(v) other property that the Applicable Authorized Representative may determine from time to time that the cost of obtaining a Lien thereon exceeds the benefits of obtaining such a Lien;

(vi) any part of the Collateral that is secured by a Lien of the type described in clause (20) of the definition of Permitted Liens securing Indebtedness incurred pursuant to clause (b)(4) of Permitted Debt, where the terms of such Indebtedness (or of the Lien securing such Indebtedness) prohibit the existence of a junior Lien on the applicable property; *provided*, that immediately upon the ineffectiveness, lapse or termination of any such restriction, such property will cease to be Excluded Property;

(vii) deposit accounts, the balance of which consists exclusively of (a) withheld income taxes and federal, state, local and foreign employment taxes in such amounts as are required, in the reasonable judgment of the Company, to be paid to the IRS or any other applicable governmental authority within the following three (3) months with respect to employees of the Company or any Guarantor and (b) amounts required to be paid over to an employee benefit plan pursuant to DOL Reg. Sec. 2510.3-102 or any Foreign Plan (as defined in the Term Loan Credit Agreement) on behalf of or for the benefit of employees of the Company or any Guarantor; and

(viii) any intent-to-use U.S. trademark application to the extent that, and solely during the period in which, grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application or the mark that is the subject of such application under applicable federal law.

"**Existing Indebtedness**" means the aggregate principal amount of Indebtedness of the Company and its Subsidiaries (other than Indebtedness under the Revolving Credit Agreement and the Term Loan Agreement) in existence on the Issue Date, until such amounts are repaid.

"**Existing Subordinated Notes**" means the Company's 12% Senior Subordinated Notes due 2019 outstanding on the Issue Date.

"**fair market value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination shall be conclusive if evidenced by a resolution of the Board of Directors.

"**Fixed Charge Coverage Ratio**" means with respect to any specified Person for any period, the ratio of the Consolidated Cash Flow of such Person for such period to the Fixed Charges of such Person for such period. In the event that the specified Person or any of its Subsidiaries incurs, assumes, Guarantees, repays, retires, extinguishes, repurchases or redeems any Indebtedness or issues, repurchases or redeems Disqualified Stock or Preferred Stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the "**Calculation Date**"), then the Fixed Charge Coverage Ratio shall be calculated giving *pro forma* effect to such incurrence, assumption, Guarantee, repayment, retirement, extinguishment, repurchase or redemption of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or Preferred Stock, and the use of the proceeds therefrom as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

(1) Investments or acquisitions and dispositions of business entities or property and assets constituting a division or line of business of any Person that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be given pro forma effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a pro forma basis, but without giving effect to clause (3) of the proviso set forth in the definition of Consolidated Net Income;

(2) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, shall be excluded;

(3) the Fixed Charges attributable to discontinued operations, as determined in accordance with GAAP, shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges will not be obligations of the specified Person or any of its Subsidiaries following the Calculation Date; and

(4) consolidated interest expense attributable to interest on any Indebtedness (whether existing or being incurred) computed on a pro forma basis and bearing a floating interest rate shall be computed as if the rate in effect on the Calculation Date (taking into account any interest rate option, swap, cap or similar agreement applicable to such Indebtedness if such agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period.

For purposes of this definition, whenever pro forma effect is to be given to any event, the pro forma calculations shall be made in good faith by a responsible financial or accounting officer of the Company. Any such pro forma calculation may include adjustments appropriate, in the reasonable good faith determination of the Company as set forth in an Officer's Certificate, to reflect operating expense reductions and other operating improvements or synergies reasonably expected to result from the applicable event.

"**Fixed Charges**" means, with respect to any specified Person for any period, the sum, without duplication, of:

(1) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made, received or accrued in connection with Hedging Obligations (but excluding unrealized gains or losses with respect thereto), but excluding (i) amortization of deferred financing fees, debt issuance costs, commissions, fees and expenses, (ii) any expensing of bridge, commitment and other financing fees, (iii) any redemption premiums, prepayment fees, or other charges or penalties incurred in connection with the Transactions and (iv) any premiums, fees or other charges incurred in connection with the refinancing of the Existing Indebtedness on the Issue Date (in each case of (i) through (iv), to the extent included in any of the foregoing items listed in clause (1)); *plus*

(2) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus*

(3) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; *plus*

(4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock or Preferred Stock of such Person or any of its Restricted Subsidiaries, other than (i) dividends on Equity Interests payable solely in Equity Interests of the Company (other than Disqualified Stock) or (ii) dividends to the Company or a Restricted Subsidiary of the Company, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

"**Foreign Subsidiary**" means any Restricted Subsidiary of the Company other than a Domestic Subsidiary.

"**GAAP**" means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants, the opinions and pronouncements of the Public Company Accounting Oversight Board and in the statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as have been approved by a significant segment of the accounting profession, which are in effect on the Issue Date.

"**Global Note**" means a Note in registered global form without interest coupons.

"**Government Securities**" means direct obligations of, or obligations guaranteed by, the United States of America for the payment of which guarantee or obligations the full faith and credit of the United States is pledged.

"**Guarantee**" means, as to any Person, a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness of another Person.

"**Guarantors**" means:

(1) Holdings and each direct or indirect Domestic Subsidiary of the Company on the Issue Date; and

(2) any other subsidiary that executes a Note Guarantee in accordance with the provisions of the Indenture;

and their respective successors and assigns until released from their obligations under their Note Guarantees and the Indenture in accordance with the terms of the Indenture.

"**Hedging Obligations**" means, with respect to any specified Person, the obligations of such Person under:

(1) interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and other agreements or arrangements designed for the purpose of managing interest rate risk;

(2) commodity swap agreements, commodity option agreements, forward contracts and other agreements or arrangements designed for the purpose of managing commodity price risk; and

(3) foreign exchange contracts, currency swap agreements and other agreements or arrangements designed for the purpose of managing foreign currency exchange rate risk.

"**Holder**" or "**Noteholder**" means the registered holder of any Note.

"**Holdings**" means SB/RH Holdings, LLC or any successor obligor under the Indenture and its Notes Guarantee pursuant to Article 5.

"**IAI Global Note**" means a Global Note resold to Institutional Accredited Investors bearing the Restricted Legend.

"**Immaterial Real Property Interests**" means real property with a fair market value less than or equal to $2.0 million.

"**incur**" means, with respect to any Indebtedness, to incur, create, issue, assume, Guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness; *provided* that (1) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company will be deemed to be incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary of the Company and (2) neither the accrual of interest nor the accretion of original issue discount nor the payment of interest in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock (to the extent provided for when the Indebtedness or Disqualified Stock on which such interest or dividend is paid was originally issued) shall be considered an incurrence of Indebtedness; *provided* that in each case the amount thereof is for all other purposes included in the Fixed Charges and Indebtedness of the Company or its Restricted Subsidiary as accrued.

"**Indebtedness**" means, with respect to any specified Person, any indebtedness of such Person, whether or not contingent:

(1) in respect of borrowed money;

(2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof), but excluding obligations with respect to letters of credit (including trade letters of credit) securing obligations entered into in the ordinary course of business of such Person to the extent such letters of credit are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the fifth Business Day following receipt by such Person of a demand for reimbursement);

(3) in respect of banker's acceptances;

(4) in respect of Capital Lease Obligations;

(5) in respect of the balance deferred and unpaid of the purchase price of any property, except any such balance that constitutes an accrued expense or trade payable;

(6) representing Hedging Obligations, other than Hedging Obligations that are incurred in the ordinary course of business for the purpose of managing interest rate, commodity price or foreign currency exchange rate risk (or to reverse or amend any such agreements previously made for such purposes), and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates, commodity prices or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder; or

(7) representing Disqualified Stock valued at the greater of its voluntary or involuntary maximum fixed repurchase price plus accrued dividends;

if and to the extent that any of the preceding items (other than letters of credit and Hedging Obligations) would appear as a liability upon a balance sheet (excluding the footnotes thereto) of the specified Person prepared in accordance with GAAP or, in the case of any earn-out obligation or purchase price adjustment, would have been recorded as a liability under GAAP prior to the adoption of Financial Accounting Standards Board Statement No. 141R. In addition, the term "Indebtedness" includes (x) all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person), *provided* that the amount of such Indebtedness shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness, and (y) to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. For purposes hereof, the "maximum fixed repurchase price" of any Disqualified

Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to the Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value shall be determined in good faith by the Board of Directors of the issuer of such Disqualified Stock.

The amount of any Indebtedness outstanding as of any date shall be the outstanding balance at such date of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation, and shall be:

(1) the accreted value thereof, in the case of any Indebtedness issued with original issue discount; and

(2) the principal amount thereof, together with any interest thereon that is more than 30 days past due, in the case of any other Indebtedness;

provided that Indebtedness shall not include:

(i) any liability for federal, state, local or other taxes;

(ii) performance, surety or appeal bonds provided in the ordinary course of business;

(iii) agreements providing for indemnification, adjustment of purchase price or similar obligations, or Guarantees or letters of credit, surety bonds or performance bonds securing any obligations of the Company or any of its Restricted Subsidiaries pursuant to such agreements, in any case incurred in connection with the disposition of any business, assets or Restricted Subsidiary (other than Guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Restricted Subsidiary for the purpose of financing such acquisition), so long as the principal amount does not exceed the gross proceeds actually received by the Company or any Restricted Subsidiary in connection with such disposition; or

(iv) deferred revenue.

"**Indenture**" means this indenture, as amended or supplemented from time to time.

"**Initial Additional Notes**" means Additional Notes issued in an offering not registered under the Securities Act and any Notes issued in replacement thereof, but not including any Exchange Notes issued in exchange therefor.

"**Initial Notes**" means the Notes issued on the Issue Date and any Notes issued in replacement thereof, but not including any Exchange Notes issued in exchange therefor.

"**Initial Purchasers**" means the initial purchasers party to a purchase agreement with the Company relating to the sale of the Initial Notes or Initial Additional Notes by the Company.

"**Institutional Accredited Investor**" means an institutional "accredited investor" (as defined) in Rule 501(a), (2), (3) or (7) under the Securities Act.

"**Institutional Accredited Investor Certificate**" means a certificate substantially in the form of Exhibit G hereto.

"**Intercreditor Agreement**" means the intercreditor agreement (in the form attached as Exhibit J hereto) dated as of the Issue Date among the Collateral Trustee and the Revolving Credit Agent, as amended from time to time.

"**interest**", in respect of the Notes, unless the context otherwise requires, refers to interest and Additional Interest, if any.

"**Interest Payment Date**" means each June 15 and December 15 of each year, commencing December 15, 2010.

"**Investments**" means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans or other extensions of credit (including Guarantees, but excluding advances to customers or suppliers in the ordinary course of business that are, in conformity with GAAP, recorded as accounts receivable, prepaid expenses or deposits on the balance sheet of the Company or its Restricted Subsidiaries and endorsements for collection or deposit arising in the ordinary course of business), advances (excluding commission, travel, payroll and similar advances to officers and employees made consistent with past practices), capital contributions (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Investment in such Restricted Subsidiary not sold or disposed of in an amount determined as

provided in Section 4.07(c). The acquisition by the Company or any Restricted Subsidiary of the Company of a Person that holds an Investment in a third Person shall be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person only if such Investment was made in contemplation of, or in connection with, the acquisition of such Person by the Company or such Restricted Subsidiary and the amount of any such Investment shall be determined as provided in Section 4.07(c).

"**Issue Date**" means the date on which the Original Notes are originally issued under the Indenture.

"**Legal Defeasance**" has the meaning assigned to such term in Section 8.02.

"**Leverage Ratio**" means with respect to any Person as of any date of determination, the ratio of (x) total Indebtedness of such Person as of the end of the most recent fiscal quarter for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur minus the lesser of (i) the aggregate amount of unrestricted cash and Cash Equivalents owned by such Person and its Restricted Subsidiaries on a consolidated basis and (ii) $50.0 million to (y) the aggregate amount of Consolidated Cash Flow of such Person for the period of the most recently ended four full consecutive fiscal quarters for which internal financial statements are available immediately preceding the date on which such event for which such calculation is being made shall occur, in each case with such *pro forma* adjustments to total Indebtedness and Consolidated Cash Flow as are consistent with the *pro forma* adjustment provisions of the Fixed Charge Coverage Ratio.

"**Lien**" means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing statement under the Uniform Commercial Code (or equivalent statutes) of any jurisdiction.

"**Moody's**" means Moody's Investors Service, Inc. and its successors.

"**Net Income**" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of Preferred Stock dividends, excluding, however:

(1) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with: (a) any sale of assets outside the ordinary course of business of such Person; or (b) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and

(2) any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss.

"**Net Proceeds**" means the aggregate cash proceeds, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not the interest component, thereof) received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of (1) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting, brokerage and investment banking fees, and sales commissions, and any relocation expenses incurred as a result thereof, (2) taxes paid or payable as a result thereof, in each case, after taking into account any available tax credits or deductions arising therefrom and any tax sharing arrangements in connection therewith, (3) amounts required to be applied to the repayment of Indebtedness or other liabilities, secured by a Lien on the asset or assets (other than Primary Collateral) that were the subject of such Asset Sale, or required to be paid as a result of such sale, and (4) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"**Non-U.S. Person**" means a Person that is not a U.S. person, as defined in Regulation S.

"**Notes**" has the meaning assigned to such term in the Recitals.

"**Note Guarantee**" means the Guarantee by each Guarantor of the Company's payment obligations under the Indenture and on the Notes, executed pursuant to the Indenture.

"**Obligations**" means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

"**Offer to Purchase**" has the meaning assigned to such term in Section 3.04.

"**Offering Circular**" means the Offering Circular dated June 4, 2010 relating to the sale of the Initial Notes.

"**Officer**" means the chairman of the Board of Directors, the president or chief executive officer, any vice president, the chief financial officer, the treasurer or any assistant treasurer, or the secretary or any assistant secretary, of the Company.

"**Officer's Certificate**" means a certificate signed in the name of the Company by any of the chairman of the Board of Directors, the president or chief executive officer, the chief financial officer, a vice president, the treasurer or any assistant treasurer or the secretary or any assistant secretary.

"**Offshore Global Note**" means a Global Note representing Notes issued and sold pursuant to Regulation S.

"**Opinion of Counsel**" means a written opinion signed by legal counsel, who may be an employee of or counsel to the Company, satisfactory to the Trustee.

"**Original Notes**" means the Initial Notes and any Exchange Notes issued in exchange therefor.

"**Pari-Passu Obligation**" means an Obligation secured equally and ratably by the Liens on the Collateral.

"**Paying Agent**" means an office or agency where Notes may be presented for payment.

"**Permanent Offshore Global Note**" means an Offshore Global Note that does not bear the Temporary Offshore Global Note Legend.

"**Permitted Business**" means any business conducted or proposed to be conducted by the Company and its Restricted Subsidiaries on the Issue Date and other businesses complementary, similar or reasonably related, ancillary or incidental thereto or reasonable extensions thereof.

"**Permitted Debt**" has the meaning assigned to such term in Section 4.06.

"**Permitted Holders**" means

(1) each of Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P. and Global Opportunities Breakaway Ltd;

(2) any Affiliate or Related Party of any Person specified in clause (1), other than another portfolio company thereof (which means a company actively engaged in providing goods and services to unaffiliated customers) or a company controlled by a "portfolio company"; or

(3) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are owned 50% or more by Persons specified in clauses (1) and (2).

"**Permitted Investments**" means:

(1) any Investment in the Company or in a Restricted Subsidiary of the Company;

(2) any Investment in Cash Equivalents;

(3) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:

(a) such Person becomes a Restricted Subsidiary of the Company; or

(b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

(4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale (including Designated Non-Cash Consideration) that was made pursuant to and in compliance with Section 4.12; *provided* that such Investments shall be pledged as Primary Collateral to the extent the assets subject to such Asset Sale constituted Primary Collateral; *provided further* that, notwithstanding the foregoing clause, up to an aggregate of $50.0 million outstanding at any time (based on the fair market value at the time made, without regard to subsequent changes in value) of (x) non-cash consideration (including Replacement Assets and Designated Non-Cash Consideration) received pursuant to Section 4.12(a)(2), (y) assets acquired or Investments made pursuant to Section 4.12(b)(3) and (z) assets received pursuant to clause (12) of the definition of "Asset Sales" may be designated by the Company as property not required to be pledged as Collateral;

(5) Hedging Obligations that are incurred in the ordinary course of business for the purpose of managing interest rate, commodity price or foreign currency exchange rate risk (or to reverse or amend any such agreements previously made for such purposes), and not for speculative purposes, and that do not increase the Indebtedness of the obligor outstanding at any time other than as a result of fluctuations in interest rates, commodity prices or foreign currency exchange rates or by reason of fees, indemnities and compensation payable thereunder;

(6) stock, obligations or securities received in satisfaction of judgments;

(7) Investments in securities of trade debtors or customers received (x) pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers or in good faith settlement of delinquent obligations of such trade debtors or customers or in compromise or resolution of litigation, arbitration or other disputes with Persons who are not Affiliates, (y) as a result of the foreclosure by the Company or any Restricted Subsidiaries with respect to any secured Investment or other transfer of title, or (z) as a result of litigation, or other disputes with Persons who are not Affiliates;

(8) other Investments in any Person engaged in a Permitted Business having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (8) since the Issue Date, not to exceed $75.0 million;

(9) Investments consisting of purchases and acquisitions of inventory, supplies, material or equipment or the licensing or contribution of intellectual property pursuant to joint marketing, joint development or similar arrangements with other Persons;

(10) advances, loans, rebates and extensions of credit (including the creation of receivables) to suppliers, customers and vendors, and performance guarantees, in each case in the ordinary course of business;

(11) Investments in prepaid expenses, negotiable instruments held for collection and lease and utility and worker's compensation deposits provided to third parties in the ordinary course of business; and

(12) Investments (other than in Restricted Subsidiaries) outstanding on the Issue Date.

"**Permitted Liens**" means:

(1) Liens on the Collateral securing

(a) the Notes (but not Additional Notes), the Exchange Notes and the Note Guarantees thereof and other Obligations in respect thereof;

(b) Indebtedness treated as having been incurred under clause (1)(x) or (y) of the definition of Permitted Debt and all Revolving Credit Obligations of the type described in clause (ii) of the definition thereof, which Indebtedness and other Obligations may be secured by Liens ranking senior to the Liens securing the Notes and the Note Guarantees on the Secondary Collateral and, in such case, if such Indebtedness and such other Obligations are secured by Liens on the Primary Collateral, any such Liens shall (except in the case of Hedging Obligations, which may be secured on a *pari passu* basis with the Obligations under the Notes on the terms set forth in the Intercreditor Agreement as in effect on the Issue Date) be secured on a basis that is junior to the Liens securing the Notes and the Note Guarantees on the Primary Collateral (for the avoidance of doubt, Indebtedness incurred clause 1(y) may alternatively, at the Company's option, be secured by Liens ranking equal in priority to the Liens on the Collateral securing the Notes and the Note Guarantees);

(c) Indebtedness treated as having been incurred under clause (1)(z) of the definition of Permitted Debt and all Obligations in respect thereof; *provided* that

(i) except as set forth in clause (ii) below, the Liens securing such Indebtedness and Obligations shall rank equal or junior in priority to the Liens on the Collateral securing the Notes and the Note Guarantees; and

(ii) Indebtedness treated as having been incurred under clause (1)(z)(ii) may alternatively, at the Company's option, be secured (together with Obligations in respect thereof) by Liens on the Secondary Collateral ranking senior to the Liens securing the Notes and the Note Guarantees and Liens on the Primary Collateral that are junior to the Liens securing the Notes and the Note Guarantees on the Primary Collateral; *provided* that the maximum amount of Indebtedness at any time outstanding and treated as having been incurred under such clause (1)(z)(ii) that may be so secured in the manner described in this clause (ii) shall not exceed (x) the borrowing base of the Company and the Guarantors at the time of incurrence thereof as determined pursuant to its Revolving Credit Agreement as then in effect less (b) the amount of Indebtedness then permitted to be incurred (whether or not such Indebtedness is outstanding) pursuant to clause (i)(x) and (i)(y) of Permitted Debt (other than any Indebtedness then outstanding that was incurred pursuant to such clause (y) and is secured by Liens ranking equal in priority to the Liens securing the Notes); and

(d) Permitted Refinancing Indebtedness in respect of Indebtedness referred to in clause (a) above;

(2) Liens in favor of the Company or any Guarantor;

(3) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Restricted Subsidiary;

(4) Liens on property existing at the time of acquisition thereof by the Company or any Restricted Subsidiary of the Company, *provided* that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any property other than the property so acquired by the Company or the Restricted Subsidiary;

(5) Liens existing on the Issue Date not otherwise permitted hereby;

(6) Liens securing Permitted Refinancing Indebtedness (other than in respect of Indebtedness referred to in clause (1)); *provided* that such Liens do not extend to any property or assets other than the property or assets that secure the Indebtedness being refinanced;

(7) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary of the Company with respect to obligations that do not exceed $50.0 million at any one time outstanding;

(8) Liens on the assets of a Foreign Subsidiary securing Indebtedness of a Foreign Subsidiary that was permitted by the terms of the Indenture to be incurred;

(9) pledges or deposits under worker's compensation laws, unemployment insurance laws or similar legislation, or good faith deposits in connection with bids, tenders, contracts or leases, or to secure public or statutory obligations, surety bonds, customs duties and the like, or for the payment of rent, in each case incurred in the ordinary course of business and not securing Indebtedness;

(10) Liens imposed by law, such as carriers', vendors', warehousemen's and mechanics' liens or other similar liens, in each case for sums not yet due or being contested in good faith and by appropriate proceedings;

(11) Liens in respect of taxes and other governmental assessments and charges which are not yet due or which are being contested in good faith and by appropriate proceedings;

(12) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the proceeds thereof;

(13) (x) minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property, or zoning or other restrictions as to the use of real property or Liens incidental to the conduct of the business of such Person or the ownership of its properties, not interfering in any material respect with the conduct of the business of the Company and its Restricted Subsidiaries or (y) any zoning or similar law or right reserved to or vested in any governmental authority to control or regulate the use of any real property;

(14) licenses or leases or sublicenses or subleases as licensor, lessor, sublicensor or sublessor of any of its property, including intellectual property, in the ordinary course of business;

(15) customary Liens in favor of trustees and escrow agents, and netting and setoff rights, banker's liens and the like in favor of financial institutions and counterparties to financial obligations and instruments, including Hedging Agreements;

(16) Liens on assets pursuant to merger agreements, stock or asset purchase agreements and similar agreements in respect of the disposition of such assets;

(17) options, put and call arrangements, rights of first refusal and similar rights relating to Investments in joint ventures, partnerships and the like;

(18) judgment liens, and Liens securing appeal bonds or letters of credit issued in support of or in lieu of appeal bonds, so long as no Event of Default then exists as a result thereof;

(19) Liens incurred in the ordinary course of business not securing Indebtedness and not in the aggregate materially detracting from the value of the properties or their use in the operation of the business of the Company and its Restricted Subsidiaries;

(20) Liens (including the interest of a lessor under a Capital Lease) on property that secure Indebtedness incurred under clause (4) of Permitted Debt for the purpose of financing all or any part of the purchase price or cost of construction or improvement of such property and which attach within 365 days after the date of such purchase or the completion of construction or improvement;

(21) deposits in the ordinary course of business to secure liability to insurance carriers;

(22) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(23) Liens consisting of contractual rights of set-off (i) relating to the establishment of depository relations with banks not given in connection with the issuance of Indebtedness, (ii) relating to pooled deposit or sweep accounts of the Company or any of its Restricted Subsidiaries to permit satisfaction of overdraft or similar obligations incurred in the ordinary course of business of the Company and its Restricted Subsidiaries or (iii) relating to purchase orders and other agreements entered into with customers of the Company or any of its Restricted Subsidiaries in the ordinary course of business; and

(24) Liens arising from financing statements filings under the Uniform Commercial Code or similar state laws regarding operating leases entered into by the Company and its Restricted Subsidiaries in the ordinary course of business.

"**Permitted Refinancing Indebtedness**" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest thereon and the amount of any reasonably determined premium necessary to accomplish such refinancing and such reasonable expenses incurred in connection therewith);

(2) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded; *provided* that in the case of the Existing Subordinated Notes, such Permitted Refinancing Indebtedness must have a final maturity date at least 123 days later than the final maturity date of, and a Weighted Average Life to Maturity that is equal or greater Weighted Average Life to Maturity of, the Notes;

(3) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes or the Note Guarantees, such Permitted Refinancing Indebtedness is subordinated in right of payment to, the Notes or such Note Guarantees on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded *provided* that the Existing Subordinated Notes may be refinanced with senior unsecured Indebtedness and any such refinancing will be deemed to comply with this clause (3) so long as the Company's Leverage Ratio, on a pro forma basis after giving to such refinancing, does not exceed 4.0 to 1.0 and the Company's Secured Leverage Ratio, on a pro forma basis after giving to such refinancing, does not exceed 3.5 to 1.0; and

(4) in no event may Indebtedness of the Company or any Guarantor be refinanced by means of Indebtedness of a Restricted Subsidiary that is not a Guarantor.

"**Person**" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"**Preferred Stock**" means, with respect to any Person, any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemption upon liquidation.

"**Primary Collateral**" means substantially all of the assets (other than Secondary Collateral) that are owned or hereafter acquired by the Company or by each of the Guarantors to the extent pledged or required to be pledged to secure the Notes, now owned or hereafter acquired by the Company or any Guarantor to the extent pledged or required to be pledged to secure the Notes.

"**principal**" of any Indebtedness means the principal amount of such Indebtedness, (or if such Indebtedness was issued with original issue discount, the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness), together with, unless the context otherwise indicates, any premium then payable on such Indebtedness.

"**Qualified Stock**" means all Capital Stock of a Person other than Disqualified Stock.

"**Register**" has the meaning assigned to such term in Section 2.09.

"**Registrar**" means an office or agency where Notes may be presented for registration of transfer or for exchange.

"**Registration Rights Agreement**" means (i) the Registration Rights Agreement dated on or about the Issue Date between the Company and the Initial Purchasers party thereto with respect to the Initial Notes, and (ii) with respect to any Additional Notes, any registration rights agreements between the Company and the Initial Purchasers party thereto relating to rights given by the Company to the purchasers of Additional Notes to register such Additional Notes or exchange them for Notes registered under the Securities Act.

"**Regular Record Date**" for the interest payable on any Interest Payment Date means the June 1 or December 1 (whether or not a Business Day) next preceding such Interest Payment Date.

"**Regulation S**" means Regulation S under the Securities Act.

"**Regulation S Certificate**" means a certificate substantially in the form of Exhibit E hereto.

"**Replacement Assets**" means (1) non-current assets (other than securities of any Person) that will be used or useful in a Permitted Business or (2) all or substantially all of the assets of a Permitted Business or Voting Stock of any Person engaged in a Permitted Business that will become on the date of acquisition thereof a Restricted Subsidiary.

"**Restricted Investment**" means an Investment other than a Permitted Investment.

"**Restricted Legend**" means the legend set forth in Exhibit C.

"**Restricted Payment**" has the meaning assigned to such term in Section 4.07.

"**Restricted Period**" means the relevant 40-day distribution compliance period as defined in Regulation S.

"**Restricted Subsidiary**" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary. Unless the context otherwise requires, "Restricted Subsidiary" refers to a Restricted Subsidiary of the Company.

"**Revolver Agent**" means the agent under the Revolving Credit Agreement.

"**Revolving Credit Agreement**" means the revolving credit agreement dated on or about the Issue Date among the Company, the lenders party thereto and Bank of America NA, as agent, together with any related documents (including any security documents and guarantees) as such agreement, in whole or in part, in one or more instances, may be amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time (including any successive renewals, extensions, substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing and including any amendment increasing the amount of Indebtedness incurred or available to be borrowed thereunder, extending the maturity of any Indebtedness incurred thereunder or contemplated thereby or deleting, adding or substituting one or more parties thereto (whether or not such added or substituted parties are banks or other institutional lenders)), including into one or more debt facilities, commercial paper facilities or other debt instruments, indentures or agreements (including by means of sales of debt securities (including Additional Notes) to institutional investors), providing for revolving credit loans, term loans, letters of credit or other debt obligations, whether any such extension, replacement or refinancing (1) occurs simultaneously or not with the termination or repayment of a prior credit agreement or (2) occurs on one or more separate occasions.

"**Revolving Credit Obligations**" means (i) all Indebtedness under Credit Facilities constituting Permitted Debt under clause (1) (*provided*, in the case of Indebtedness under clause (y) or (z) of such clause (1), such Indebtedness is secured on a senior basis by Liens on the Secondary Collateral and on a junior basis by Liens on the Primary Collateral), and all Obligations in respect thereof and (ii) the Cash Management Obligations and all Obligations under the Hedging

Agreements, owed to Persons that were agents and the lenders under the Revolving Credit Agreement or their affiliates at the time of entry into the agreements governing such obligations, but excluding any such obligations that are not permitted under the Indenture to be secured with Liens on the Collateral; *provided* that the amount of Cash Management Obligations secured by Liens on the Collateral shall not exceed the amount permitted to be secured under the Intercreditor Agreement.

"**Rule 144A**" means Rule 144A under the Securities Act.

"**Rule 144A Certificate**" means (i) a certificate substantially in the form of Exhibit F hereto or (ii) a written certification addressed to the Company and the Trustee to the effect that the Person making such certification (x) is acquiring such Note (or beneficial interest) for its own account or one or more accounts with respect to which it exercises sole investment discretion and that it and each such account is a qualified institutional buyer within the meaning of Rule 144A, (y) is aware that the transfer to it or exchange, as applicable, is being made in reliance upon the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A, and (z) acknowledges that it has received such information regarding the Company as it has requested pursuant to Rule 144A(d)(4) or has determined not to request such information.

"**S&P**" means Standard & Poor's Ratings Group, a division of McGraw Hill, Inc. and its successors.

"**Secondary Collateral**" shall mean, collectively, that portion of the Collateral, now existing or hereafter acquired by the Company or any Guarantor, consisting of ABL Priority Collateral, as such term is defined in the Intercreditor Agreement.

"**Secured Leverage Ratio**" means, on any date of determination (the "transaction date"), the ratio of (x) the aggregate amount of all outstanding Indebtedness (which Indebtedness is secured by a Lien on an any asset of the Company or any of its Restricted Subsidiaries) of the Company and its Restricted Subsidiaries, determined on a consolidated basis (with any Indebtedness incurred pursuant to Section 4.06(b)(1)(z) deemed to be secured Indebtedness for this purpose in connection with any measurement of the Secured Leverage Ratio pursuant to such clause) minus the lesser of (i) the aggregate amount of unrestricted cash and Cash Equivalents owned by the Company and its Restricted Subsidiaries on a consolidated basis and (ii) $50.0 million to (y) the aggregate amount of Consolidated Cash Flow of the Company and its Restricted Subsidiaries for the four fiscal quarters immediately prior to the transaction date for which internal financial statements are available in each case with such *pro forma* adjustments to Indebtedness and Consolidated Cash Flow as are consistent with the *pro forma* adjustment provisions of the Fixed Charges Coverage Ratio.

"**Securities Act**" means the Securities Act of 1933.

"**Security Documents**" means (i) the Intercreditor Agreement, (ii) the Collateral Trust Agreement and (iii) the security documents granting a security interest in any assets of any Person to secure the Obligations under the Notes and the Note Guarantees as each may be amended, restated, supplemented or otherwise modified from time to time.

"**Shelf Registration Statement**" means the Shelf Registration Statement as defined in a Registration Rights Agreement.

"**Significant Subsidiary**" means any Subsidiary that would constitute a "significant subsidiary" within the meaning of Article 1 of Regulation S-X of the Securities Act.

"**Stated Maturity**" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"**Subsidiary**" means, with respect to any specified Person:

(1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and

(2) any partnership (a) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (b) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"**Term Loan Agent**" means the agent under the Term Loan Agreement.

"**Term Loan Agreement**" means the term loan credit agreement dated on or about the Issue Date among the Company, the lenders party thereto and Credit Suisse AG, as agent, together with any related documents, including any related Notes, guarantees, collateral documents, instruments and agreements executed in connection therewith, in each case as such term loan credit agreement, in whole or in part, in one or more instances, may be amended, renewed, extended, substituted, refinanced, restructured, replaced, supplemented or otherwise modified from time to time (including any successive renewals, extensions,

substitutions, refinancings, restructurings, replacements, supplementations or other modifications of the foregoing and including any amendment increasing the amount of Indebtedness incurred or available to be borrowed thereunder, extending the maturity of any Indebtedness incurred thereunder or contemplated thereby or deleting, adding or substituting one or more parties thereto (whether or not such added or substituted parties are banks or other institutional lenders)), including into one or more debt facilities, commercial paper facilities or other debt instruments, indentures or agreements (including by means of sales of debt securities (including Additional Notes) to institutional investors), providing for revolving credit loans, term loans, letters of credit or other debt obligations, whether any such extension, replacement or refinancing (1) occurs simultaneously or not with the termination or repayment of a prior term loan credit agreement or (2) occurs on one or more separate occasions.

"**Term Loan Obligations**" means all Indebtedness and other Obligations incurred under the Term Loan Agreement and secured (in a manner permitted by the Indenture) by a Lien on the Collateral ranking equally with the Lien securing the Notes (so long as the Lien secures the Notes).

"**Temporary Offshore Global Note**" means an Offshore Global Note that bears the Temporary Offshore Global Note Legend.

"**Temporary Offshore Global Note Legend**" means the legend set forth in Exhibit I.

"**Transaction Expenses**" means fees and expenses payable or otherwise borne by the Company and its Restricted Subsidiaries in connection with the Transactions and incurred before, or on or about, the Issue Date, including the costs of legal and financial advisors to the Company and the lenders under the Term Loan Agreement and the Revolving Credit Agreement and prepayment fees and penalties in connection with the prepayment of the existing Indebtedness of the Company and its Restricted Subsidiaries on or about the Issue Date.

"**Transactions**" means, collectively, (a) the execution, delivery and performance by the Company and the other parties thereto of the Revolving Credit Agreement and Term Loan Agreement on the Issue Date and the making of the borrowings thereunder on the Issue Date, (b) the execution, delivery and performance by the Company and the Guarantors of the Indenture and related documents and the issuance of the Notes, (c) the refinancing of certain Existing Indebtedness, (d) the mergers of the Company and Russell Hobbs, Inc. pursuant to that certain Agreement and Plan of Merger, dated February 9, 2010, by and among Spectrum Brands Holdings, Inc., (formerly SB/RH Holdings, Inc.), Russell Hobbs, Inc., the Company, Battery Merger Corp. and Grill Merger Corp., and the other transactions ancillary to or contemplated by such agreement and (e) the payment of the costs in respect thereof.

"**Treasury Rate**" means, as of any redemption date, the yield to maturity as of such redemption date of United States Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15(519) that has become publicly available at least two Business Days prior to the redemption date (or, if such Statistical Release is no longer published, any publicly available source of similar market data)) most nearly equal to the period from the redemption date to June 15, 2014; *provided*, *however*, that if the period from the redemption date to June 15, 2014, is less than one year, the weekly average yield on actually traded United States Treasury securities adjusted to a constant maturity of one year will be used.

"**Trustee**" means the party named as such in the first paragraph of the Indenture or any successor trustee under the Indenture pursuant to Article 7.

"**Trust Indenture Act**" means the Trust Indenture Act of 1939, as amended.

"**U.S. Global Note**" means a Global Note that bears the Restricted Legend representing Notes issued and sold pursuant to Rule 144A.

"**U.S. Government Obligations**" means obligations issued or directly and fully guaranteed or insured by the United States of America or by any agent or instrumentality thereof, *provided* that the full faith and credit of the United States of America is pledged in support thereof.

"**Unrestricted Subsidiary**" means any Subsidiary of the Company that is designated by the Board of Directors as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors in compliance with the Section 4.14, and any Subsidiary of such Subsidiary.

"**Voting Stock**" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"**Weighted Average Life to Maturity**" means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

(1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by

(2) the then outstanding principal amount of such Indebtedness.

"**Wholly Owned**" means, with respect to any Restricted Subsidiary, a Restricted Subsidiary all of the outstanding Capital Stock of which (other than any director's qualifying shares) is owned by the Company and one or more Wholly Owned Restricted Subsidiaries (or a combination thereof).

Section 1.02. *Rules of Construction.* Unless the context otherwise requires or except as otherwise expressly provided,

(1) an accounting term not otherwise defined has the meaning assigned to it in accordance with GAAP;

(2) "herein," "hereof" and other words of similar import refer to the Indenture as a whole and not to any particular Section, Article or other subdivision;

(3) all references to Sections or Articles or Exhibits refer to Sections or Articles or Exhibits of or to the Indenture unless otherwise indicated;

(4) references to agreements or instruments, or to statutes or regulations, are to such agreements or instruments, or statutes or regulations, as amended from time to time (or to successor statutes and regulations); and

(5) in the event that a transaction meets the criteria of more than one category of permitted transactions or listed exceptions the Company may classify such transaction as it, in its sole discretion, determines.

ARTICLE 2
THE NOTES

Section 2.01. *Form, Dating and Denominations; Legends.* (a) The Notes and the Trustee's certificate of authentication will be substantially in the form attached as Exhibit A. The terms and provisions contained in the form of the Notes annexed as Exhibit A constitute, and are hereby expressly made, a part of the Indenture. However, to the extent any provision of any Note conflicts with the express provisions of this Indenture, the provisions of this Indenture shall govern and be controlling. The Notes may have notations, legends or endorsements required by law, rules of or agreements with national securities exchanges to which the Company is subject, or usage. Each Note will be dated the date of its authentication. The Notes will be issuable in denominations of $2,000 in principal amount and any multiple of $1,000 in excess thereof.

(b) (1) Except as otherwise provided in paragraph (c), Section 2.10(b)(3), (b)(5), or (c) or Section 2.09(b)(4), each Initial Note or Initial Additional Note (other than a Permanent Offshore Note) will bear the Restricted Legend.

(2) Each Global Note, whether or not an Initial Note or Additional Note, will bear the DTC Legend.

(3) Each Temporary Offshore Global Note will bear the Temporary Offshore Global Note Legend.

(4) Initial Notes and Initial Additional Notes offered and sold in reliance on Regulation S will be issued as provided in Section 2.11(a).

(5) Initial Notes and Initial Additional Notes offered and sold in reliance on any exception under the Securities Act other than Regulation S and Rule 144A will be issued, and upon the request of the Company to the Trustee, Initial Notes offered and sold in reliance on Rule 144A may be issued, and any Initial Notes sold to an Affiliate of the Company shall be issued, in the form of Certificated Notes.

(6) Initial Notes resold to Institutional Accredited Investors will be in the form of an IAI Global Note.

(7) Exchange Notes will be issued, subject to Section 2.09(b), in the form of one or more Global Notes.

(c) (1) If the Company determines (upon the advice of counsel and such other certifications and evidence as the Company may reasonably require) that a Note is eligible for resale pursuant to Rule 144 under the Securities Act (or a successor provision) without the need for current public information and that the Restricted Legend is no longer necessary or appropriate in order to ensure that subsequent transfers of the Note (or a beneficial interest therein) are effected in compliance with the Securities Act, or

(2) after an Initial Note or any Initial Additional Note is

(x) sold pursuant to an effective registration statement under the Securities Act, pursuant to the Registration Rights Agreement or otherwise, or
(y) is validly tendered for exchange into an Exchange Note pursuant to an Exchange Offer

the Company shall instruct the Trustee to cancel the Note and issue to the Holder thereof (or to its transferee) a new Note of like tenor and amount, registered in the name of the Holder thereof (or its transferee), that does not bear the Restricted Legend, and the Trustee will comply with such instruction.

(d) By its acceptance of any Note bearing the Restricted Legend (or any beneficial interest in such a Note), each Holder thereof and each owner of a beneficial interest therein acknowledges the restrictions on transfer of such Note (and any such beneficial interest) set forth in this Indenture and in the Restricted Legend and agrees that it will transfer such Note (and any such beneficial interest) only in accordance with the Indenture and such legend.

Section 2.02. *Execution and Authentication; Exchange Notes; Additional Notes.* (a) An Officer shall execute the Notes for the Company by facsimile or manual signature in the name and on behalf of the Company. If an Officer whose signature is on a Note no longer holds that office at the time the Note is authenticated, the Note will still be valid.

(b) A Note will not be valid until the Trustee manually signs the certificate of authentication on the Note, with the signature conclusive evidence that the Note has been authenticated under the Indenture.

(c) At any time and from time to time after the execution and delivery of the Indenture, the Company may deliver Notes executed by the Company to the Trustee for authentication. The Trustee will authenticate and deliver

(i) Initial Notes for original issue in the aggregate principal amount not to exceed $750,000,000,

(ii) Initial Additional Notes from time to time for original issue in aggregate principal amounts specified by the Company, and

(iii) Exchange Notes from time to time for issue in exchange for a like principal amount of Initial Notes or Initial Additional Notes

after the following conditions have been met:

(1) Receipt by the Trustee of an Officer's Certificate specifying

(A) the amount of Notes to be authenticated and the date on which the Notes are to be authenticated,

(B) whether the Notes are to be Initial Notes or, Additional Notes or Exchange Notes,

(C) in the case of Initial Additional Notes, that the issuance of such Notes does not contravene any provision of Article 4 and that such Additional Notes are permitted under the terms of the Intercreditor Agreement and the Collateral Trust Agreement and all steps required thereunder have been complied with,

(D) whether the Notes are to be issued as one or more Global Notes or Certificated Notes, and

(E) other information the Company may determine to include or the Trustee may reasonably request.

(2) To the extent required by applicable tax regulations, Additional Notes that are issued with more than de minimis original issue discount and are not fungible with other Notes shall be issued under a separate CUSIP number and shall be treated as a separate class for purposes of transfer and exchange.

(3) In the case of Exchange Notes, effectiveness of an Exchange Offer Registration Statement and consummation of the exchange offer thereunder (and receipt by the Trustee of an Officer's Certificate to that effect). Initial Notes or Initial Additional Notes exchanged for Exchange Notes will be cancelled by the Trustee.

(d) The Notes and any Additional Notes shall be treated as a single class for all purposes under this Indenture, other than as specified in clause (2) of Section 2.02(c), and shall vote together as one class on all matters with respect to the Notes.

Section 2.03. *Registrar, Paying Agent and Authenticating Agent; Paying Agent to Hold Money in Trust.* (a) The Company may appoint one or more Registrars and one or more Paying Agents, and the Trustee may appoint an Authenticating Agent, in which case each reference in the Indenture to the Trustee in respect of the obligations of the Trustee to be performed by that Agent will be deemed to be references to the Agent. The Company may act as Registrar or (except for purposes of Article 8) Paying Agent. In each case the Company and the Trustee will enter into an appropriate agreement with the Agent implementing the provisions of the Indenture relating to the obligations of the Trustee to be performed by the Agent and the related rights. The Company initially appoints the Trustee as Registrar and Paying Agent.

(b) The Company will require each Paying Agent other than the Trustee to agree in writing that the Paying Agent will hold in trust for the benefit of the Holders or the Trustee all money held by the Paying Agent for the payment of principal of and interest on the Notes and will promptly notify the Trustee of any default by the Company in making any such payment. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee and account for any funds disbursed, and the Trustee may at any time during the continuance of any payment default, upon written request to a Paying Agent, require the Paying Agent to pay all money held by it to the Trustee and to account for any funds disbursed. Upon doing so, the Paying Agent will have no further liability for the money so paid over to the Trustee.

(c) The Company may remove any Registrar or Paying Agent upon written notice to such Registrar or Paying Agent and to the Trustee; *provided*, *however*, that no such removal shall become effective until (i) if applicable, acceptance of an appointment by a successor as evidenced by an appropriate agreement entered into by the Company and such successor Registrar or Paying Agent, as the case may be, and delivered to the Trustee or (ii) notification to the Trustee that the Trustee shall serve as Registrar or Paying Agent until the appointment of a successor in accordance with the clause (i) above.

Section 2.04. *Replacement Notes.* If a mutilated Note is surrendered to the Trustee or if a Holder claims that its Note has been lost, destroyed or wrongfully taken, and the Company receives evidence to its satisfaction of the ownership and loss, mutilation or destruction of such Note, the Company will issue and the Trustee will authenticate a replacement Note of like tenor and principal amount and bearing a number not contemporaneously outstanding. Every replacement Note is an additional obligation of the Company and entitled to the benefits of the Indenture. If required by the Trustee or the Company, an indemnity must be furnished that is sufficient in the judgment of both the Trustee and the Company to protect the Company and the Trustee from any loss they may suffer if a Note is replaced. The Company may charge the Holder for all expenses of the Company and the Trustee in replacing a Note (including attorney's fees). In case the mutilated, lost, destroyed or wrongfully taken Note has become or is about to become due and payable, the Company in its discretion may pay the Note instead of issuing a replacement Note.

Section 2.05. *Outstanding Notes.* (a) Notes outstanding at any time are all Notes that have been authenticated by the Trustee except for

(1) Notes cancelled by the Trustee or delivered to it for cancellation;

(2) any Note which has been replaced pursuant to Section 2.04 unless and until the Trustee and the Company receive proof satisfactory to them that the replaced Note is held by a protected purchaser as defined in Section 8-303 of the New York UCC; and

(3) on or after the maturity date or any redemption date or date for purchase of the Notes pursuant to an Offer to Purchase, those Notes payable or to be redeemed or purchased on that date for which the Trustee (or Paying Agent, other than the Company or an Affiliate of the Company) holds money sufficient to pay all amounts then due.

(b) A Note does not cease to be outstanding because the Company or one of its Affiliates holds the Note, *provided* that in determining whether the Holders of the requisite principal amount of the outstanding Notes have given or taken any request, demand, authorization, direction, notice, consent, waiver or other action hereunder, Notes owned by the Company or any Affiliate of the Company will be disregarded and deemed not to be outstanding, (it being

understood that in determining whether the Trustee is protected in relying upon any such request, demand, authorization, direction, notice, consent, waiver or other action, only Notes which the Trustee knows to be so owned will be so disregarded). Notes so owned which have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right so to act with respect to such Notes and that the pledgee is not the Company or any Affiliate of the Company. Notes that are to be acquired by the Company or an Affiliate of the Company pursuant to an exchange offer, Offer to Purchase, tender offer or other agreement shall not be deemed to be owned by such entity until legal title to such Notes passes to such entity.

Section 2.06. *Temporary Notes.* Until definitive Notes are ready for delivery, the Company may prepare and the Trustee will authenticate temporary Notes. Temporary Notes will be substantially in the form of definitive Notes but may have insertions, substitutions, omissions and other variations determined to be appropriate by the Officer executing the temporary Notes, as evidenced by the execution of the temporary Notes. If temporary Notes are issued, the Company will cause definitive Notes to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes will be exchangeable for definitive Notes upon surrender of the temporary Notes at the office or agency of the Company designated for the purpose pursuant to Section 4.02, without charge to the Holder. Upon surrender for cancellation of any temporary Notes the Company will execute and the Trustee will authenticate and deliver in exchange therefor a like principal amount of definitive Notes of authorized denominations. Until so exchanged, the temporary Notes will be entitled to the same benefits under the Indenture as definitive Notes.

Section 2.07. *Cancellation.* The Company at any time may deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and may deliver to the Trustee for cancellation any Notes previously authenticated hereunder which the Company has not issued and sold. Any Registrar or the Paying Agent will forward to the Trustee any Notes surrendered to it for transfer, exchange or payment. The Trustee will cancel all Notes surrendered for transfer, exchange, payment or cancellation and dispose of them in accordance with its normal procedures or the written instructions of the Company. Certification of the disposition of cancelled Notes shall, upon the request of the Company, be delivered to the Company. The Company may not issue new Notes to replace Notes it has paid in full or delivered to the Trustee for cancellation.

Section 2.08. *CUSIP and CINS Numbers.* The Company in issuing the Notes may use "CUSIP" and "CINS" numbers, and the Trustee will use CUSIP numbers or CINS numbers in notices of redemption or exchange or in Offers to Purchase as a convenience to Holders, the notice to state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of redemption or exchange or Offer to Purchase. The Company will promptly notify the Trustee of any change in the CUSIP or CINS numbers.

Section 2.09. *Registration, Transfer and Exchange.* (a) The Notes will be issued in registered form only, without coupons, and the Company shall cause the Trustee to maintain a register (the "**Register**") of the Notes, for registering the record ownership of the Notes by the Holders and transfers and exchanges of the Notes.

(b) (1) Each Global Note will be registered in the name of the Depositary or its nominee and, so long as DTC is serving as the Depositary thereof, will bear the DTC Legend.

(2) Each Global Note will be delivered to the Trustee as custodian for the Depositary. Transfers of a Global Note (but not a beneficial interest therein) will be limited to transfers thereof in whole, but not in part, to the Depositary, its successors or their respective nominees, except (1) as set forth in Section 2.09(b)(4) and (2) transfers of portions thereof in the form of Certificated Notes may be made upon request of an Agent Member (for itself or on behalf of a beneficial owner) by written notice given to the Trustee by or on behalf of the Depositary in accordance with customary procedures of the Depositary and in compliance with this Section and Section 2.10 or Section 2.01(b)(5) and only under the circumstances provided for in Sections 2.01(b)(5) or 2.09(b)(4) unless otherwise agreed to by the Company.

(3) Agent Members will have no rights under the Indenture with respect to any Global Note held on their behalf by the Depositary, and the Depositary may be treated by the Company, the Trustee and any agent of the Company or the Trustee as the absolute owner and Holder of such Global Note for all purposes whatsoever. Notwithstanding the foregoing, the Depositary or its nominee may grant proxies and otherwise authorize any Person (including any Agent Member and any Person that holds a beneficial interest in a Global Note through an Agent Member) to take any action which a Holder is entitled to take under the Indenture or the Notes, and nothing herein will impair, as between the Depositary and its Agent Members, the operation of customary practices governing the exercise of the rights of a holder of any security.

(4) If (x) the Depositary notifies the Company that it is unwilling or unable to continue as Depositary for a Global Note and a successor depositary is not appointed by the Company within 90 days of the notice or (y) an Event of Default has occurred and is continuing and the Trustee has received a request from the Depositary, the Trustee will promptly exchange each beneficial interest in the Global Note for one or more Certificated Notes in authorized denominations having an equal

aggregate principal amount registered in the name of the owner of such beneficial interest, as identified to the Trustee by the Depositary, and thereupon the Global Note will be deemed canceled. If such Note does not bear the Restricted Legend, then the Certificated Notes issued in exchange therefor will not bear the Restricted Legend. If such Note bears the Restricted Legend, then the Certificated Notes issued in exchange therefor will bear the Restricted Legend, *provided* that any Holder of any such Certificated Note issued in exchange for a beneficial interest in a Temporary Offshore Global Note will have the right upon presentation to the Trustee of a duly completed Certificate of Beneficial Ownership after the Restricted Period to exchange such Certificated Note for a Certificated Note of like tenor and amount that does not bear the Restricted Legend, registered in the name of such Holder.

(c) Each Certificated Note will be registered in the name of the holder thereof or its nominee.

(d) A Holder may transfer a Note (or a beneficial interest therein) to another Person or exchange a Note (or a beneficial interest therein) for another Note or Notes of any authorized denomination by presenting to the Trustee a written request therefor stating the name of the proposed transferee or requesting such an exchange, accompanied by any certification, opinion or other document required by Section 2.10. The Trustee will promptly register any transfer or exchange that meets the requirements of this Section by noting the same in the register maintained by the Trustee for the purpose; *provided* that

(x) no transfer or exchange will be effective until it is registered in such register and

(y) the Trustee will not be required (i) to issue, register the transfer of or exchange any Note for a period of 15 days before a selection of Notes to be redeemed or purchased pursuant to an Offer to Purchase, (ii) to register the transfer of or exchange any Note so selected for redemption or purchase in whole or in part, except, in the case of a partial redemption or purchase, that portion of any Note not being redeemed or purchased, or (iii) if a redemption or a purchase pursuant to an Offer to Purchase is to occur after a Regular Record Date but on or before the corresponding Interest Payment Date, to register the transfer of or exchange any Note on or after the Regular Record Date and before the date of redemption or purchase. Prior to the registration of any transfer, the Company, the Trustee and their agents will treat the Person in whose name the Note is registered as the owner and Holder thereof for all purposes (whether or not the Note is overdue), and will not be affected by notice to the contrary.

From time to time the Company will execute and the Trustee will authenticate Additional Notes as necessary in order to permit the registration of a transfer or exchange in accordance with this Section.

No service charge will be imposed in connection with any transfer or exchange of any Note, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than a transfer tax or other similar governmental charge payable upon exchange pursuant to subsection (b)(4)).

(e) (1) *Global Note to Global Note*. If a beneficial interest in a Global Note is transferred or exchanged for a beneficial interest in another Global Note, the Trustee will (x) record a decrease in the principal amount of the Global Note being transferred or exchanged equal to the principal amount of such transfer or exchange and (y) record a like increase in the principal amount of the other Global Note. Any beneficial interest in one Global Note that is transferred to a Person who takes delivery in the form of an interest in another Global Note, or exchanged for an interest in another Global Note, will, upon transfer or exchange, cease to be an interest in such Global Note and become an interest in the other Global Note and, accordingly, will thereafter be subject to all transfer and exchange restrictions, if any, and other procedures applicable to beneficial interests in such other Global Note for as long as it remains such an interest.

(2) *Global Note to Certificated Note*. If, under the circumstances provided for under Sections 2.01(b)(5) or 2.09(b)(4), a beneficial interest in a Global Note is transferred or exchanged for a Certificated Note, the Trustee will (x) record a decrease in the principal amount of such Global Note equal to the principal amount of such transfer or exchange and (y) deliver one or more new Certificated Notes in authorized denominations having an equal aggregate principal amount to the transferee (in the case of a transfer) or the owner of such beneficial interest (in the case of an exchange), registered in the name of such transferee or owner, as applicable.

(3) *Certificated Note to Global Note*. If a Certificated Note is transferred or exchanged for a beneficial interest in a Global Note, the Trustee will (x) cancel such Certificated Note, (y) record an increase in the principal amount of such Global Note equal to the principal amount of such transfer or exchange and (z) in the event that such transfer or exchange involves less than the entire principal amount of the canceled Certificated Note, deliver to the Holder thereof one or more new Certificated Notes in authorized denominations having an aggregate principal amount equal to the untransferred or unexchanged portion of the canceled Certificated Note, registered in the name of the Holder thereof.

(4) *Certificated Note to Certificated Note*. If a Certificated Note is transferred or exchanged for another Certificated Note, the Trustee will (x) cancel the Certificated Note being transferred or exchanged, (y) deliver one or more new Certificated Notes in authorized denominations having an aggregate principal amount equal to the principal amount of such transfer or exchange to the transferee (in the case of a transfer) or the Holder of the canceled Certificated Note (in the case of an exchange), registered in the name of such transferee or Holder, as applicable, and (z) if such transfer or exchange involves less than the entire principal amount of the canceled Certificated Note, deliver to the Holder thereof one or more Certificated Notes in authorized denominations having an aggregate principal amount equal to the untransferred or unexchanged portion of the canceled Certificated Note, registered in the name of the Holder thereof.

Section 2.10. *Restrictions on Transfer and Exchange.* (a) The transfer or exchange of any Note (or a beneficial interest therein) may only be made in accordance with this Section and Section 2.09 and, in the case of a Global Note (or a beneficial interest therein), the applicable rules and procedures of the Depositary. The Trustee shall refuse to register any requested transfer or exchange that does not comply with the preceding sentence.

(b) Subject to paragraph (c), the transfer or exchange of any Note (or a beneficial interest therein) of the type set forth in column A below for a Note (or a beneficial interest therein) of the type set forth opposite in column B below may only be made in compliance with the certification requirements (if any) described in the clause of this paragraph set forth opposite in column C below.

A	*B*	*C*
U.S. Global Note	U.S. Global Note	(1)
U.S. Global Note	Offshore Global Note	(2)
U.S. Global Note	Certificated Note	(3)
Offshore Global Note	U.S. Global Note	(4)
Offshore Global Note	Offshore Global Note	(1)
Offshore Global Note	Certificated Note	(5)
Certificated Note	U.S. Global Note	(4)
Certificated Note	Offshore Global Note	(2)
Certificated Note	Certificated Note	(3)

(1) No certification is required.

(2) The Person requesting the transfer or exchange must deliver or cause to be delivered to the Trustee a duly completed Regulation S Certificate; *provided* that if the requested transfer or exchange is made by the Holder of a Certificated Note that does not bear the Restricted Legend, then no certification is required.

(3) The Person requesting the transfer or exchange must deliver or cause to be delivered to the Trustee (x) a duly completed Rule 144A Certificate, (y) a duly completed Regulation S Certificate or (z) a duly completed Institutional Accredited Investor Certificate, and/or an Opinion of Counsel and such other certifications and evidence as the Company may reasonably require in order to determine that the proposed transfer or exchange is being made in compliance with the Securities Act and any applicable securities laws of any state of the United States; *provided* that if the requested transfer or exchange is made by the Holder of a Certificated Note that does not bear the Restricted Legend, then no certification is required. In the event that (i) the requested transfer or exchange takes place after the Restricted Period and a duly completed Regulation S Certificate is delivered to the Trustee or (ii) a Certificated Note that does not bear the Restricted Legend is surrendered for transfer or exchange, upon transfer or exchange the Trustee will deliver a Certificated Note that does not bear the Restricted Legend.

(4) The Person requesting the transfer or exchange must deliver or cause to be delivered to the Trustee a duly completed Rule 144A Certificate.

(5) Notwithstanding anything to the contrary contained herein, no such exchange is permitted if the requested exchange involves a beneficial interest in a Temporary Offshore Global Note. If the requested transfer involves a beneficial interest in a Temporary Offshore Global Note, the Person requesting the transfer must deliver or cause to be delivered to the Trustee (x) a duly completed Rule 144A Certificate or (y) a duly completed Institutional Accredited Investor Certificate and/or an Opinion of Counsel and such other certifications and evidence as the Company may reasonably require in order to determine that the proposed transfer is being made in compliance with the Securities Act and any applicable securities laws of any state of the United States. If the requested transfer or exchange involves a beneficial interest in a Permanent Offshore Global Note, no certification is required and the Trustee will deliver a Certificated Note that does not bear the Restricted Legend.

(c) No certification is required in connection with any transfer or exchange of any Note (or a beneficial interest therein)

(1) after such Note is eligible for resale pursuant to Rule 144 under the Securities Act (or a successor provision) without the need for current public information; *provided* that the Company has provided the Trustee with an Officer's Certificate to that effect, and the Company may require from any Person requesting a transfer or exchange in reliance upon this clause (1) an opinion of counsel and any other reasonable certifications and evidence in order to support such certificate; or

(2)(x) sold pursuant to an effective registration statement, pursuant to the Registration Rights Agreement or otherwise or (y) which is validly tendered for exchange into an Exchange Note pursuant to an Exchange Offer.

Any Certificated Note delivered in reliance upon this paragraph will not bear the Restricted Legend.

(d) The Trustee will retain copies of all certificates, opinions and other documents received in connection with the transfer or exchange of a Note (or a beneficial interest therein), and the Company will have the right to inspect and make copies thereof at any reasonable time upon written notice to the Trustee.

Section 2.11. *Temporary Offshore Global Notes.* (a) Each Note originally sold by the Initial Purchasers in reliance upon Regulation S will be evidenced by one or more Offshore Global Notes that bear the Temporary Offshore Global Note Legend.

(b) An owner of a beneficial interest in a Temporary Offshore Global Note (or a Person acting on behalf of such an owner) may provide to the Trustee (and the Trustee will accept) a duly completed Certificate of Beneficial Ownership at any time after the Restricted Period (it being understood that the Trustee will not accept any such certificate during the Restricted Period). Promptly after acceptance of a Certificate of Beneficial Ownership with respect to such a beneficial interest, the Trustee will cause such beneficial interest to be exchanged for an equivalent beneficial interest in a Permanent Offshore Global Note, and will (x) permanently reduce the principal amount of such Temporary Offshore Global Note by the amount of such beneficial interest and (y) increase the principal amount of such Permanent Offshore Global Note by the amount of such beneficial interest.

(c) Notwithstanding paragraph (b), if after the Restricted Period any Initial Purchaser owns a beneficial interest in a Temporary Offshore Global Note, such Initial Purchaser may, upon written request to the Trustee accompanied by a certification as to its status as an Initial Purchaser, exchange such beneficial interest for an equivalent beneficial interest in a Permanent Offshore Global Note, and the Trustee will comply with such request and will (x) permanently reduce the principal amount of such Temporary Offshore Global Note by the amount of such beneficial interest and (y) increase the principal amount of such Permanent Offshore Global Note by the amount of such beneficial interest.

(d) Notwithstanding anything to the contrary contained herein, any owner of a beneficial interest in a Temporary Offshore Global Note shall not be entitled to receive payment of principal or interest on such beneficial interest or other amounts in respect of such beneficial interest until such beneficial interest is exchanged for an interest in a Permanent Offshore Global Note or transferred for an interest in another Global Note or a Certificated Note.

ARTICLE 3
REDEMPTION; OFFER TO PURCHASE

Section 3.01. *Optional Redemption.* (a) At any time on or after June 15, 2014, the Company may redeem all or a part of the Notes, from time to time, upon not less than 30 nor more than 60 days notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, to the applicable redemption date, in cash, if redeemed during the twelve-month period beginning on June 15 in the years indicated below:

Year	Percentage
2014	104.750%
2015	102.375%
2016 and thereafter	100%

(b) At any time prior to June 15, 2014, the Company may redeem the Notes at its option, in whole at any time or in part from time to time, at a redemption price equal to 100% of the principal amount of Notes redeemed plus the Applicable Premium as of, and accrued and unpaid interest, if any, to, the applicable redemption date.

Section 3.02. *Redemption with Proceeds of Equity Offering.* At any time and from time to time prior to June 15, 2013, the Company may redeem Notes with the net cash proceeds received by the Company from any Equity Offering at a redemption price equal to 109.500% of the principal amount plus accrued and unpaid interest to the redemption date, in an aggregate principal amount for all such redemptions not to exceed 35% of the original aggregate principal amount of the Notes issued under the Indenture, including Additional Notes, *provided* that

(1) in each case the redemption takes place not later than 90 days after the closing of the related Equity Offering, and

(2) not less than 65% of the aggregate principal amount of the Notes issued under the Indenture remains outstanding immediately thereafter.

Section 3.03. *Method and Effect of Redemption.* (a) If the Company elects to redeem Notes, it must notify the Trustee in writing of the redemption date and the principal amount of Notes to be redeemed by delivering an Officer's Certificate at least 45 days before the redemption date (unless a shorter period is

satisfactory to the Trustee). If less than all of the Notes are to be redeemed at any time, the Officer's Certificate must also specify a record date not less than 15 days after the date of the notice of redemption is given to the Trustee, and the Trustee will select the Notes to be redeemed as follows: (1) if the Notes are listed, in compliance with the requirements of the principal national securities exchange on which the Notes are listed; or (2) if the Notes are not so listed, on a pro rata basis, by lot or by such method as the Trustee shall deem fair and appropriate. No Notes of less than $2,000 shall be redeemed in part. The Trustee will notify the Company promptly of the Notes or portions of Notes to be called for redemption. Notices of redemption shall be mailed by first class mail at least 30 but not more than 60 days before the redemption date to each Holder of the Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to the redemption date if the notice is issued in connection with the defeasance of the Notes or a satisfaction and discharge of the Indenture. Notices of redemption may not be conditional.

(b) The notice of redemption will identify the Notes to be redeemed and will include or state the following:

(1) the redemption date;

(2) the redemption price, including the portion thereof representing any accrued interest;

(3) the place or places where Notes are to be surrendered for redemption;

(4) Notes called for redemption must be so surrendered in order to collect the redemption price;

(5) on the redemption date the redemption price will become due and payable on Notes called for redemption, and interest on Notes called for redemption will cease to accrue on and after the redemption date;

(6) if any Note is redeemed in part, the portion of the principal amount of the Note to be redeemed and on and after the redemption date, upon surrender of such Note, new Notes equal in principal amount to the unredeemed portion will be issued; and

(7) if any Note contains a CUSIP or CINS number, no representation is being made as to the correctness of the CUSIP or CINS number either as printed on the Notes or as contained in the notice of redemption and that the Holder should rely only on the other identification numbers printed on the Notes.

(c) Once notice of redemption is sent to the Holders, Notes called for redemption become due and payable at the redemption price on the redemption date, and upon surrender of the Notes called for redemption, the Company shall redeem such Notes at the redemption price. On and after the redemption date, Notes redeemed will cease to accrue interest. Upon surrender of any Note redeemed in part, the Holder will receive a new Note equal in principal amount to the unredeemed portion of the surrendered Note.

Section 3.04. *Offer to Purchase.* (a) An "**Offer to Purchase**" means an offer by the Company to purchase Notes as required by the Indenture. An Offer to Purchase must be made by written offer (the "**offer**") sent to the Holders. The Company will notify the Trustee in writing at least 15 days (or such shorter period as is acceptable to the Trustee) prior to sending the offer to Holders of its obligation to make an Offer to Purchase, and the offer will be sent by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company.

(b) The offer must include or state the following as to the terms of the Offer to Purchase:

(1) the provision of the Indenture pursuant to which the Offer to Purchase is being made;

(2) the aggregate principal amount of the outstanding Notes offered to be purchased by the Company pursuant to the Offer to Purchase (including, if less than 100%, the manner by which such amount has been determined pursuant to the Indenture) (the "**purchase amount**");

(3) the purchase price, including the portion thereof representing accrued interest;

(4) an expiration date (the "**expiration date**") not less than 30 days or more than 60 days after the date of the offer, and a settlement date for purchase (the "**purchase date**") not more than five Business Days after the expiration date;

(5) a Holder may tender all or any portion of its Notes, subject to the requirement that any portion of a Note tendered must be in equal to $2,000 or a higher multiple of $1,000;

(6) the place or places where Notes are to be surrendered for tender pursuant to the Offer to Purchase;

(7) each Holder electing to tender a Note pursuant to the offer will be required to surrender such Note at the place or places specified in the offer prior to the close of business on the expiration date (such Note being, if the Company or the Trustee so requires, duly endorsed or accompanied by a duly executed written instrument of transfer);

(8) interest on any Note not tendered, or tendered but not purchased by the Company pursuant to the Offer to Purchase, will continue to accrue;

(9) on the purchase date the purchase price will become due and payable on each Note accepted for purchase, and interest on Notes purchased will cease to accrue on and after the purchase date;

(10) Holders are entitled to withdraw Notes tendered by giving notice, which must be received by the Company or the Trustee not later than the close of business on the expiration date, setting forth the name of the Holder, the principal amount of the tendered Notes, the certificate number of the tendered Notes and a statement that the Holder is withdrawing all or a portion of the tender;

(11) (i) if Notes in an aggregate principal amount less than or equal to the purchase amount are duly tendered and not withdrawn pursuant to the Offer to Purchase, the Company will purchase all such Notes, and (ii) if the Offer to Purchase is for less than all of the outstanding Notes and Notes in an aggregate principal amount in excess of the purchase amount are tendered and not withdrawn pursuant to the offer, the Company will purchase Notes having an aggregate principal amount equal to the purchase amount on a pro rata basis based on principal amount tendered, with adjustments so that only Notes in multiples of $1,000 principal amount will be purchased;

(12) if any Note is purchased in part, new Notes equal in principal amount to the unpurchased portion of the Note will be issued; and

(13) if any Note contains a CUSIP or CINS number, no representation is being made as to the correctness of the CUSIP or CINS number either as printed on the Notes or as contained in the offer and that the Holder should rely only on the other identification numbers printed on the Notes.

(c) Prior to or on the purchase date, the Company will accept tendered Notes for purchase as required by the Offer to Purchase and deliver to the Trustee all Notes so accepted together with an Officer’s Certificate specifying which Notes have been accepted for purchase. On the purchase date the purchase price will become due and payable on each Note accepted for purchase, and interest on Notes purchased will cease to accrue on and after the purchase date. The Trustee will promptly return to Holders any Notes not accepted for purchase and send to Holders new Notes equal in principal amount to any unpurchased portion of any Notes accepted for purchase in part.

(d) The Company will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with any Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the Offer to Purchase provisions of the Indenture, the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under this Indenture by virtue of such compliance.

ARTICLE 4
COVENANTS

Section 4.01. *Payment Of Notes.* (a) The Company agrees to pay the principal of and interest on the Notes on the dates and in the manner provided in the Notes and the Indenture. Not later than 11:00 A.M. (New York City time) on the due date of any principal of or interest on any Notes, or any redemption or purchase price of the Notes, the Company will deposit with the Trustee (or Paying Agent) money in immediately available funds sufficient to pay such amounts, *provided* that if the Company or any Affiliate of the Company is acting as Paying Agent, it will, on or before each due date, segregate and hold in a separate trust fund for the benefit of the Holders a sum of money sufficient to pay such amounts until paid to such Holders or otherwise disposed of as provided in the Indenture. In each case the Company will promptly notify the Trustee of its compliance with this paragraph.

(b) An installment of principal or interest will be considered paid on the date due if the Trustee (or Paying Agent, other than the Company or any Affiliate of the Company) holds on that date money designated for and sufficient to pay the installment. If the Company or any Affiliate of the Company acts as Paying Agent, an installment of principal or interest will be considered paid on the due date only if paid to the Holders.

(c) The Company agrees to pay interest on overdue principal, and , to the extent lawful, overdue installments of interest at the rate per annum specified in the Notes.

(d) Payments in respect of the Notes represented by the Global Notes are to be made by wire transfer of immediately available funds to the accounts specified by the Holders of the Global Notes. With respect to Certificated Notes, the Company will make all payments by wire transfer of immediately available funds to the accounts specified by the Holders thereof at least 10 Business Days prior to the date of such payment or, if no such account is specified, by mailing a check to each Holder’s registered address.

Section 4.02. *Maintenance of Office or Agency.* The Company will maintain in the United States of America, an office or agency where Notes may be surrendered for registration of transfer or exchange or for presentation for payment and where notices and demands to or upon the Company in respect of the Notes and the Indenture may be served. The Company hereby initially designates the Corporate Trust Office of the Trustee as such office of the Company. The Company will give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company fails to maintain any such required office or agency or fails to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served to the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be surrendered or presented for any of such purposes and may from time to time rescind such designations. The Company will give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

Section 4.03. *Existence.* The Company will do or cause to be done all things necessary to preserve and keep in full force and effect its existence and the existence of each of its Restricted Subsidiaries in accordance with their respective organizational documents, and the material rights, licenses and franchises of the Company and each Restricted Subsidiary, *provided* that the Company is not required to preserve any such right, license or franchise, or the existence of any Restricted Subsidiary, if (i) the maintenance or preservation thereof is no longer desirable in the conduct of the business of the Company and its Restricted Subsidiaries taken as a whole or (ii) where the failure to so preserve such right, license or franchise would not have a material adverse effect on the Company and its Restricted Subsidiaries; and *provided further* that this Section does not prohibit any transaction otherwise permitted by Section 4.12 or Article 5.

Section 4.04. *Payment of Taxes and other Claims.* The Company will pay or discharge, and cause each of its Subsidiaries to pay or discharge before the same become delinquent (i) all material taxes, assessments and governmental charges levied or imposed upon the Company or any Subsidiary or its income or profits or property, and (ii) all material lawful claims for labor, materials and supplies that, if unpaid, might by law become a Lien upon the property of the Company or any Subsidiary, other than any such tax, assessment or charge the amount, applicability or validity of which is being contested in good faith by appropriate proceedings and for which adequate reserves have been established or where failure to pay would not have a material adverse effect on the Company and its Restricted Subsidiaries.

Section 4.05. *Maintenance of Properties and Insurance.* (a) The Company will cause all properties used or useful in the conduct of its business or the business of any of its Restricted Subsidiaries to be maintained and kept in good condition, repair and working order as in the judgment of the Company may be necessary so that the business of the Company and its Restricted Subsidiaries may be properly and advantageously conducted at all times; *provided* that nothing in this Section prevents the Company or any Restricted Subsidiary from discontinuing the use, operation or maintenance of any of such properties or disposing of any of them, if such discontinuance or disposal is, in the judgment of the Company, desirable in the conduct of the business of the Company and its Restricted Subsidiaries taken as a whole.

(b) The Company will provide or cause to be provided, for itself and its Restricted Subsidiaries, insurance (including appropriate self-insurance) against loss or damage of the kinds customarily insured against by corporations similarly situated and owning like properties, including, but not limited to, products liability insurance and public liability insurance, with reputable insurers, in such amounts, with such deductibles and by such methods as are customary for corporations similarly situated in the industry in which the Company and its Restricted Subsidiaries are then conducting business. The Company will also maintain insurance required by each Security Document.

Section 4.06. *Limitation on Incurrence of Indebtedness and Issuance of Preferred Stock.* (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur any Indebtedness (including Acquired Debt), and the Company will not permit any of its Restricted Subsidiaries to issue any Preferred Stock; *provided*, *however*, that the Company or any Guarantor may incur Indebtedness, if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred would have been at least 2.0 to 1, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred at the beginning of such four-quarter period.

(b) Notwithstanding the foregoing, Section 4.06(a) will not prohibit the incurrence of any of the following items of Indebtedness (collectively, "**Permitted Debt**"):

(1) the incurrence by the Company or any Guarantor of Indebtedness under Credit Facilities (and the incurrence of Guarantees thereof) in an aggregate principal amount at any one time outstanding pursuant to this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder) not to exceed (x) $300.0 million *plus* (y) $100.0 million *plus* (z) the greater of (i) $750.0 million

and (ii) an amount such that, on a *pro forma* basis after giving effect to the incurrence of such Indebtedness (and application of the net proceeds therefrom), the Secured Leverage Ratio would be no greater than 3.25 to 1.0; *less* in the case of clause (y) and (z), the aggregate amount of all Net Proceeds of Asset Sales applied by the Company or any Restricted Subsidiary to permanently repay any such Indebtedness (and, in the case of any revolving credit Indebtedness, to effect a corresponding commitment reduction thereunder) pursuant to Section 4.12;

(2) the incurrence of Existing Indebtedness;

(3) the incurrence by the Company and the Guarantors of Indebtedness represented by the Notes (excluding any Additional Notes but including Exchange Notes) and the related Note Guarantees;

(4) the incurrence by the Company or any Restricted Subsidiary of the Company of Indebtedness (including Capital Lease Obligations, mortgage financings or purchase money obligations), incurred for the purpose of financing or reimbursing all or any part of the purchase price or cost of the acquisition, development, construction, purchase, lease, repair, addition or improvement of property (real or personal), plant, equipment or other fixed or capital assets that are used or useful in the Permitted Business, whether through the direct purchase of assets or the purchase of Equity Interests of any Person owning such assets (in each case, incurred within 365 days of such acquisition, development, construction, purchase, lease, repair, addition or improvement), in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (4), not to exceed, at any time outstanding, the greater of (a) $100.0 million and (b) 7.5% of Consolidated Net Tangible Assets of the Company;

(5) the incurrence by the Company or any Restricted Subsidiary of the Company of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under Section 4.06(a) or clauses (2), (3), (4), (5), (8), (10) or (11) of this Section 4.06(b);

(6) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness owing to and held by the Company or any of its Restricted Subsidiaries; *provided, however*, that:

(a) if the Company or any Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Guarantor; and

(b)(i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary thereof and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);

(7) the Guarantee by the Company or any Guarantor of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be incurred by another provision of this Section 4.06;

(8) the incurrence by the Company or any Restricted Subsidiary of the Company of additional Indebtedness in an aggregate principal amount (or accreted amount as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (8), not to exceed $100.0 million;

(9) the incurrence of Indebtedness by the Company or any Restricted Subsidiary of the Company arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of incurrence;

(10) Acquired Debt; *provided* that after giving effect to the incurrence thereof, the Company could incur $1.00 of indebtedness under Section 4.06(a);

(11) the incurrence of Indebtedness of Foreign Subsidiaries in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (11), not to exceed $175.0 million, and Guarantees thereof by any Foreign Subsidiary;

(12) (A) Indebtedness in respect of bid, performance or surety bonds, workers' compensation claims, self-insurance obligations or health, disability or other benefits to employees or former employees or their families, and Indebtedness incurred in connection with the maintenance

of, or pursuant to the requirements of, environmental or other permits or licenses from governmental authorities, in each case incurred in the ordinary course of business, including guarantees or obligations of the Company or any Restricted Subsidiary with respect to letters of credit supporting such obligations (in each case other than for an obligation for money borrowed); and (B) Indebtedness consisting of the financing of insurance premiums, in the ordinary course of business;

(13) Indebtedness arising in connection with endorsement of instruments for deposit in the ordinary course of business; and

(14) Indebtedness of the Company or any Restricted Subsidiary incurred in the ordinary course of business under guarantees of Indebtedness of suppliers, licensees, franchisees or customers in an aggregate amount not to exceed $2.0 million at any time outstanding.

(c) For purposes of determining compliance with this Section 4.06, in the event that any proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (14) above, or is entitled to be incurred pursuant to Section 4.06(a) of this Section 4.06, the Company will be permitted to classify at the time of its incurrence such item of Indebtedness in any manner that complies with this Section 4.06. In addition, any Indebtedness originally classified as incurred pursuant to Section 4.06(a) or clauses (1) through (14) above may later be reclassified by the Company such that it will be deemed as having been incurred pursuant to another of such clauses or Section 4.06(a) above to the extent that such reclassified Indebtedness could be incurred pursuant to such new clause or Section 4.06(a) at the time of such reclassification (based on circumstances existing at the time of such reclassification). Indebtedness under the Term Loan Agreement outstanding on the date on which Notes are first issued under the Indenture shall be deemed to have been incurred on such date in reliance on the exception provided by clause (1)(z) of the definition of Permitted Debt.

(d) Notwithstanding any other provision of this Section 4.06, the maximum amount of Indebtedness that may be incurred pursuant to this covenant will not be deemed to be exceeded, with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies.

Section 4.07. *Limitation on Restricted Payments.* (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly:

(1) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends, payments or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or to the Company or a Restricted Subsidiary of the Company);

(2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any direct or indirect parent of the Company, including Holdings;

(3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is contractually subordinated in right of payment to the Notes or the Note Guarantees, except (a) payments of interest on or after Stated Maturity thereof, (b) payments, purchases, redemptions, defeasances or other acquisitions or retirements for value of principal on or after the date that is one year prior to the Stated Maturity thereof or (c) payments on Indebtedness permitted to be incurred pursuant to clause (6) of Section 4.06(b), or

(4) make any Restricted Investment

(all such payments and other actions set forth in clauses (1) through (4) above being collectively referred to as "**Restricted Payments**"), unless, at the time of and after giving effect to such Restricted Payment:

(1) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(2) The Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.06(a); and

(3) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (2), (3) and (4) (to the extent such dividends are paid to the Company or any of its Restricted Subsidiaries) and (5), (6), (8), (9)(i), (ii) or (iv), (10), (11), (12) and (13) of the next succeeding paragraph (b)), is less than the sum, without duplication, of:

(A) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the fiscal quarter during which the Issue Date occurs to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(B) 100% of the aggregate net cash proceeds (and fair market value of marketable securities or other property) received by the Company after the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests (other than Disqualified Stock) of the Company or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company); *plus*

(C) with respect to Restricted Investments made by the Company and its Restricted Subsidiaries after the date of Issue Date, an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) in any Person resulting from repayments of loans or advances, or other transfers of assets, in each case to the Company or any Restricted Subsidiary or from the net cash proceeds from the sale of any such Investment (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income) from the release of any Guarantee (except to the extent any amounts are paid under such Guarantee) or from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Person or Unrestricted Subsidiary.

(b) So long as, in the case of clauses (7) and (8), no Default has occurred and is continuing or would be caused thereby, the preceding provisions will not prohibit:

(1) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with the provisions of the Indenture;

(2) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of the Company or any Guarantor or of any Equity Interests (including Disqualified Stock) of the Company or any Restricted Subsidiary in exchange for, or out of the net cash proceeds of a contribution to the common equity of the Company or sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company or any direct or indirect parent of the Company (other than Disqualified Stock) contributed to the equity of the Company, in each case, within 60 days of such redemption, repurchase, retirement, defeasance or other acquisition; *provided* that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (3)(B) of the preceding paragraph (a);

(3) the defeasance, repayment, redemption, repurchase or other acquisition of subordinated Indebtedness of the Company or any Guarantor with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(4) the payment of any dividend or distribution by a Restricted Subsidiary of the Company to the holders of its common Equity Interests on a *pro rata* basis;

(5) Investments acquired as a capital contribution to, or in exchange for, or out of the net cash proceeds of an offering of, Equity Interests (other than Disqualified Stock) of the Company or other contributions to the common equity capital of the Company, in each case within 60 days of the acquisition of such Investment; *provided* that the amount of any such net cash proceeds that are utilized for any such acquisition or exchange shall be excluded from clause (3)(B) of the preceding paragraph (a);

(6) the repurchase of Capital Stock deemed to occur upon the exercise of options or warrants if such Capital Stock represents all or a portion of the exercise price thereof or withholding taxes payable in connection with the exercise thereof;

(7) the repurchase, redemption or other acquisition or retirement for value of (or payments to Holdings to fund any such repurchase, redemption or other acquisition of value) any Equity Interests of Holdings (or any direct or indirect parent of Holdings) or the Company held by any employee, former employee, director or former director of the Company (or any of its Restricted Subsidiaries) or Holdings (or any direct or indirect parent of Holdings) or any permitted transferee of any of the foregoing pursuant to the terms of any employee equity subscription agreement, stock option agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests in any fiscal year, and any payment by the Company to Holdings to enable Holdings (or any direct or indirect parent of Holdings) to make

such payments, shall not exceed the sum of (x) $5.0 million and (y) the amount of Restricted Payments permitted but not made pursuant to this clause (7) in prior fiscal years; *provided* that no more than $10.0 million may be carried forward in any fiscal year;

(8) the payment, repurchase, redemption, defeasance or other acquisition or retirement for value of any subordinated Indebtedness required in accordance with provisions applicable thereto similar to those described under Sections 4.11 and 4.12; *provided* that all Notes tendered by Holders in connection with a Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value;

(9) payments made to Holdings (i) to allow Holdings (or any direct or indirect parent of Holdings) to pay administrative expenses and corporate overhead, franchise fees, public company costs (including SEC and auditing fees) and customary director fees in an aggregate amount not to exceed $5 million in any calendar year; (ii) to allow Holdings to pay premiums and deductibles in respect of directors and officers insurance policies and umbrella excess insurance policies obtained from third-party insurers and indemnities for the benefit of its directors, officers and employees, (iii) to allow Holdings or such other parent of the Company to pay reasonable fees and expenses incurred in connection with any unsuccessful debt or equity offering or any unsuccessful acquisition or strategic transaction by such direct or indirect parent company of the Company and (iv) to allow Holdings (or any direct or indirect parent of Holdings) to pay income taxes attributable to the Company and its Subsidiaries in an amount not to exceed the amount of such taxes that would be payable by the Company and its Subsidiaries on a stand-alone basis (if the Company were a corporation and parent of a consolidated group including its Subsidiaries); *provided* that any payments pursuant to this clause (iv) in any period not otherwise deducted in calculating Consolidated Net Income shall be deducted in calculating Consolidated Net Income for such period (and shall be deemed to be a provision for taxes for purposes of calculating Consolidated Cash Flow for such period);

(10) Restricted Payments not otherwise permitted hereby in an aggregate amount not to exceed $75.0 million;

(11) (A) the declaration and payment of dividends to holders of any class or series of Disqualified Stock of the Company or any Restricted Subsidiary or Preferred Stock of any Restricted Subsidiary issued in accordance with Section 4.06 to the extent such dividends are included in the definition of Fixed Charges and payment of any redemption price or liquidation value of any such Disqualified Stock or Preferred Stock when due at final maturity in accordance with its terms and (B) the declaration

and payment of dividends to a direct or indirect parent company of the Company, the proceeds of which will be used to fund the payment of dividends to holders of any class or series of Preferred Stock (other than Disqualified Stock) of such parent company issued after the Issue Date; *provided* that (i) the aggregate amount of dividends paid pursuant to this clause (B) shall not exceed the aggregate amount of cash actually contributed to the Company from the sale of such Preferred Stock and (ii) the amount of cash used to make any payments pursuant to this clause (B) shall be excluded from calculations pursuant to clause (3) of the first paragraph above and shall not be used for the purpose of any other Restricted Payment;

(12) any Restricted Payments used to fund the Transactions and the fees and expenses related thereto, including those owed to Affiliates, as described under "Use of Proceeds" in the Offering Circular;

(13) any "deemed dividend" resulting under the tax laws from, or in connection with, the filing of a consolidated or combined tax return by Holdings or any direct or indirect parent of the Company (and not involving any cash distribution from the Company or any Restricted Subsidiary except as permitted by clause (9)(iv) above); and

(14) the payment of dividends to Holdings to fund a payment of dividends on Holdings' common stock (or the common stock of any direct or indirect parent of Holdings), following the first public offering of Holdings' common stock (or the common stock of any of its direct or indirect parent companies) after the Issue Date, of up to 6% per annum of the net cash proceeds received by or contributed to the Company as a contribution to equity in or from any such public offering.

(c) The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by the Company or such Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities in excess of $10.0 million that are required to be valued by this covenant shall be determined by the Board of Directors.

(d) For purposes of determining compliance with this Section 4.07, in the event that a proposed Restricted Payment (or portion thereof) meets the criteria of more than one of the categories of Restricted Payments described in clauses (1) through (14) above, or is entitled to be incurred pursuant to Section 4.07(a), the Company will be entitled to classify or re-classify (based on circumstances existing on the date of such reclassification) such Restricted Payment or portion thereof in any manner that complies with this Section 4.07 and such Restricted Payment will be treated as having been made pursuant to only such clause or clauses or Section 4.07(a).

Section 4.08. *Limitation on Liens.* The Company will not, and will not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind (other than Permitted Liens) upon any of their property or assets, now owned or hereafter acquired.

Section 4.09. *Limitation on Dividend and other Payment Restrictions Affecting Restricted Subsidiaries.* (a) Except as provided in paragraph (b) of this Section 4.09, the Company will not, and will not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(1) pay dividends or make any other distributions on its Capital Stock (or with respect to any other interest or participation in, or measured by, its profits) to the Company or any of its Restricted Subsidiaries or pay any liabilities owed to the Company or any of its Restricted Subsidiaries;

(2) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(3) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

(b) The provisions of 4.09(a) do not apply to any encumbrances or restrictions existing under or by reason of or with respect to:

(1) the Revolving Credit Agreement, the Term Loan Agreement, Existing Indebtedness or any other agreements as in effect on the Issue Date;

(2) applicable law, rule, regulation or order;

(3) any Person or the property or assets of a Person acquired by the Company or any of its Restricted Subsidiaries existing at the time of such acquisition and not incurred in connection with or in contemplation of such acquisition, which encumbrance or restriction is not applicable to any Person or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired;

(4) in the case of clause (a)(3) of this Section 4.09:

(a) provisions that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset;

(b) restrictions existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by the Indenture; or

(c) restrictions arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(5) customary provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements;

(6) any agreement for the sale or other disposition of all or substantially all of the capital stock of, or property and assets of, a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending such sale or other disposition;

(7) Indebtedness of a Foreign Subsidiary permitted to be incurred under the Indenture; *provided* that (a) such encumbrances or restrictions are ordinary and customary with respect to the type of Indebtedness being incurred and (b) such encumbrances or restrictions will not affect the Company's ability to make principal and interest payments on the Notes, as determined in good faith by the Board of Directors of the Company;

(8) the Indenture, the Notes, the Exchange Notes, any Additional Notes or the Guarantees;

(9) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(10) other Indebtedness, Disqualified Stock or Preferred Stock of Restricted Subsidiaries permitted to be incurred after the Issue Date pursuant to Section 4.06; *provided* that (i) such restrictions are customary for financings of such type and (ii) such restrictions will not (in the good faith judgment of the Board of Directors) impair the Company's ability to make principal and interest payments on the Notes;

(11) restrictions or conditions contained in any trading, netting, operating, construction, service, supply, purchase or other agreement to which the Company or any of its Restricted Subsidiaries is a party and entered into in the ordinary course of business; *provided* that such agreement prohibits the encumbrance of solely the property or assets of the Company or such Restricted Subsidiary that are the subject of such agreement, the payment rights arising thereunder or the proceeds thereof and does not extend to any other asset or property of the Company or such Restricted Subsidiary or the assets or property of any other Restricted Subsidiary;

(12) any instrument governing any Indebtedness or Capital Stock of a Person that is an Unrestricted Subsidiary as in effect on the date that such Person becomes a Restricted Subsidiary, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person who became a Restricted Subsidiary, or the property or assets of the Person who became a Restricted Subsidiary and was not entered into in contemplation of the designation of such Subsidiary as a Restricted Subsidiary; *provided* that, in the case of Indebtedness, the incurrence of such Indebtedness as a result of such Person becoming a Restricted Subsidiary was permitted by the terms of the Indenture; and

(13) any encumbrances or restrictions of the type referred to in clauses (1), (2) and (3) of Section 4.09(a) imposed by any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of the contracts, instruments or obligations referred to in clauses (1) through (12) above; *provided* that such amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are, in the good faith judgment of the Company's Board of Directors, not materially more restrictive with respect to such encumbrance and other restrictions than those prior to such amendment, modification, restatement, renewal, increase, supplement, refunding, replacement or refinancing.

For purposes of determining compliance with this Section 4.09, (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on common stock shall not be deemed a restriction on the ability to make distributions on Capital Stock and (ii) the subordination of loans or advances made to the Company or a Restricted Subsidiary of the Company to other Indebtedness incurred by the Company or any such Restricted Subsidiary shall not be deemed a restriction on the ability to make loans or advances.

Section 4.10. *Guarantees.* (a) If the Company or any of its Restricted Subsidiaries acquires or creates another Domestic Subsidiary on or after the Issue Date, then that newly acquired or created Domestic Subsidiary must become a Guarantor and execute a supplemental indenture in the form of Exhibit B and deliver an Opinion of Counsel to the Trustee and pledge its assets as set forth under Section 10.02(b).

(b) A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than the Company or another Guarantor unless:

(1) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(2) either:

(a) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger (if other than the Guarantor) is a Person organized or existing under the laws of the United States, any state thereof or the District of Columbia and assumes all the obligations of that Guarantor under the Indenture, Note Guarantee, the Registration Rights Agreement and the Security Documents pursuant to a supplemental indenture satisfactory to the Trustee; or

(b) except in the case of Holdings, such sale or other disposition or consolidation or merger complies with Section 4.12.

Section 4.11. *Repurchase of Notes Upon a Change of Control*. (a) If a Change of Control occurs, each Holder of Notes shall have the right to require the Company to repurchase all or any part (equal to $2,000 or a higher multiple of $1,000) of that Holder's Notes pursuant to an Offer to Purchase (the "**Change of Control Offer**"). In such Change of Control Offer, the Company will offer a payment (such payment, a "**Change of Control Payment**") in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest thereon, if any, to the date of purchase.

(b) Within 30 days following any Change of Control, the Company will mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the date specified in such notice (the "**Change of Control Payment Date**"), which date shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed, pursuant to the procedures required by Section 3.04 and described in such notice.

(c) On or before the Change of Control Payment Date, the Company will, to the extent lawful:

(1) accept for payment all Notes or portions thereof properly tendered pursuant to the Change of Control Offer;

(2) deposit with the Paying Agent an amount equal to the Change of Control Payment in respect of all Notes or portions thereof properly tendered; and

(3) deliver or cause to be delivered to the Trustee the Notes so accepted together with an Officer's Certificate stating the aggregate principal amount of Notes or portions thereof being purchased by the Company.

(d) The Paying Agent will promptly mail or wire transfer to each Holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book entry) to each Holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any; *provided* that such new Note will be in a principal amount of $2,000 or a higher integral multiple of $1,000.

(e) This Section 4.11 shall be applicable regardless of whether any other Sections of this Indenture are applicable.

(f) The Company will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer or (2) notice of redemption has been given pursuant to the Indenture as described under Section 3.01, unless and until there is a default in payment of the applicable redemption price.

(g) A Change of Control Offer may be made in advance of a Change of Control, conditional upon such Change of Control, if a definitive agreement is in place for the Change of Control at the time of making of the Change of Control Offer.

Section 4.12. *Limitation on Asset Sales.* (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(1) The Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of; and

(2) at least 75% of the consideration therefore received by the Company or such Restricted Subsidiary is in the form of Cash Equivalents or Replacement Assets (which Replacement Assets and non-cash consideration shall (except as permitted by clause (4) under the definition of "Permitted Investment") be pledged as Primary Collateral to the extent the assets disposed of were Primary Collateral) or a combination of both. For purposes of this clause, each of the following shall be deemed to be Cash Equivalents:

(A) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet) of the Company or any Restricted Subsidiary (other than contingent liabilities, Indebtedness that is by its terms subordinated to the Notes or any Note Guarantee and liabilities to the extent owed to the Company or any Affiliate of the Company) that are assumed by the transferee of any such assets and with respect to which the Company and its Restricted Subsidiaries are unconditionally released from further liability in writing;

(B) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash (to the extent of the cash received in that conversion) within 180 days of the applicable Asset Sale; and

(C) any Designated Non-cash Consideration received by the Company or any of its Restricted Subsidiaries in such Asset Sale having an aggregate fair market value, taken together with all other Designated Non-cash Consideration received pursuant to this clause (C) that is at that time outstanding, not to exceed the greater of $10.0 million or 1.0% of Consolidated Net Tangible Assets at the time of the receipt of such Designated Non-cash Consideration (with the fair market value of each item of Designated Non-cash Consideration being measured at the time received and without giving effect to subsequent changes in value); *provided* that such Designated Non-cash Consideration shall (except as permitted by clause (4) under the definition of "Permitted Investment") be pledged as Primary Collateral to the extent the assets disposed of were Primary Collateral.

If at any time any non-cash consideration received by the Company or any Restricted Subsidiary, as the case may be, in connection with any Asset Sale is repaid or converted into or sold or otherwise disposed of for cash (other than interest received with respect to any such non-cash consideration), then the date of such repayment, conversion or disposition shall be deemed to constitute the date of an Asset Sale hereunder and the Net Proceeds thereof shall be applied in accordance with this Section 4.12.

(b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Company may apply such Net Proceeds at its option:

(1) unless the assets disposed of were Primary Collateral, to repay Revolving Credit Obligations or Indebtedness of a non-Guarantor Restricted Subsidiary owed to a Person that is not an Affiliate of the Company and, except in the case of Revolving Credit Obligations, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto;

(2) to prepay, repay or repurchase the Notes, the Term Loan Obligations or other Pari-Passu Obligations; *provided* that the Company ratably repays the Notes through redemption or open market purchases (at a purchase price at least equal to 100% of their principal amount); or

(3) to purchase Replacement Assets or make a capital expenditure in or that is used or useful in a Permitted Business; *provided* that (except as permitted by clause (4) under the definition of "Permitted Investment") the assets (including Voting Stock) acquired with the Net Proceeds of a disposition of Primary Collateral are pledged as Primary Collateral under the Security Documents substantially simultaneously with such acquisition in accordance with the requirements of the Indenture; *provided* that, if during the 365 day period following the consummation of an Asset Sale, the Company or a Restricted Subsidiary enters into a definitive binding agreement committing it to apply the Net Proceeds in accordance with the requirements of this clause (3) after such 365 period, such 365 day period will be extended with respect to the amount of Net Proceeds so committed until such Net Proceeds are required to be applied in accordance with such agreement (but such extension will in no event be for a period longer than 180 days) or, if earlier, the date of termination of such agreement.

Following the entering into of a binding agreement with respect to an Asset Sale and prior to the consummation thereof, Cash Equivalents (whether or not actual Net Proceeds of such Asset Sale) used for the purposes described in clause (3) that are designated as used in accordance with clause (3), and not previously or subsequently so designated in respect of any other Asset Sale, shall be deemed to be Net Proceeds applied in accordance with clause (3).

(c) Pending the final application of any such Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by the Indenture.

(d) Any Net Proceeds from Asset Sales that are not applied or invested as provided in clause (1), (2) or (3) of Section 4.12(b) will constitute "Excess Proceeds." Within 30 days after the aggregate amount of Excess Proceeds exceeds $50.0 million, the Company will make an Asset Sale Offer (using the procedures

set forth in Section 3.04) to all Noteholders and all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantee and secured by Liens ranking on a parity with the Liens securing the Notes and Note Guarantees containing provisions similar to those set forth in the Indenture with respect to offers to purchase with the proceeds of sales of assets, to purchase the maximum principal amount of the Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount of the Notes and such other *pari passu* Indebtedness plus accrued and unpaid interest to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of the Notes and such other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Notes and such other *pari passu* Indebtedness shall be purchased on a pro rata basis based on the principal amount of the Notes and such other *pari passu* Indebtedness tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

Section 4.13. *Limitation on Transactions with Affiliates.* (a) The Company will not, and will not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into, make, amend, renew or extend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate (each, an "**Affiliate Transaction**") involving payments of consideration in excess of $5.0 million, unless:

(1) such Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's-length transaction by the Company or such Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(2) The Company delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $25.0 million, a resolution of the Board of Directors set forth in an Officer's Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with clause (1) of this Section 4.13(a) and that such Affiliate Transaction or series of related Affiliate Transactions has been approved by a majority of the disinterested members of the Board of Directors; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $50.0 million, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction or series of related Affiliate Transactions from a financial point of view issued by an independent accounting, appraisal or investment banking firm of national standing.

(b) The following items shall not be deemed to be Affiliate Transactions and, therefore, will not be subject to Section 4.13(a):

(1) transactions between or among the Company and/or its Restricted Subsidiaries;

(2) payment of reasonable and customary fees and compensation to, and reasonable and customary indemnification arrangements and similar payments on behalf of, directors of the Company;

(3) Restricted Payments that are permitted by Section 4.07;

(4) any sale of Capital Stock (other than Disqualified Stock) of the Company;

(5) loans and advances to officers and employees of the Company or any of its Restricted Subsidiaries or Holdings (or any direct or indirect parent of Holdings) for bona fide business purposes in the ordinary course of business consistent with past practice;

(6) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any of its Restricted Subsidiaries with officers and employees of the Company or any of its Restricted Subsidiaries or Holdings (or any direct or indirect parent of Holdings) and the payment of compensation to officers and employees of the Company or any of its Restricted Subsidiaries (including amounts paid pursuant to employee benefit plans, employee stock option or similar plans), in each case in the ordinary course of business;

(7) any agreements or arrangements in effect on the Issue Date, or any amendment, modification, or supplement thereto or any replacement thereof, as long as such agreement or arrangement, as so amended, modified, supplemented or replaced, taken as a whole, is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement as in effect on the Issue Date, as determined in good faith by the Company’s Board of Directors, and any transactions contemplated by any of the foregoing agreements or arrangements;

(8) transactions with customers, clients, suppliers, joint ventures, joint venture partners, Unrestricted Subsidiaries or purchasers or sellers of goods and services, in each case in the ordinary course of business and on terms no less favorable than that available from non-affiliates (as determined by the Company) and otherwise not prohibited by the Indenture;

(9) any transaction with an Affiliate (i) where the only consideration paid by the Company or any Restricted Subsidiary is Qualified Stock or (ii) consisting of the provision of customary registration rights;

(10) the payment of all Transaction Expenses by the Company and its Restricted Subsidiaries as described in the Offering Circular;

(11) any merger, consolidation or reorganization of the Company (otherwise permitted by the Indenture) with an Affiliate of the Company solely for the purpose of (a) reorganizing to facilitate an initial public offering of securities of the Company or a direct or indirect parent of the Company, (b) forming or collapsing a holding company structure or (c) reincorporating the Company in a new jurisdiction;

(12) transactions between the Company or any of its Restricted Subsidiaries and any Person that is an Affiliate solely because one or more of its directors is also a director of the Company or any direct or indirect parent of the Company; *provided* that such director abstains from voting as a director of the Company or such direct or indirect parent, as the case may be, on any matter involving such other Person; and

(13) the entering into of any tax sharing agreement or arrangement or any other transactions undertaken in good faith that is consistent with paragraph (b)(9)(iv) of Section 4.07.

Section 4.14. *Designation of Restricted and Unrestricted Subsidiaries.* (a) The Board of Directors may designate any Restricted Subsidiary to be an Unrestricted Subsidiary; *provided* that:

(1) any Guarantee by the Company or any Restricted Subsidiary of any Indebtedness of the Subsidiary being so designated will be deemed to be an incurrence of Indebtedness by the Company or such Restricted Subsidiary (or both, if applicable) at the time of such designation, and such incurrence of Indebtedness would be permitted under Section 4.06;

(2) the aggregate fair market value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary being so designated (including any Guarantee by the Company or any Restricted Subsidiary of any Indebtedness of such Subsidiary) will be deemed to be a Restricted Investment made as of the time of such designation and that such Investment would be permitted under Section 4.07;

(3) such Subsidiary does not own any Equity Interests of, or hold any Liens on any Property of, the Company or any Restricted Subsidiary;

(4) the Subsidiary being so designated:

(a) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company that would not be permitted under Section 4.13 and;

(b) except as permitted under clauses (1) and (2) above, is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results.

(5) no Default or Event of Default would be in existence following such designation.

(b) (1) Any designation of a Restricted Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors giving effect to such designation and an Officer's Certificate certifying that such designation complied with the preceding conditions and was permitted by the Indenture. If, at any time, any Unrestricted Subsidiary would fail to meet any of the preceding requirements described in clause (4) above, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness, Investments, or Liens on the property, of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness, Investments or Liens are not permitted to be incurred as of such date under the Indenture, the Company shall be in default under the Indenture.

(2) The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that:

(A) such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under Section 4.06, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the four-quarter reference period;

(B) all outstanding Investments owned by such Unrestricted Subsidiary will be deemed to be made as of the time of such designation and such Investments shall only be permitted if such Investments would be permitted under Section 4.07;

(C) all Liens upon property or assets of such Unrestricted Subsidiary existing at the time of such designation would be permitted under Section 4.08; and

(D) no Default or Event of Default would be in existence following such designation.

Section 4.15. *Anti-Layering.* The Company shall not incur any Indebtedness that is subordinated or junior in right of payment to any Indebtedness of the Company unless it is subordinated in right of payment to the Notes at least to the same extent. No Guarantor shall incur any Indebtedness that is subordinated or junior in right of payment to the Indebtedness of such Guarantor unless it is subordinated in right of payment to such Guarantor's Note Guarantee at least to the same extent. For purposes of the foregoing, no Indebtedness will be deemed to be subordinated or junior in right of payment to any other Indebtedness of the Company or any Guarantor, as applicable, solely by reason of any Liens or Guarantees arising or created in respect thereof or by virtue of the fact that the holders of any secured Indebtedness have entered into intercreditor agreements giving one or more of such holders priority over the other holders in the collateral held by them.

Section 4.16. *Reports.* (a) So long as any Notes are outstanding, the Company will file with the Commission and furnish to the Trustee and, upon request, to the Holders:

(1) within 90 days after the end of each fiscal year, an annual report on Form 10-K;

(2) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, a quarterly report on Form 10-Q; and

(3) promptly from time to time after the occurrence of an event required to be therein reported pursuant to Form 8-K, a current report on Form 8-K.

If the Company is no longer subject to the periodic reporting requirements of the Exchange Act for any reason, the Company will nevertheless continue filing the reports specified in the preceding paragraphs of this Section 4.16 with the Commission within the time periods specified above unless the Commission will not accept such a filing. If the Commission will not accept the Company's filings for any reason, the Company will furnish the reports referred to in the preceding paragraphs to the Trustee within the time periods that would apply if the Company were required to file those reports with the Commission. The Company will not take any action for the purpose of causing the Commission not to accept any such filings. Any information filed with, or furnished to, the Commission via EDGAR shall be deemed to have been made available to the Trustee and the registered Holders of the Notes.

(b) Notwithstanding the foregoing, if Holdings or any other direct or indirect parent of the Company fully and unconditionally guarantees the Notes, the filing of such reports by such parent within the time periods specified above will satisfy such obligations of the Company; *provided* that such reports shall include the information required by Rule 3-10 of Regulation S-X with respect to the Company and the Guarantors.

(c) The Company shall distribute such information and such reports to the Trustee, and make them available, upon request, to any Holder and to any such prospective investor or securities analyst. To the extent not satisfied by the foregoing, the Company shall also make publicly available the information required to be available pursuant to Rule 144A(d)(4) under the Securities Act.

Section 4.17. *Reports to Trustee.* (a) The Company will deliver to the Trustee within 120 days after the end of each fiscal year an Officer's Certificate stating that the Company has fulfilled its obligations hereunder or, if there has been a Default or an Event of Default, specifying the Default or Event of Default and its nature and status.

(b) The Company will deliver to the Trustee, as soon as possible and in any event within 30 days after the Company becomes aware or should reasonably become aware of the occurrence of any Default or an Event of Default, an Officer's Certificate setting forth the details of the Default or Event of Default, and the action which the Company proposes to take with respect thereto.

(c) The Company will notify the Trustee when any Notes are listed on any national securities exchange and of any delisting.

Section 4.18. *Impairment of Security Interest; Further Assurances.*

(a) Neither the Company nor any of its Restricted Subsidiaries will take any action, or knowingly omit to take any action, which action or omission could reasonably be expected to have the result of materially impairing the security interest with respect to the Collateral for the benefit of the Trustee and the Holders of Notes.

(b) The Company and each of its Restricted Subsidiaries will make, execute, endorse, acknowledge, file, record, register and/or deliver such agreements, documents, instruments, and further assurances (including, without limitation, Uniform Commercial Code financing statements, mortgages, deeds of trust, schedules, confirmatory assignments, conveyances, transfer endorsements, certificates, real property surveys, reports, landlord waivers, bailee agreements and control agreements), and take such other actions, as may be required under applicable law or as necessary to cause the Collateral Requirement to be and remain satisfied and otherwise to create, perfect, preserve or protect the security interest in the Collateral of the secured parties under the Security Documents, all at the Company's expense.

Section 4.19. *Limitation on Activities of Holdings*. Holdings shall not engage in any material activities or hold any material assets other than holding the Capital Stock of the Company and those activities incidental thereto and (b) will not incur any material liabilities other than liabilities relating to its Guarantee of the Notes, its Guarantee of any other Indebtedness of the Company or any of its Subsidiaries and any other obligations or liabilities incidental to its activities as a holding company.

ARTICLE 5
CONSOLIDATION, MERGER OR SALE OF ASSETS

Section 5.01. *Consolidation, Merger or Sale of Assets.* (a) The Company will not, directly or indirectly:

(1) consolidate or merge with or into another Person (whether or not the Company is the surviving corporation) or

(2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person or Persons, unless:

(A) either: (x) the Company is the surviving corporation; or (y) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made (i) is a corporation or limited liability company organized or existing under the laws of the United States, any state thereof or the District of Columbia and (ii) assumes all the obligations of the Company under the Notes, the Indenture, the Registration Rights Agreement and the Security Documents pursuant to agreements reasonably satisfactory to the Trustee;

(B) immediately after giving effect to such transaction no Default or Event of Default exists; and

(C) immediately after giving effect to such transaction on a *pro forma* basis, the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition shall have been made, will, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.06(a).

In addition, neither the Company nor any Restricted Subsidiary may, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. Clauses (B) and (C) of Section 5.01(a)(2) will not apply to any merger, consolidation or sale, assignment, transfer, lease, conveyance or other disposition of assets between or among the Company and any of its Restricted Subsidiaries.

(b) Upon the consummation of any transaction effected in accordance with these provisions, if the Company is not the continuing Person, the resulting, surviving or transferee Person will succeed to, and be substituted for, and may exercise every right and power of, the Company under the Indenture and the Notes with the same effect as if such successor Person had been named as the Company in the Indenture. Upon such substitution, except in the case of a sale, conveyance, transfer or disposition of less than all its assets the Company will be released from its obligations under the Indenture and the Notes.

ARTICLE 6
DEFAULT AND REMEDIES

Section 6.01. *Events of Default.* Each of the following is an "**Event of Default**":

(1) default for 30 days in the payment when due of interest on the Notes;

(2) default in payment when due (whether at maturity, upon acceleration, redemption or otherwise) of the principal of, or premium, if any, on the Notes;

(3) failure by the Company or any of its Restricted Subsidiaries to comply with Sections 4.10(b), 4.11, 4.12 or Article 5;

(4) failure by the Company or any of its Restricted Subsidiaries for 60 days after written notice by the Trustee or Holders representing 25% or more of the aggregate principal amount of Notes outstanding to comply with any of the other agreements in the Indenture;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

(a) is caused by a failure to make any payment of principal at the final maturity of such Indebtedness (a "Payment Default"); or

(b) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $50.0 million or more;

(6) failure by the Company or any of its Restricted Subsidiaries to pay final judgments (to the extent such judgments are not paid or covered by insurance provided by a carrier that has acknowledged coverage in writing and has the ability to perform) aggregating in excess of $50.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(7) except as permitted by the Indenture, any Note Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any authorized Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Note Guarantee;

(8) an involuntary case or other proceeding is commenced against the Company or any Significant Subsidiary with respect to it or its debts under any bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a trustee, receiver, liquidator, custodian or other similar official of it or any substantial part of its property, and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 days; or an order for relief is entered against the Company or any Significant Subsidiary under the federal bankruptcy laws as now or hereafter in effect;

(9) the Company or any of its Significant Subsidiaries (i) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (ii) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Company or any of its Significant Subsidiaries or for all or substantially all of the property and assets of the Company or any of its Significant Subsidiaries or (iii) effects any general assignment for the benefit of creditors (an event of default specified in clause (8) or (9) a "**bankruptcy default**"); and

(10) (a) the Liens created by the Security Documents shall at any time not constitute a valid and perfected Lien on any portion of the Collateral (with a fair market value in excess of $50.0 million) intended to be covered thereby (to the extent perfection by filing, registration, recordation or possession is required by the Indenture or the Security Documents), (b) any of the Security Documents shall for whatever reason be terminated or cease to be in full force and effect (except for expiration in accordance with its terms or amendment, modification, waiver, termination or release in accordance with the terms of the Indenture), or (c) the enforceability of the Liens created by the Security Documents shall be contested by the Company or any Guarantor.

Section 6.02. *Acceleration.* (a) In the case of an Event of Default arising from a bankruptcy default, with respect to the Company, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately by notice in writing to the Company specifying the Event of Default. Upon a declaration of acceleration, such principal and interest will become immediately due and payable.

(b) The Holders of a majority in principal amount of the outstanding Notes by written notice to the Company and to the Trustee may waive all past defaults and rescind and annul a declaration of acceleration and its consequences if

(1) all existing Events of Default, other than the nonpayment of the principal of, premium, if any, and interest on the Notes that have become due solely by the declaration of acceleration, have been cured or waived, and

(2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Section 6.03. *Other Remedies.* If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of

any provision of the Notes or the Indenture and may, to the extent permitted by the Intercreditor Agreement and the Collateral Trust Agreement, direct the Collateral Trustee to enforce upon the Collateral. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

Section 6.04. *Waiver of Past Defaults.* Except as otherwise provided in Sections 6.02, 6.07 and 9.02, the Holders of a majority in principal amount of the outstanding Notes may, by notice to the Trustee, waive an existing Default and its consequences. Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05. *Control by Majority.* The Holders of a majority in principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on the Trustee, including any decision by the Trustee as the Applicable Authorized Representative under the Collateral Trust Agreement or other decisions applicable under the Collateral Trust Agreement. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders.

Section 6.06. *Limitation on Suits.* A Holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture or the Notes, or form the appointment of a recipient or a trustee, or pursue any remedy with respect to the Indenture or the Notes unless:

(1) the Holder gives the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to institute a proceeding or pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity satisfactory to the Trustee against any costs, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a direction that is inconsistent with the request.

Section 6.07. *Rights of Holders to Receive Payment.* Notwithstanding anything to the contrary, the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest on its Note on or after the Stated Maturities thereof, or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, shall not be impaired or affected without the consent of the Holder.

Section 6.08. *Collection Suit by Trustee.* If an Event of Default in payment of principal or interest specified in clause (1) or (2) of Section 6.01 occurs and is continuing, the Trustee may recover judgment in its own name and as trustee of an express trust for the whole amount of principal and accrued interest remaining unpaid, together with interest on overdue principal and, to the extent lawful, overdue installments of interest, in each case at the rate specified in the Notes, and such further amount as is sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee hereunder.

Section 6.09. *Trustee May File Proofs of Claim.* The Trustee may file proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee hereunder) and the Holders allowed in any judicial proceedings relating to the Company or any Guarantor or their respective creditors or property, and is entitled and empowered to collect, receive and distribute any money, securities or other property payable or deliverable upon conversion or exchange of the Notes or upon any such claims. Any custodian, receiver, assignee, trustee, liquidator, sequestrator or other similar official in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee and, if the Trustee consents to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agent and counsel, and any other amounts due the Trustee hereunder. Nothing in the Indenture will be deemed to empower the Trustee to authorize or consent to, or accept or adopt on behalf of any Holder, any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10. *Priorities.* Subject to the terms of the Intercreditor Agreement, if the Trustee collects any money pursuant to this Article, including proceeds of any exercise of remedies upon the Collateral, it shall pay out the money in the following order:

First: to the Trustee for all amounts due hereunder;

Second: to Holders for amounts then due and unpaid for principal of and interest on the Notes, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal and interest; and

Third: to the Company or as a court of competent jurisdiction may direct.

The Trustee, upon written notice to the Company, may fix a record date and payment date for any payment to Holders pursuant to this Section.

Section 6.11. *Restoration of Rights and Remedies.* If the Trustee or any Holder has instituted a proceeding to enforce any right or remedy under the Indenture and the proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to the Holder, then, subject to any determination in the proceeding, the Company, any Guarantors, the Trustee and the Holders will be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Company, any Guarantors, the Trustee and the Holders will continue as though no such proceeding had been instituted.

Section 6.12. *Undertaking for Costs.* In any suit for the enforcement of any right or remedy under the Indenture or in any suit against the Trustee for any action taken or omitted by it as Trustee, a court may require any party litigant in such suit (other than the Trustee) to file an undertaking to pay the costs of the suit, and the court may assess reasonable costs, including reasonable attorneys fees, against any party litigant (other than the Trustee) in the suit having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by a Holder to enforce payment of principal of or interest on any Note on the respective due dates, or a suit by Holders of more than 10% in principal amount of the outstanding Notes.

Section 6.13. *Rights and Remedies Cumulative.* No right or remedy conferred or reserved to the Trustee or to the Holders under this Indenture is intended to be exclusive of any other right or remedy, and all such rights and remedies are, to the extent permitted by law, cumulative and in addition to every other right and remedy hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or exercise of any right or remedy hereunder, or otherwise, will not prevent the concurrent assertion or exercise of any other right or remedy.

Section 6.14. *Delay or Omission Not Waiver.* No delay or omission of the Trustee or of any Holder to exercise any right or remedy accruing upon any Event of Default will impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 6.15. *Waiver of Stay, Extension or Usury Laws.* The Company and each Guarantor covenants, to the extent that it may lawfully do so, that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law or any usury law or other law that would prohibit or forgive the Company or the Guarantor from paying all or any portion of the principal of, or interest on the Notes as contemplated herein, wherever enacted, now or at any time hereafter in force, or that may affect the covenants or the performance of the Indenture. The Company and each Guarantor hereby expressly waives, to the extent that it may lawfully do so, all benefit or advantage of any such law and covenants that it will not hinder, delay or impede the execution of any power herein granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

ARTICLE 7
THE TRUSTEE

Section 7.01. *General.* (a) The duties and responsibilities of the Trustee are as provided by the provisions of the Trust Indenture Act made applicable to this Indenture and as set forth herein. Whether or not expressly so provided, every provision of the Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee is subject to this Article.

(b) Except during the continuance of an Event of Default, the Trustee need perform only those duties that are specifically set forth in the Indenture and no others, and no implied covenants or obligations will be read into the Indenture against the Trustee. In case an Event of Default has occurred and is continuing, and is actually known to the Trustee, the Trustee shall exercise those rights and powers vested in it by the Indenture, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of such person’s own affairs.

(c) No provision of the Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act or its own bad faith or willful misconduct.

Section 7.02. *Certain Rights of Trustee.* Subject to Trust Indenture Act Sections 315(a) through (d):

(1) In the absence of bad faith on its part, the Trustee may rely, and will be protected in acting or refraining from acting, upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, debenture, note, other evidence of indebtedness or other paper or document believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document, but, in the case of any document which is specifically required to be furnished to the Trustee pursuant to any provision hereof, the Trustee shall examine the document to determine whether it conforms to the requirements of the Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts stated therein). The Trustee, in its discretion, may make further inquiry or investigation into such facts or matters as it sees fit.

(2) Before the Trustee acts or refrains from acting, it may require an Officer's Certificate or an Opinion of Counsel conforming to Section 12.05 and the Trustee will not be liable for any action it takes or omits to take in good faith in reliance on the certificate or opinion.

(3) The Trustee may act through its attorneys and agents and will not be responsible for the misconduct or negligence of any agent (other than an agent who is an employee of the Trustee) appointed with due care.

(4) The Trustee will be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the Holders, unless such Holders have offered to the Trustee reasonable security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(5) The Trustee will not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within its rights or powers or for any action it takes or omits to take in accordance with the direction of the Holders in accordance with Section 6.05 relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under the Indenture.

(6) The Trustee may consult with counsel, and the written advice of such counsel or any Opinion of Counsel will be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(7) No provision of the Indenture will require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties hereunder, or in the exercise of its rights or powers, unless it receives indemnity satisfactory to it against any loss, liability or expense.

Section 7.03. *Individual Rights of Trustee.* The Trustee, in its individual or any other capacity, may become the owner or pledgee of Notes and may otherwise deal with the Company or its Affiliates with the same rights it would have if it were not the Trustee. Any Agent may do the same with like rights. However, the Trustee is subject to Trust Indenture Act Sections 310(b) and 311. For purposes of Trust Indenture Act Section 311(b)(4) and (6):

(a) "**cash transaction**" means any transaction in which full payment for goods or securities sold is made within seven days after delivery of the goods or securities in currency or in checks or other orders drawn upon banks or bankers and payable upon demand; and

(b) "**self-liquidating paper**" means any draft, bill of exchange, acceptance or obligation which is made, drawn, negotiated or incurred for the purpose of financing the purchase, processing, manufacturing, shipment, storage or sale of goods, wares or merchandise and which is secured by documents evidencing title to, possession of, or a lien upon, the goods, wares or merchandise or the receivables or proceeds arising from the sale of the goods, wares or merchandise previously constituting the security, provided the security is received by the Trustee simultaneously with the creation of the creditor relationship arising from the making, drawing, negotiating or incurring of the draft, bill of exchange, acceptance or obligation.

Section 7.04. *Trustee's Disclaimer.* The Trustee (i) makes no representation as to the validity or adequacy of the Indenture, the Security Documents or the Notes, (ii) is not accountable for the Company's use or application of the proceeds from the Notes and (iii) is not responsible for any statement in the Notes other than its certificate of authentication.

Section 7.05. *Notice of Default.* If any Default occurs and is continuing and is known to the Trustee, the Trustee will send notice of the Default to each Holder within 90 days after the Trustee's receipt of notice of its occurrence, unless the Default has been cured; *provided* that, except in the case of a default in the payment of the principal of or interest on any Note, the Trustee may withhold the notice if and so long as the board of directors, the executive committee or a trust committee of directors of the Trustee in good faith determines that withholding the notice is in the interest of the Holders. Notice to Holders under this Section will be given in the manner and to the extent provided in Trust Indenture Act Section 313(c).

Section 7.06. *Reports by Trustee to Holders.* Within 60 days after each May 15, beginning with May 15, 2011, the Trustee will mail to each Holder, as provided in Trust Indenture Act Section 313(c), a brief report dated as of such May 15, if required by Trust Indenture Act Section 313(a), and file such reports with each stock exchange upon which its Notes are listed and with the Commission as required by Trust Indenture Act Section 313(d).

Section 7.07. *Compensation And Indemnity.* (a) The Company will pay the Trustee compensation as agreed upon in writing for its services. The compensation of the Trustee is not limited by any law on compensation of a Trustee of an express trust. The Company will reimburse the Trustee upon request for all reasonable out-of-pocket expenses, disbursements and advances incurred or made by the Trustee, including the reasonable compensation and expenses of the Trustee's agents and counsel. When the Trustee incurs expenses or renders services after a "bankruptcy default" has occurred, the expenses and compensation for the services (including the fees and expenses of its agents and counsel) are intended, to the extent permitted by applicable law, to constitute expenses of administration under Title 11, U.S. Code, or any similar federal or state law for the relief of debtors.

(b) The Company will indemnify the Trustee for, and hold it harmless against, any loss or liability or expense incurred by it without negligence, bad faith or willful misconduct on its part arising out of or in connection with the acceptance or administration of the Indenture and its duties under the Indenture and the Notes, including the costs and expenses of defending itself against any claim or liability and of complying with any process served upon it or any of its officers in connection with the exercise or performance of any of its powers or duties under the Indenture and the Notes. The Trustee shall promptly notify the Company of any claim asserted against the Trustee or any of its agents for which it may seek indemnity. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee and its agents subject to the claim may have separate counsel, and the Company shall pay the reasonable fees and expenses of such counsel if the Trustee concludes, upon advice of counsel, that there exists a conflict of interest between the Company and the Trustee and its agents subject to the claim in connection with such defense. The Company need not pay for any settlement made without its written consent. The Company need not reimburse any expense or indemnify against any loss or liability to the extent incurred by the Trustee through the Trustee's negligence, bad faith or willful misconduct.

(c) To secure the Company's payment obligations in this Section, the Trustee will have a lien prior to the Notes on all money or property held or collected by the Trustee, in its capacity as Trustee, except money or property held in trust to pay principal of, and interest on particular Notes. Such lien will survive the satisfaction and discharge of this Indenture.

(d) The obligations of the Company under this Section 7.07 will survive the satisfaction and discharge of this Indenture or the resignation or removal of the Trustee.

Section 7.08. *Replacement of Trustee.* (a) (1) The Trustee may resign at any time by providing 30 days prior written notice to the Company.

(2) The Holders of a majority in principal amount of the outstanding Notes may remove the Trustee by written notice to the Trustee.

(3) If the Trustee is no longer eligible under Section 7.10 or in the circumstances described in Trust Indenture Act Section 310(b), any Holder that satisfies the requirements of Trust Indenture Act Section 310(b) may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(4) The Company may remove the Trustee if: (i) the Trustee is no longer eligible under Section 7.10; (ii) the Trustee is adjudged a bankrupt or an insolvent; (iii) a receiver or other public officer takes charge of the Trustee or its property; or (iv) the Trustee becomes incapable of acting.

A resignation or removal of the Trustee and appointment of a successor Trustee will become effective only upon the successor Trustee's acceptance of appointment as provided in this Section.

(b) If the Trustee has been removed by the Holders, Holders of a majority in principal amount of the Notes may appoint a successor Trustee with the consent of the Company. Otherwise, if the Trustee resigns or is removed, or if a vacancy exists in the office of Trustee for any reason, the Company will promptly appoint a successor Trustee. If the successor Trustee does not deliver its written acceptance within 30 days after the retiring Trustee resigns or is removed, the retiring Trustee (at the Company's expense), the Company or the Holders of a majority in principal amount of the outstanding Notes may petition any court of competent jurisdiction for the appointment of a successor Trustee.

(c) Upon delivery by the successor Trustee of a written acceptance of its appointment to the retiring Trustee and to the Company, (i) the retiring Trustee will transfer all property held by it as Trustee to the successor Trustee, subject to the lien provided for in Section 7.07, (ii) the resignation or removal of the retiring Trustee will become effective, and (iii) the successor Trustee will have all the

rights, powers and duties of the Trustee under the Indenture. Upon request of any successor Trustee, the Company will execute any and all instruments for fully and vesting in and confirming to the successor Trustee all such rights, powers and trusts. The successor Trustee will give notice of any resignation and any removal of the Trustee and each appointment of a successor Trustee to all Holders, and include in the notice the name of the successor Trustee and the address of its Corporate Trust Office.

(d) Notwithstanding replacement of the Trustee pursuant to this Section, the Company's obligations under Section 7.07 will continue for the benefit of the retiring Trustee.

(e) The Trustee agrees to give the notices provided for in, and otherwise comply with, Trust Indenture Act Section 310(b).

Section 7.09. *Successor Trustee by Merger.* If the Trustee consolidates with, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation or national banking association, the resulting, surviving or transferee corporation or national banking association without any further act will be the successor Trustee with the same effect as if the successor Trustee had been named as the Trustee in the Indenture.

Section 7.10. *Eligibility.* The Indenture must always have a Trustee that satisfies the requirements of Trust Indenture Act Section 310(a) and has a combined capital and surplus of at least $25,000,000 as set forth in its most recent published annual report of condition.

Section 7.11. *Money Held in Trust.* The Trustee will not be liable for interest on any money received by it except as it may agree with the Company. Money held in trust by the Trustee need not be segregated from other funds except to the extent required by law and except for money held in trust under Article 8.

ARTICLE 8
LEGAL DEFEASANCE AND COVENANT DEFEASANCE; SATISFACTION AND DISCHARGE

Section 8.01. *Option to Effect Legal Defeasance or Covenant Defeasance.* The Company may, at any time, elect to have either Section 8.02 or Section 8.03 be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article 8.

Section 8.02. *Legal Defeasance and Discharge.* Upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.02, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04, be deemed to have been discharged from its obligations with respect to all outstanding Notes and the Security Documents to which it is a party and all obligations of the Guarantors shall be deemed to have been discharged with respect to their obligations under the Note Guarantees and the Security Documents to which they are a party, and the Liens shall be released, on the date the conditions set forth below are satisfied (hereinafter, "**Legal Defeasance**"). For this purpose, Legal Defeasance means that the Company shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.08 and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Notes and the Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following clauses, which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section 8.04, payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due, (b) the Company's obligations with respect to such Notes under Article 2, Section 4.02 and Section 8.08, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's and Guarantors' obligations in connection therewith and (d) this Article 8. Subject to compliance with this Article 8, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03.

Section 8.03. *Covenant Defeasance.* Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each of the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04, be released from their respective obligations under the Security Documents to which they are a party and the covenants set forth in Sections 4.04 through 4.16, 4.18, 4.19 and clauses (B) and (C) of 5.01(a)(2), inclusive with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied, and the Liens shall be released (hereinafter, "**Covenant Defeasance**"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder. For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01, but, except as specified above, the remainder of this Indenture and such Notes shall be

unaffected thereby. In addition, upon the Company's exercise under Section 8.01 of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04, clauses (3) through (7) and clause (10) of Section 6.01 hereof shall cease to operate and not constitute Events of Default.

Section 8.04. *Conditions to Legal Defeasance or Covenant Defeasance.* The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the outstanding Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Company shall irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as shall be sufficient, in the opinion of a nationally recognized firm of independent public accountants (or, if two or more nationally recognized firms of independent public accountants decline to issue such opinion as a matter of policy, in the opinion of the Company's chief financial officer), to pay the principal of, premium, if any, and interest on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Company shall specify whether the Notes are being defeased to maturity or to a particular redemption date;

(b) in the case of an election under Section 8.02, the Company shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes shall not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and shall be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of an election under Section 8.03, the Company shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes shall not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and shall be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing on the date of such deposit other than a Default resulting from the borrowing of funds to be applied to such deposit;

(e) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than the Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(f) the Company shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over any other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(g) if the Notes are to be redeemed prior to their Stated Maturity, the Company shall have delivered to the Trustee irrevocable instructions to redeem all of the Notes on the specified redemption date; and

(h) the Company shall have delivered to the Trustee an Officer's Certificate and an Opinion of Counsel, each stating that all conditions precedent, including, without limitation, the conditions set forth in this Section 8.04, provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05. *Satisfaction and Discharge of Indenture.* The Indenture shall be discharged and shall cease to be of further effect as to all Notes issued hereunder when:

(i) either:

(A) all Notes that have been authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company) have been delivered to the Trustee for cancellation; or

(B) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(ii) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit (other than from the borrowing of funds to be applied to such deposit) and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument (other than the Indenture) to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(iii) the Company or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(iv) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Company shall deliver an Officer's Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Section 8.06. *Survival of Certain Obligations.* Notwithstanding Sections 8.02, 8.03 and 8.05, any obligations of the Company and the Guarantors in Sections 2.03 through 2.11, 6.07, Article 7, and 8.07 through 8.11 shall survive until the Notes have been paid in full. Thereafter, any obligations of the Company and the Guarantors in Article 7 and Sections 8.07, 8.08 and 8.10 shall survive such satisfaction and discharge. Nothing contained in this Article 8 shall abrogate any of the obligations or duties of the Trustee under this Indenture.

Section 8.07. *Acknowledgment of Discharge by Trustee.* After the conditions of Section 8.02, 8.03 or 8.05 have been satisfied, the Trustee upon written request shall acknowledge in writing the discharge of all of the Company's obligations under this Indenture except for those surviving obligations specified in this Article 8.

Section 8.08. *Deposited Money and Cash Equivalents to Be Held in Trust; Other Miscellaneous Provisions.* Subject to Section 8.09, all money and non-callable Cash Equivalents (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.08, the "Trustee") pursuant to Section 8.04 in respect of the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Cash Equivalents deposited pursuant to Section 8.04(a) or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article 8 to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Cash Equivalents held by it as provided in Section 8.04 which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04 hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.09. *Repayment to Company.* Subject to applicable abandoned property law, any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, and interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, and interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided*, *however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in The New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining shall be repaid to the Company.

Section 8.10. *Indemnity for Government Securities.* The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or the principal and interest, if any, received on such U.S. Government Obligations.

Section 8.11. *Reinstatement.* If the Trustee or Paying Agent is unable to apply any United States dollars or non-callable Government Securities in accordance with Section 8.02, 8.03 or 8.05, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company's obligations under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02, 8.03 or 8.05 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02, 8.03 or 8.05, as the case may be; *provided*, *however*, that, if the Company makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE 9
AMENDMENT, SUPPLEMENT AND WAIVERS

Section 9.01. *Amendments Without Consent of Holders.* Notwithstanding Section 9.02, without the consent of any Holder of Notes, the Company, the Guarantors and the Trustee may amend or supplement this Indenture, or the Notes or the Note Guarantees, and the Trustee and the Collateral Trustee will be authorized, on behalf of the Holders, to amend or supplement the Security Documents (to the extent applicable):

(a) to cure any ambiguity, defect or inconsistency;

(b) to provide for uncertificated Notes in addition to or in place of Certificated Notes;

(c) to provide for the assumption of the Company's or any Guarantor's obligations to Holders of Notes in the case of a merger or consolidation or sale of all or substantially all of the assets of the Company or of such Guarantor;

(d) to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the legal rights under this Indenture of any such Holder;

(e) to comply with requirements of the Commission in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act;

(f) to comply with the requirements of Section 4.10;

(g) to evidence and provide for the acceptance of appointment by a successor Trustee;

(h) to provide for the issuance of Additional Notes in accordance with this Indenture; or

(i) to conform any provision to the "Description of Notes" in the Offering Circular.

In addition, the Company, the Collateral Trustee and the Trustee may amend the Security Documents to permit the accession of or succession of any parties to the Intercreditor Agreement or the Collateral Trust Agreement (including in respect of any incurrence of Pari-Passu Obligations or in connection with an amendment, renewal, extension, substitution, refinancing, restructuring, replacement, supplementing or other modification from time to time of the Revolving Credit Agreement, the Notes, the Term Loan Obligations or any other Pari-Passu Obligations).

Section 9.02. *Amendments With Consent of Holders.* (a) Except as provided in Section 9.01 or below in this Section 9.02, the Indenture, the Notes or the Note Guarantees may be amended or supplemented with the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and, subject to Sections 6.02, 6.04 and 6.07 hereof, any existing Default or Event of Default or compliance with any provision of this Indenture or the Notes or the Note Guarantees may be waived with the consent of the Holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, tender offer or exchange offer for, Notes). In addition, the Trustee and the Collateral Trustee will be authorized to amend, supplement or waive any provision of the Security Documents with the consent of the Holders of a majority in aggregate principal amount of the Notes then outstanding, subject to receipt of any consent required from the Authorized Representatives (as defined in the Collateral Trust Agreement) of other secured obligations.

(b) It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

(c) Without the consent of each Holder affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting Holder):

(i) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(ii) reduce the principal of or change the fixed maturity of any Note or alter the provisions, or waive any payment, with respect to the redemption of the Notes;

(iii) reduce the rate of or change the time for payment of interest on any Note;

(iv) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the payment default that resulted from such acceleration);

(v) make any Note payable in money other than U.S. dollars;

(vi) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium, if any, on the Notes;

(vii) release any Guarantor from any of its obligations under its Note Guarantee or this Indenture, except in accordance with the terms of this Indenture;

(viii) impair the right to institute suit for the enforcement of any payment on or with respect to the Notes or the Note Guarantees;

(ix) amend, change or modify the obligation of the Company to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with Section 4.12 after the obligation to make such an Asset Sale Offer has arisen, or the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with Section 4.11 after such Change of Control has occurred, including, in each case, amending, changing or modifying any definition relating thereto;

(x) except as otherwise permitted by Article 5, consent to the assignment or transfer by the Company of any of its rights or obligations under this Indenture; or

(xi) make any change in Section 6.02, 6.04 or 6.07 or in the foregoing amendment and waiver provisions.

In addition, no amendment, supplement or waiver may release all or substantially all of the Collateral without the consent of Holders of at least 75% in aggregate principal amount of the Notes.

(d) An amendment, supplement or waiver under this Section will become effective on receipt by the Trustee of written consents from the Holders of the requisite percentage in principal amount of the outstanding Notes. After an amendment, supplement or waiver under Section becomes effective, the Company shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental indenture or waiver.

Section 9.03. *Compliance with Trust Indenture Act.* If this Indenture is qualified under the Trust Indenture Act, every amendment or supplement to this Indenture or the Notes shall be set forth in a amended or supplemental indenture that complies with the Trust Indenture Act as then in effect.

Section 9.04. *Revocation and Effect of Consents.* Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by such Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.05. *Notation on or Exchange of Notes.* The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of a certificate of authentication, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06. *Trustee to Sign Amendments, Etc.* The Trustee shall sign any amended or supplemental indenture or Note authorized pursuant to this Article 9 if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. In executing any amended or supplemental indenture, Note or any waiver, the Trustee shall be entitled to receive and (subject to Section 7.01 hereof) shall be fully protected in relying upon, in addition to the documents required by Section 12.04, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, execute any such amendment, supplement or waiver which affects the Trustee's rights, duties or immunities under this Indenture or otherwise. In signing any amendment, supplement or waiver, the Trustee shall be entitled to receive an indemnity reasonably satisfactory to it.

ARTICLE 10
SECURITY ARRANGEMENTS

Section 10.01. *Collateral Trustee.* (a) Wells Fargo Bank, National Association is appointed as Collateral Trustee for the benefit of the Holders of the Notes and the holders of Term Loan Obligations and all other Pari-Passu Obligations, and shall initially act as Collateral Trustee under the Security Documents. The Trustee is hereby authorized to enter into the Collateral Trust Agreement to evidence such appointment.

(b) Subject to the terms of the Intercreditor Agreement and the Collateral Trust Agreement, the Collateral Trustee will hold (directly or through co-trustees or agents), and will be entitled to enforce on behalf of the Holders of Notes and the holders of Obligations under the Term Loan Agreement and all other Pari-Passu Obligations, all Liens on the Collateral.

(c) All of the rights, protections, benefits, privileges, indemnities and immunities granted to the Trustee hereunder shall inure to the benefit of the Collateral Trustee acting hereunder and under the Security Documents.

(d) The Collateral Trustee may resign or may be removed in accordance with the provisions set forth in the Collateral Trust Agreement.

(e) This Article 10 and the provisions of each Security Document are subject to the terms, conditions and benefits set forth in the Collateral Trust Agreement.

Section 10.02. *Security.* (a) In order to secure the Obligations of the Company and the Guarantors under this Indenture, the Notes and the Note Guarantees, the Company and each Guarantor will execute and deliver to the Collateral Trustee on the Issue Date, each Security Document to which it is or is to be a party that is intended to be effective upon such date (forms of which are attached as Exhibits J, K and L hereto) which in each case will create the Liens intended to be created thereunder, with the priority set forth therein and in the Intercreditor Agreement, on the Collateral.

(b) If (i) any Restricted Subsidiary becomes a Guarantor in accordance with Section 4.14, (ii) the Company or any Guarantor acquires any property (other than Excluded Property or Immaterial Real Property Interests) that is not automatically subject to a perfected security interest under the Security Documents, or (iii) any Excluded Property ceases to fit within the definition thereof, the Company or such Guarantor shall notify the Collateral Trustee in writing thereof and, in each case at the sole cost and expense of the Company or Guarantor and as soon as reasonably practicable after such entity becomes a Guarantor, such property's acquisition or it no longer being Excluded Property, as the case may be, execute and deliver to the Collateral Trustee such mortgages, security agreement supplements and other documentation (in form and scope, and covering such Collateral on such terms, in each case consistent with the mortgages, security agreements and other security documents in effect on the Issue Date), and take such additional actions (including any of the actions described in Section 4.18(b)), as are necessary to create and fully perfect (except to the extent perfection is not required thereunder) in favor of the secured parties under the Security Documents a valid and enforceable security interest in (and in

the case of real property, mortgage lien on) such Collateral, which shall be free of any other Liens except for Permitted Liens (including, in the case of the Secondary Collateral, the first-priority Lien of the holders of Revolving Credit Obligations). Any security interest provided pursuant to clause (i) or, with respect to real property only, clause (ii) of this Section 10.02(b) shall be accompanied by such Opinions of Counsel to the Company as customarily given by counsel in the relevant jurisdiction, in form and substance customary for such jurisdiction and substantially consistent with that provided for in connection with the Security Documents delivered on the date of the Indenture. In addition, the Company shall deliver an Officer's Certificate to the Collateral Trustee certifying that the necessary measures have been taken to perfect the security interest in such property covered by clauses (i) or (ii) above.

(c) The Company and the Guarantors shall comply with all covenants and agreements contained in the Security Documents.

(d) Each Holder, by accepting a Note, agrees to all of the terms and provisions of the Security Documents, as the same may be amended from time to time pursuant to the provisions of the Indenture and the Security Documents.

(e) As among the Holders, the Collateral as now or hereafter constituted shall be held for the equal and ratable benefit of the Holders without preference, priority or distinction of any thereof over any other by reason of differences in time of issuance, sale or otherwise, as security for the Obligations under this Indenture and the Notes.

(f) To the extent applicable, the Company will be required to comply with Section 313(b) of the Trust Indenture Act, relating to reports, and, unless the Notes are qualified under the Trust Indenture Act, the Company will not be required to comply with Section 314(d) of the Trust Indenture Act, relating to the release of property and to the substitution therefor of any property to be pledged as Collateral for the Notes, except to the extent required by law. Notwithstanding anything to the contrary herein, the Company and the Guarantors will not be required to comply with all or any portion of Section 314(d) of the Trust Indenture Act if they determine, in good faith based on advice of outside counsel, that under the terms of that section and/or any interpretation or guidance as to the meaning thereof of the SEC and its staff, including "no action" letters or exemptive orders, all or any portion of Section 314(d) of the Trust Indenture Act is inapplicable to the released Collateral.

Section 10.03. *Asset Sales Proceeds Account.* (a) The Company and the Guarantors shall deposit in a cash collateral account (an "**Asset Sales Proceeds Account**") to be held by the Collateral Trustee:

(1) cash proceeds from any sale, lease, transfer or other disposition (or series of related sales, leases, transfers or other dispositions) of Primary Collateral having an aggregate fair market value of more than $20.0 million;

(2) any cash proceeds in excess of $20.0 million of any Primary Collateral taken by eminent domain, expropriation or other similar governmental taking; and

(3) cash proceeds in excess of $20.0 million of insurance upon any part of the Primary Collateral.

Such Asset Sale Proceeds Account shall be under the control of, and secured by a first-priority Lien in favor of, the Collateral Trustee for the benefit of the holders of the Notes, the Term Loan Obligations and other Pari-Passu Obligations. No other cash shall be deposited in such account, and such account shall constitute a Term/Notes Priority Collateral Proceeds Account for purposes of the Intercreditor Agreement.

(b) The proceeds of any condemnation or casualty event described in clauses (2) or (3) of Section 10.03(a) shall be deemed to be Net Proceeds of an Asset Sale.

(c) Amounts held in the Asset Sales Proceeds Account may only be released to the Company or the applicable Guarantor for use as permitted by clauses (2) or (3) of Section 4.12(b) or to fund an Asset Sale Offer.

(d) The Company and Guarantors will be required to comply with the requirements of Section 10.06 before any Collateral held in the Asset Sales Proceeds Account may be released from the Lien of the Security Documents.

Section 10.04. *Authorization of Actions to be Taken.* (a) The Collateral Trustee and the Trustee are authorized and empowered to enter into the Security Documents and to receive on behalf of the Holders of the Notes, any funds collected or distributed under the Security Documents to which the Collateral Trustee or Trustee is a party and to make further distributions of such funds to the Holders of Notes according to the provisions of this Indenture.

(b) Subject to the Intercreditor Agreement, the Collateral Trust Agreement and Article 7, unless inconsistent with applicable law, (a) the Collateral Trustee is authorized and empowered to institute and maintain such suits and proceedings as it may deem appropriate, or as it may be directed by the Applicable Authorized Representative or the secured parties, to protect or enforce the rights vested in it by the Collateral Trust Agreement, the Intercreditor Agreement and each Security Document and (b) the Applicable Authorized Representative shall have the right, by an instrument in writing executed and delivered to the Collateral Trustee, to direct the time, method and place of conducting any such proceeding, or of exercising any trust or power conferred on the Collateral Trustee, or for the appointment of a receiver, or for the taking of any action remedial action authorized by the Collateral Trust Agreement.

Section 10.05. *Determinations Relating to Collateral.* Except for any consent, approval or action by the Collateral Trustee in the ordinary course of the performance of the Collateral Trustee's duties under the Indenture or the Security Documents, in the event (i) the Collateral Trustee shall receive any written request from the Company, a Guarantor or the Trustee under any Security Document for consent or approval with respect to any matter or thing relating to any Collateral or the Company's or such Guarantor's obligations with respect thereto, (ii) there shall be due to or from the Trustee or the Collateral Trustee under the provisions of any Security Document any material performance or the delivery of any material instrument or (iii) the Collateral Trustee shall become aware of any nonperformance by the Company or a Guarantor of any covenant or any breach of any representation or warranty of the Company or such Guarantor set forth in any Security Document, then, in each such event, the Collateral Trustee shall be entitled to hire experts, consultants, agents and attorneys to advise the Collateral Trustee on the manner in which the Collateral Trustee should respond to such request or render any requested performance or respond to such nonperformance or breach. The Collateral Trustee shall be fully protected in the taking of any action recommended or approved by any such expert, consultant, agent or attorney or agreed to by the Holders of a majority in principal amount of the outstanding Notes.

Section 10.06. *Release of Liens.* (a) The Liens on the Collateral securing the Notes will be released:

(i) upon payment in full of principal, interest and all other premium on the Notes issued under the Indenture or satisfaction and discharge (in accordance with Article 8) or defeasance (including pursuant to Section 8.03);

(ii) upon release of a Note Guarantee (with respect to the Liens securing such Note Guarantee granted by such Guarantor);

(iii) in connection with any disposition of Collateral to any Person other than Holdings, the Company or any of its Restricted Subsidiaries that are Guarantors (but excluding any transaction subject to Article 5 or where the transferee will be an obligor on the Notes or a Note Guarantee) that is permitted by the Indenture (with respect to the Lien on such Collateral); *provided* that Liens on no more than $100 million of Collateral may be released in connection with dispositions to Restricted Subsidiaries that are not Guarantors (with the value of the Lien released deemed to be the fair market value of the related Collateral at the time of release);

(iv) in whole or in part, with the consent of the Holders of the requisite percentage of Notes in accordance with the provisions described under Section 9.02, including a release of all or substantially all of the Collateral if approved by Holders of at least 75% in the aggregate principal amount of the Notes (even if the holders of any other Pari-Passu Obligations continue to be secured by the Collateral);

(v) in the case of Secondary Collateral, if and to the extent required by the provisions of the Intercreditor Agreement; and

(vi) with respect to assets that become Excluded Property.

Each of the releases described in clauses (i), (ii), (iii), (v) and (vi) above shall be effected by the Collateral Trustee without the consent of the Noteholders or any action on the part of the Trustee.

(b) Notwithstanding the foregoing, so long as no Default or Event of Default under the Indenture would result therefrom, the Company and the Guarantors may, among other things, without any release or consent by the Trustee or the Collateral Trustee conduct ordinary course activities with respect to Collateral, including, without limitation, (i) selling or otherwise disposing of, in any transaction or series of related transactions, any property subject to the Lien of the Security Documents which has become worn out, defective or obsolete or not used or useful in the business; (ii) abandoning, terminating, canceling, releasing or making alterations in or substitutions of any leases or contracts subject to the Lien of the Indenture or any of the Security Documents; (iii) surrendering or modifying any franchise, license or permit subject to the Lien of the Indenture or any of the Security Documents which it may own or under which it may be operating; altering, repairing, replacing, changing the location or position of and adding to its structures, machinery, systems, equipment, fixtures and appurtenances; (iv) granting a license of any intellectual property; (v) selling, transferring or otherwise disposing of inventory in the ordinary course of business; (vi) selling, collecting, liquidating, factoring or otherwise disposing of accounts receivable in the ordinary course of business; (vii) making cash payments (including for the scheduled repayment of Indebtedness) from cash that is at any time part of the Collateral in the ordinary course of business that are not otherwise prohibited by the Indenture and the Security Documents; and (viii) abandoning any intellectual property which is no longer used or useful in the business of the Company.

The fair value of Collateral released from Liens of this Indenture and the Security Documents pursuant to this subsection (b) shall not be considered in determining whether the aggregate fair value of Collateral released from Liens of this Indenture and the Security Documents in any calendar year exceeds the 10% threshold specified in Section 314(d)(1) of the Trust Indenture Act.

(c) Upon compliance by the Company or any Guarantor, as the case may be, with the conditions precedent required by the Indenture, the Trustee or the Collateral Trustee (upon written notice of such compliance) shall promptly cause to be released and re-conveyed to the Company or the Guarantor, as the case may be, the released Collateral. In addition, at the written request of the Company or the applicable Guarantor, as the case may be:

(i) if any part of the Collateral is subject to any Permitted Lien (other than a Lien referred to in clause (1) of the definition thereof) that is senior to the Liens securing the Collateral as a matter of law, the Collateral Trustee will be authorized to execute any document evidencing such subordination; and

(ii) if any part of the Collateral is secured by a Lien of the type described in clause (20) of the definition of Permitted Liens securing Indebtedness incurred pursuant to clause (b)(4) of Permitted Debt, and the terms of such Indebtedness (or of the Lien securing such Indebtedness) prohibit the existence of a junior Lien on the applicable property or require any Lien to be subordinated to the Lien securing such Indebtedness, the Collateral Trustee will be authorized to release or subordinate the Lien on such Collateral and execute any document evidencing such release or subordination; *provided, however*, that immediately upon the ineffectiveness, lapse or termination of any such restriction, the Company or the applicable Guarantor, as the case may be, will take all necessary actions in order to secure the Collateral subject to such Permitted Lien in the same manner upon which it was secured prior to the imposition of the Permitted Lien.

(d) Upon delivery to the Collateral Trustee of an Officer's Certificate requesting execution of an instrument confirming the release or subordination of the Liens pursuant to Section 10.06(a) or (c), as applicable, accompanied by:

(1) an Opinion of Counsel confirming such release or subordination is permitted by Section 10.06(a) or (c), as applicable;

(2) all instruments requested by the Company to effectuate or confirm such release or subordination; and

(3) such other certificates and documents as the Collateral Trustee may reasonably request to confirm the matters set forth in Section 10.06(a) or (c), as applicable,

the Collateral Trustee is hereby authorized to, and shall, if such instruments and confirmation are reasonably satisfactory to the Collateral Trustee, promptly execute and deliver such instruments.

(e) All instruments effectuating or confirming any release or subordination of any Liens will have the effect solely of releasing or subordinating such Liens as to the Collateral described therein, on customary terms and without any recourse, representation, warranty or liability whatsoever.

(f) The Company will bear and pay all costs and expenses associated with any release or subordination of Liens pursuant to this Section 10.06, including all reasonable fees and disbursements of any attorneys or representatives acting for the Trustee or for the Collateral Trustee.

(g) Any release of Collateral in accordance with the provisions of this Indenture and the Security Documents will not be deemed to impair the security under this Indenture, and any engineer or appraiser may rely on this Section 10.06(g) in delivering a certificate requesting release so long as all other provisions of this Indenture and the Trust Indenture Act with respect to such release have been complied with.

Section 10.07. *Agreement for the Benefit of Holders of First Priority Liens on Secondary Collateral.* The Collateral Trustee, the Trustee and each Holder of Notes, by accepting a Note agrees, that:

(a) The Liens on the Secondary Collateral are, to the extent and in the manner provided in the Intercreditor Agreement, subject to and subordinate in ranking to all present and future Liens securing the Revolving Credit Obligations thereon; and the Intercreditor Agreement will be enforceable by the holders of such Revolving Credit Obligations, for the benefit of such holders, until the satisfaction pursuant to the terms thereof of all such Revolving Credit Obligations outstanding at the time of such release.

(b) As among the Revolver Agent, the Collateral Trustee, the Holders of the Notes and the holders of the Revolving Credit Obligations, the holders of the Revolving Credit Obligations and the Revolver Agent will have the sole ability to control and obtain remedies with respect to all Secondary Collateral without the necessity of any consent or of any notice to the Collateral Trustee, or any such Holder, subject to the limitations set forth in the Intercreditor Agreement.

(c) As among the Collateral Trustee, the Term Loan Agent, the Trustee, each other Authorized Representative (as defined in the Collateral Trust Agreement) (if any), the Holders of the Notes, the holders of the Term Loan Obligations and the holders of any other Pari-Passu Obligations, the Collateral Trustee shall, subject to the limitations set forth in the Intercreditor Agreement, exercise the rights and remedies provided in the Collateral Trust Agreement and the Security Documents (as defined in the Collateral Trust Agreement) with respect to the Secondary Collateral at the written direction of the Applicable Authorized Representative.

Section 10.08. *Notes And Note Guarantees Not Subordinated.* The provisions of Section 10.07 are intended solely to set forth the relative ranking, as Liens, of the Liens on the Secondary Collateral securing the Notes as against the Liens thereon securing the Revolving Credit Obligations. The Notes and the Note Guarantees are senior secured obligations of the Company and the Guarantors. Neither the Notes and the Note Guarantees nor the exercise or enforcement of any right or remedy for the payment or collection thereof (other than the exercise of rights and remedies in respect of the Collateral, which are subject to the Intercreditor Agreement) are intended to be, or will ever be by reason of the provisions of Sections 10.07, in any respect subordinated, deferred, postponed, restricted or prejudiced.

ARTICLE 11
GUARANTEES

Section 11.01. *The Guarantees.* Subject to the provisions of this Article, to the fullest extent permitted by applicable law, each Guarantor hereby irrevocably and unconditionally guarantees, jointly and severally, on a secured basis, the full and punctual payment (whether at Stated Maturity, upon redemption, purchase pursuant to an Offer to Purchase or acceleration, or otherwise) of the principal of, premium, if any, and interest on, and all other amounts payable under, each Note, and the full and punctual payment of all other amounts payable by the Company under the Indenture. Upon failure by the Company to pay punctually any such amount, each Guarantor shall forthwith on demand pay the amount not so paid at the place and in the manner specified in the Indenture.

Section 11.02. *Guarantee Unconditional.* The obligations of each Guarantor hereunder are unconditional and absolute and, without limiting the generality of the foregoing, to the fullest extent permitted by applicable law, will not be released, discharged or otherwise affected by

(1) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Company under the Indenture, any Security Document or any Note, by operation of law or otherwise;

(2) any modification or amendment of or supplement to the Indenture, any Security Document or any Note;

(3) any change in the corporate existence, structure or ownership of the Company, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Company or its assets or any resulting release or discharge of any obligation of the Company contained in the Indenture, any Security Document or any Note;

(4) the existence of any claim, set-off or other rights which the Guarantor may have at any time against the Company, the Trustee or any other Person, whether in connection with the Indenture or any unrelated transactions, *provided* that nothing herein prevents the assertion of any such claim by separate suit or compulsory counterclaim;

(5) any invalidity or unenforceability relating to or against the Company for any reason of the Indenture, any Security Document or any Note, or any provision of applicable law or regulation purporting to prohibit the payment by the Company of the principal of or interest on any Note or any other amount payable by the Company under the Indenture; or

(6) any other act or omission to act or delay of any kind by the Company, the Trustee or any other Person or any other circumstance whatsoever which might, but for the provisions of this paragraph, constitute a legal or equitable discharge of or defense to such Guarantor's obligations hereunder.

Section 11.03. *Discharge; Reinstatement.* Each Guarantor's obligations hereunder will remain in full force and effect until the principal of, premium, if any, and interest on the Notes and all other amounts payable by the Company under the Indenture have been paid in full. If at any time any payment of the principal of, premium, if any, or interest on any Note or any other amount payable by the Company under the Indenture is rescinded or must be otherwise restored or returned upon the insolvency, bankruptcy or reorganization of the Company or otherwise, each Guarantor's obligations hereunder with respect to such payment will be reinstated as though such payment had been due but not made at such time.

Section 11.04. *Waiver by the Guarantors.* To the fullest extent permitted by applicable law, each Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Company or any other Person.

Section 11.05. *Subrogation and Contribution.* Upon making any payment with respect to any obligation of the Company under this Article, the Guarantor making such payment will be subrogated to the rights of the payee against the Company with respect to such obligation, *provided* that the Guarantor may not enforce either any right of subrogation, or any right to receive payment in the nature of contribution, or otherwise, from any other Guarantor, with respect to such payment so long as any amount payable by the Company hereunder or under the Notes remains unpaid.

Section 11.06. *Stay of Acceleration.* If acceleration of the time for payment of any amount payable by the Company under the Indenture or the Notes is stayed upon the insolvency, bankruptcy or reorganization of the Company, all such amounts otherwise subject to acceleration under the terms of the Indenture are nonetheless payable by the Guarantors hereunder forthwith on demand by the Trustee or the Holders.

Section 11.07. *Limitation on Amount of Guarantee.* Notwithstanding anything to the contrary in this Article, each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent conveyance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of state law. To effectuate that intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of each Guarantor (other than Holdings) under its Note Guarantee are limited to the maximum amount that would not render the Guarantor's obligations subject to avoidance under applicable fraudulent conveyance provisions of the United States Bankruptcy Code or any comparable provision of state law.

Section 11.08. *Execution and Delivery of Guarantee.* The execution by each Guarantor of the Indenture (or a supplemental indenture in the form of Exhibit B) evidences the Note Guarantee of such Guarantor, whether or not the person signing as an officer of the Guarantor still holds that office at the time of authentication of any Note. The delivery of any Note by the Trustee after authentication constitutes due delivery of the Note Guarantee set forth in the Indenture on behalf of each Guarantor.

Section 11.09. *Release of Guarantee.* The Note Guarantee of a Guarantor (other than Holdings) will terminate:

(1) in connection with any sale or other disposition of all of the Capital Stock of a Guarantor to a Person that is not (either before or after giving effect to such transaction) the Company or a Restricted Subsidiary, if the sale of all such Capital Stock of that Guarantor complies with Section 4.12;

(2) if the Company designates such Guarantor as an Unrestricted Subsidiary in accordance with the provisions of the Indenture;

(3) upon legal or covenant defeasance of the Notes or satisfaction and discharge of the Indenture as provided in Article 8 or;

(4) upon a sale of Capital Stock which causes such Guarantor to cease to be a Subsidiary if such sale does not violate any of the provisions of the Indenture; *provided* that such Guarantor is concurrently released from any other Guarantees of Indebtedness of the Company or any of its Restricted Subsidiaries at such time.

Upon delivery by the Company to the Trustee of an Officer's Certificate and an Opinion of Counsel to the foregoing effect, the Trustee will execute any documents reasonably required in order to evidence the release of the Guarantor from its obligations under its Note Guarantee.

ARTICLE 12
MISCELLANEOUS

Section 12.01. *Trust Indenture Act of 1939.* If any provision of this Indenture limits, qualifies, or conflicts with provisions of the Trust Indenture Act that are required to be part of and to govern indentures qualified under the Trust Indenture Act, such incorporated provisions shall control except as set forth in the next sentence. Sections 313(a)(5), 313(a)(6), 313(a)(7), 314(b)(1) and 314(d) of the Trust Indenture Act are not incorporated into or otherwise made a part of this Indenture.

Section 12.02. *Noteholder Communications; Noteholder Actions.* (a) The rights of Holders to communicate with other Holders with respect to the Indenture or the Notes are as provided by the Trust Indenture Act, and the Company and the Trustee shall comply with the requirements of Trust Indenture Act Sections 312(a) and 312(b). Neither the Company nor the Trustee will be held accountable by reason of any disclosure of information as to names and addresses of Holders made pursuant to the Trust Indenture Act.

(b) (1) Any request, demand, authorization, direction, notice, consent to amendment, supplement or waiver or other action provided by this Indenture to be given or taken by a Holder (an "**act**") may be evidenced by an instrument signed by the Holder delivered to the Trustee. The fact and date of the execution of the instrument, or the authority of the person executing it, may be proved in any manner that the Trustee deems sufficient.

(2) The Trustee may make reasonable rules for action by or at a meeting of Holders, which will be binding on all the Holders.

(c) Any act by the Holder of any Note binds that Holder and every subsequent Holder of a Note that evidences the same debt as the Note of the acting Holder, even if no notation thereof appears on the Note. Subject to paragraph (d), a Holder may revoke an act as to its Notes, but only if the Trustee receives the notice of revocation before the date the amendment or waiver or other consequence of the act becomes effective.

(d) The Company may, but is not obligated to, fix a record date (which need not be within the time limits otherwise prescribed by Trust Indenture Act Section 316(c)) for the purpose of determining the Holders entitled to act with respect to any amendment or waiver or in any other regard, except that during the continuance of an Event of Default, only the Trustee may set a record date as to notices of default, any declaration or acceleration or any other remedies or other consequences of the Event of Default. If a record date is fixed, those Persons that were Holders at such record date and only those Persons will be entitled to act, or to revoke any previous act, whether or not those Persons continue to be Holders after the record date. No act will be valid or effective for more than 90 days after the record date.

Section 12.03. *Notices.* (a) Any notice or communication to the Company will be deemed given if in writing (i) when delivered in person or (ii) five days after mailing when mailed by first class mail, or (iii) when sent by facsimile transmission, with transmission confirmed. Notices or communications to a Guarantor will be deemed given if given to the Company. Any notice to the Trustee will be effective only upon receipt. In each case the notice or communication should be addressed as follows:

if to the Company:

Spectrum Brands, Inc.
610 Rayovac Drive Madison,
Wisconsin 53719
Attention: General Counsel
(608) 288-4485

if to the Trustee:

US Bank National Association
150 Fourth Avenue North, 2nd Floor
Nashville, Tennessee 37219
Attention: Corporate Trust Services
(615) 251-0737

The Company or the Trustee by notice to the other may designate additional or different addresses for subsequent notices or communications.

(b) Except as otherwise expressly provided with respect to published notices, any notice or communication to a Holder will be deemed given when mailed to the Holder at its address as it appears on the Register by first class mail or, as to any Global Note registered in the name of DTC or its nominee, as agreed by the Company, the Trustee and DTC. Copies of any notice or communication to a Holder, if given by the Company, will be mailed to the Trustee at the same time. Defect in mailing a notice or communication to any particular Holder will not affect its sufficiency with respect to other Holders.

(c) Where the Indenture provides for notice, the notice may be waived in writing by the Person entitled to receive such notice, either before or after the event, and the waiver will be the equivalent of the notice. Waivers of notice by Holders must be filed with the Trustee, but such filing is not a condition precedent to the validity of any action taken in reliance upon such waivers.

Section 12.04. *Certificate and Opinion as to Conditions Precedent.* Upon any request or application by the Company to the Trustee to take any action under the Indenture, the Company will furnish to the Trustee:

(1) an Officer's Certificate stating that, in the opinion of the signers, all conditions precedent, if any, provided for in the Indenture relating to the proposed action have been complied with; and

(2) an Opinion of Counsel stating that all such conditions precedent have been complied with.

Section 12.05. *Statements Required in Certificate or Opinion.* Each certificate or opinion with respect to compliance with a condition or covenant provided for in the Indenture must include:

(1) a statement that each person signing the certificate or opinion has read the covenant or condition and the related definitions;

(2) a brief statement as to the nature and scope of the examination or investigation upon which the statement or opinion contained in the certificate or opinion is based;

(3) a statement that, in the opinion of each such person, that person has made such examination or investigation as is necessary to enable the person to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(4) a statement as to whether or not, in the opinion of each such person, such condition or covenant has been complied with, *provided* that an Opinion of Counsel may rely on an Officer's Certificate or certificates of public officials with respect to matters of fact.

Section 12.06. *Payment Date Other Than a Business Day.* If any payment with respect to a payment of any principal of, premium, if any, or interest on any Note (including any payment to be made on any date fixed for redemption or purchase of any Note) is due on a day which is not a Business Day, then the payment need not be made on such date, but may be made on the next Business Day with the same force and effect as if made on such date, and no interest will accrue for the intervening period.

Section 12.07. *Governing Law.* The Indenture, including any Note Guarantees, and the Notes shall be governed by, and construed in accordance with, the laws of the State of New York.

Section 12.08. *No Adverse Interpretation of Other Agreements.* The Indenture may not be used to interpret another indenture or loan or debt agreement of the Company or any Subsidiary of the Company, and no such indenture or loan or debt agreement may be used to interpret the Indenture.

Section 12.09. *Successors.* All agreements of the Company or any Guarantor in the Indenture and the Notes will bind its successors. All agreements of the Trustee in the Indenture will bind its successor.

Section 12.10. *Duplicate Originals.* The parties may sign any number of copies of the Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 12.11. *Separability.* In case any provision in the Indenture or in the Notes is invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions will not in any way be affected or impaired thereby.

Section 12.12. *Table of Contents and Headings.* The Table of Contents, Cross-Reference Table and headings of the Articles and Sections of the Indenture have been inserted for convenience of reference only, are not to be considered a part of the Indenture and in no way modify or restrict any of the terms and provisions of the Indenture.

Section 12.13. *No Liability of Directors, Officers, Employees and Stockholders.* No director, officer, employee, incorporator, stockholder or controlling person of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or the Guarantors under the Notes, the Indenture, the Note Guarantees, the Security Documents, the Intercreditor Agreement or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Section 12.14. *Benefits of Indenture.* Nothing in this Indenture, express or implied, shall give to any Person, other than the parties hereto and their successors thereunder, any Paying Agent and the Holders, any benefit or any legal or equitable right, remedy or claim under this Indenture.

Section 12.15. *Rules by Trustee and Agents.* The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its function.

SIGNATURES

IN WITNESS WHEREOF, the parties hereto have caused the Indenture to be duly executed as of the date first written above.

SPECTRUM BRANDS, INC.
as Issuer

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Senior Vice President, Secretary and General Counsel

US BANK NATIONAL ASSOCIATION
as Trustee

By: /s/ Wally Jones
Name: Wally Jones
Title: Vice President

GUARANTORS:

DB ONLINE, LLC
ROV HOLDING, INC.
ROVCAL, INC.
SCHULTZ COMPANY
SPECTRUM JUNGLE LABS CORPORATION
SPECTRUM NEPTUNE US HOLDCO CORPORATION
TETRA HOLDING (US), INC.
UNITED INDUSTRIES CORPORATION
UNITED PET GROUP, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Senior Vice President / Vice President and Secretary / Assistant Secretary, as applicable

SB/RH HOLDINGS, LLC
RUSSELL HOBBS, INC.
APN HOLDING COMPANY, INC.
APPLICA AMERICAS, INC.
APPLICA CONSUMER PRODUCTS, INC.
APPLICA MEXICO HOLDINGS, INC.
HOME CREATIONS DIRECT, LTD.
HP DELAWARE, INC.
HPG LLC
SALTON HOLDINGS, INC.
TOASTMASTER INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa R. Carstarphen
Title: Vice President and Secretary

Exhibit 10.12

EXECUTION COPY

CREDIT AGREEMENT

dated as of

June 16, 2010

among

SPECTRUM BRANDS, INC.,
as Borrower,

SB/RH HOLDINGS, LLC,

THE LENDERS PARTY HERETO

and

CREDIT SUISSE AG,
as Administrative Agent

CREDIT SUISSE SECURITIES (USA) LLC,
BANC OF AMERICA SECURITIES LLC
and
DEUTSCHE BANK SECURITIES INC.,

as Joint Bookrunners and Joint Lead Arrangers

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

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Documentation Agent

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SCHEDULES

EXHIBITS

CREDIT AGREEMENT dated as of June 16, 2010 among SPECTRUM BRANDS, INC., a Delaware corporation (the "**Borrower**" or "**Spectrum**"), SB/RH HOLDINGS, LLC, a Delaware limited liability company ("**Holdings**"), the Lenders (such term and each other capitalized term used but not defined in this introductory statement having the meaning given it in Article 1), CREDIT SUISSE AG, as administrative agent for the Lenders (in such capacity, including any successor thereto, the "**Administrative Agent**").

Spectrum is party to an Agreement and Plan of Merger dated as of February 9, 2010 (as amended by Amendment No. 1 dated as of March 1, 2010, Amendment No. 2 dated as of March 26, 2010 and Amendment No. 3 dated as of April 30, 2010, the "**Merger Agreement**") by and among Spectrum Brands Holdings, Inc. (formerly known as SB/RH Holdings, Inc.), a Delaware corporation ("**Super Holdco**"), Battery Merger Corp., a Delaware corporation ("**Spectrum Merger Sub**"), Grill Merger Corp., a Delaware corporation ("**Russell Hobbs Merger Sub**"), Spectrum and Russell Hobbs, Inc., a Delaware corporation ("**Russell Hobbs**"), pursuant to which Spectrum will engage in a business combination transaction with Russell Hobbs that is implemented by the acquisition by Super Holdco of all of the equity interests of Spectrum and Russell Hobbs as follows: Super Holdco (i) causes Spectrum Merger Sub to be merged with and into Spectrum, with Spectrum surviving as a wholly owned subsidiary of Super Holdco, with the equityholders of Spectrum receiving common equity of Super Holdco as merger consideration (the "**Spectrum Merger**"), (ii) causes Russell Hobbs Merger Sub to be merged with and into Russell Hobbs, with Russell Hobbs surviving as a wholly owned subsidiary of Super Holdco, with the equityholders of Russell Hobbs receiving common equity of Super Holdco as merger consideration (the "**Russell Hobbs Merger**" and, together with the Spectrum Merger, the "**Mergers**") and (iii) immediately following the Mergers, (A) contributes all of the outstanding equity interests of Russell Hobbs (the "**Russell Hobbs Contribution**") to Spectrum, resulting in Russell Hobbs becoming a wholly owned subsidiary of Spectrum, and (B) contributes all of the outstanding equity interests of Spectrum (the "**Spectrum Contribution**" and, together with the Mergers and the Russell Hobbs Contribution, the "**Acquisition**") to Holdings, a wholly owned subsidiary of Super Holdco.

The Borrower has requested the Lenders to extend credit in the form of Term Loans on the Closing Date, in an aggregate principal amount not in excess of $750,000,000.

The proceeds of the Term Loans are to be used solely to refinance certain existing indebtedness of Spectrum, Russell Hobbs and their respective subsidiaries outstanding as of the Closing Date and to pay fees and expenses related to the Transactions.

Concurrently herewith, the Borrower is entering into the ABL Credit Agreement providing for loans and other extensions of credit in an aggregate principal amount of up to $300,000,000.

Concurrently herewith, the Borrower is issuing the Senior Secured Notes in the initial aggregate principal amount of $750,000,000 pursuant to the Senior Secured Note Indenture.

The Lenders are willing to extend such credit to the Borrower on the terms and subject to the conditions set forth herein. Accordingly, the parties hereto agree as follows:

ARTICLE 1
DEFINITIONS

Section 1.01. *Defined Terms.* As used in this Agreement, the following terms shall have the meanings specified below:

"**ABL Credit Agreement**" shall mean that certain Loan and Security Agreement dated as of June 16, 2010, among Spectrum and certain of its Subsidiaries, as borrowers, the lenders party thereto, and Bank of America, N.A., as administrative agent.

"**ABL Documents**" shall mean the ABL Credit Agreement and all other instruments, agreements and other documents delivered thereunder or providing for any Guarantee or other right in respect thereof.

"**ABL Intercreditor Agreement**" shall mean the Intercreditor Agreement, substantially in the form of Exhibit H, among the Borrower, the Guarantors, the Collateral Trustee and Bank of America, N.A., as administrative agent under the ABL Credit Agreement.

"**ABL Priority Collateral**" shall have the meaning assigned to such term in the ABL Intercreditor Agreement.

"**ABR**", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Alternate Base Rate.

"**Acquired Entity**" shall have the meaning assigned to such term in Section 6.05(a)(iv).

"**Acquisition**" shall have the meaning assigned to such term in the preliminary statements hereto.

"**Adjusted LIBO Rate**" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, an interest rate per annum equal to the greater of (a) 1.50% and (b) the product of (i) the LIBO Rate in effect for such Interest Period and (ii) Statutory Reserves.

"**Administrative Agent**" shall have the meaning assigned to such term in the introductory statement hereto.

"**Administrative Questionnaire**" shall mean an Administrative Questionnaire in the form of Exhibit A, or such other form as may be supplied from time to time by the Administrative Agent.

"**Affiliate**" shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified.

"**Affiliate Subordination Agreement**" shall mean an Affiliate Subordination Agreement in the form of Exhibit I pursuant to which intercompany obligations and advances owed by any Loan Party are subordinated to the Obligations.

"**Agents**" shall have the meaning assigned to such term in Article 8.

"**Agreement Value**" means, for each Hedging Agreement, on any date of determination, the maximum aggregate amount (giving effect to any netting agreements) that Holdings, the Borrower or such Subsidiary would be required to pay if such Hedging Agreement were terminated on such date.

"**Alternate Base Rate**" shall mean, for any day, a rate per annum equal to the greatest of (a) the Prime Rate in effect on such day, (b) the Federal Funds Effective Rate in effect on such day plus 1/2 of 1% and (c) the Adjusted LIBO Rate applicable for an Interest Period of one month beginning on such day (or if such day is not a Business Day, the immediately preceding Business Day) plus 1%; *provided* that, for the avoidance of doubt, the Adjusted LIBO Rate for any day shall be based on the rate determined on such day at approximately 11:00 a.m. (London time) by reference to the British Bankers' Association Interest Settlement Rates for deposits in Dollars (as set forth by any service selected by the Administrative Agent that has been nominated by the British Bankers' Association as an authorized vendor for the purpose of displaying such rates). If the Administrative Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Administrative Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the Alternate Base Rate shall be determined without regard to clause (b) of the preceding sentence until the circumstances giving rise

to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate shall be effective on the effective date of such change in the Prime Rate, the Federal Funds Effective Rate or the Adjusted LIBO Rate, as the case may be.

"**Applicable Margin**" shall mean, for any day (a) with respect to any Eurodollar Term Loan, 6.50% per annum and (b) with respect to any ABR Term Loan, 5.50% per annum.

"**Asset Sale**" shall mean the sale, transfer or other disposition (by way of merger, casualty, condemnation or otherwise) by the Borrower or any of the Subsidiaries to any Person other than the Borrower or any Subsidiary Guarantor of (a) any Equity Interests of any of the Subsidiaries (other than directors' qualifying shares) or (b) any other assets of the Borrower or any of the Subsidiaries (other than (i) inventory, damaged, obsolete or worn out assets, scrap and Permitted Investments, in each case disposed of in the ordinary course of business, (ii) dispositions between or among Foreign Subsidiaries, (iii) any ABL Priority Collateral, (iv) any sale, transfer or other disposition or series of related sales, transfers or other dispositions having a value not to exceed $3,000,000 in any period of twelve consecutive months most recently ended, (v) sales, transfers and other distributions of equipment (A) in a transaction where such equipment is exchanged for credit against the purchase price of similar replacement equipment or (B) the proceeds of such disposition are reasonably promptly applied to the purchase price of such replacement equipment, (vi) dispositions in the ordinary course of business consisting of abandonment of all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other intellectual property rights that, in the good faith determination of the Borrower or any Subsidiary, are uneconomical, negligible, obsolete or otherwise not material in the conduct of its business, (vii) dispositions of property formerly leased by the Borrower or its Subsidiaries and acquired by the Borrower and sold as an alternative to terminating the lease on such property, (viii) the sale, transfer or other disposition of all or a portion of the Equity Interests of Rayovac PRC, a wholly-owned indirect Subsidiary and a direct subsidiary of Spectrum Brands Mauritius Limited and (ix) the assignment or other transfer of all rights in and to the mark STA GREEN and any applications and registrations thereof).

"**Assignment and Acceptance**" shall mean an assignment and acceptance entered into by a Lender and an Eligible Assignee, and accepted by the Administrative Agent, in the form of Exhibit B or such other form as shall be approved by the Administrative Agent.

"**Board**" shall mean the Board of Governors of the Federal Reserve System of the United States of America.

"**Borrower**" shall have the meaning assigned to such term in the introductory statement hereto.

"**Borrower Materials**" shall have the meaning assigned to such term in Section 9.01.

"**Borrowing**" shall mean Loans of the same Class and Type made, converted or continued on the same date and, in the case of Eurodollar Term Loans, as to which a single Interest Period is in effect.

"**Borrowing Request**" shall mean a request by the Borrower in accordance with the terms of Section 2.03 and substantially in the form of Exhibit C, or such other form as shall be approved by the Administrative Agent.

"**Breakage Event**" shall have the meaning assigned to such term in Section 2.16.

"**Business Day**" shall mean any day other than a Saturday, Sunday or day on which banks in New York City are authorized or required by law to close; *provided*, *however*, that when used in connection with a Eurodollar Term Loan, the term "**Business Day**" shall also exclude any day on which banks are not open for dealings in Dollar deposits in the London interbank market.

"**Capital Expenditures**" shall mean, for any period, the additions to property, plant and equipment and other capital expenditures of the Borrower and its consolidated Subsidiaries that are (or should be) set forth in a consolidated statement of cash flows of the Borrower for such period prepared in accordance with GAAP but excluding in each case any such expenditure made to restore, replace or rebuild property to the condition of such property immediately prior to any damage, loss, destruction or condemnation of such property, to the extent such expenditure is made with insurance proceeds, condemnation awards or damage recovery proceeds relating to any such damage, loss, destruction or condemnation.

"**Capital Lease Obligations**" of any Person shall mean the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

"**Casualty Event**" means any casualty or other insured damage to, or any taking under any power of eminent domain or condemnation or similar proceeding of, any assets of the Borrower or any of the Subsidiaries.

A "**Change in Control**" shall be deemed to have occurred if (a) any "person" or "group" (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934 as in effect on the date hereof), other than the Permitted Investors, shall own, directly or indirectly, beneficially or of record, shares representing more than (i) 35% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of Super Holdco and (ii) the aggregate ordinary voting power represented by the issued and outstanding capital stock of Super Holdco directly or indirectly owned by the Permitted Investors, (b) a majority of the seats (other than vacant seats) on the board of directors of Super Holdco shall at any time be occupied by persons who were neither (i) nominated by the board of directors of Super Holdco (or any committee thereof with the authority to nominate directors) or the Permitted Investors nor (ii) appointed by directors so nominated, (c) any change in control (or similar event, however denominated) with respect to Super Holdco, Holdings or the Borrower shall occur under and as defined in any indenture or agreement in respect of Material Indebtedness, (d) Super Holdco shall cease to directly own, beneficially and of record, 100% of the issued and outstanding Equity Interests of Holdings, or (e) Holdings shall cease to directly own, beneficially and of record, 100% of the issued and outstanding Equity Interests of the Borrower.

"**Change in Law**" shall mean (a) the adoption of any law, rule or regulation after the date of this Agreement, (b) any change in any law, rule or regulation or in the interpretation or application thereof by any Governmental Authority after the date of this Agreement or (c) compliance by any Lender (or, for purposes of Section 2.14, by any lending office of such Lender or by such Lender's holding company, if any) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

"**Charges**" shall have the meaning assigned to such term in Section 9.09.

"**Class**", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are Term Loans or Other Term Loans and, when used in reference to any Commitment, refers to whether such Commitment is a Term Loan Commitment or an Incremental Term Loan Commitment.

"**Closing Date**" shall mean the date on which the initial Term Loans are made, which date is June 16, 2010.

"**Closing Date Russell Hobbs Material Adverse Effect**" shall mean any event, circumstance, change, development or effect that, individually or in the aggregate with all other events, circumstances, changes, developments or effects, (i) is materially adverse to the business, results of operations or financial condition of Russell Hobbs and any of its subsidiaries taken as a whole; *provided*, *however*, that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a "**Closing Date Russell Hobbs Material Adverse Effect**" for purposes of this clause (i): any event, circumstance,

change, development or effect to the extent arising out of or resulting from (A) changes in the United States or global economy or capital, financial, banking, credit or securities markets generally, (B) any act of war or armed hostilities or the occurrence of acts of terrorism or sabotage in each case, in the United States, (C) the announcement of the Merger Agreement or the Transaction (as defined in the Merger Agreement), (D) changes in applicable law or in the interpretation thereof, (E) changes in U.S. generally accepted accounting principles (or in the interpretation thereof) or accounting principles, practices or policies that are imposed on Russell Hobbs or any of its subsidiaries, (F) changes in general economic, legal, tax, regulatory or political conditions in the geographic regions in which Russell Hobbs and its subsidiaries operate or the market for Russell Hobbs's products, (G) [RESERVED], (H) any failure of Russell Hobbs to meet financial projections or forecasts (it being understood that the factors giving rise to or contributing to any such failure that are not otherwise excluded from the definition of "**Closing Date Russell Hobbs Material Adverse Effect**" may be deemed to constitute, or be taken into account in determining whether there has been or would be reasonably likely to have been, a Closing Date Russell Hobbs Material Adverse Effect), or (I) the matters described in the Indemnity Agreement (as defined in the Merger Agreement); *provided, however*, that such matters in the case of clauses (A), (B), (D), (E) and (F) shall be taken into account in determining whether there has been or will be a "**Closing Date Russell Hobbs Material Adverse Effect**" to the extent, but only to the extent, of any disproportionate impact on Russell Hobbs and its subsidiaries, taken as a whole, relative to other participants operating in the same industries and the geographic markets of Russell Hobbs and its subsidiaries, or (ii) would have, or be reasonably likely to have, a material adverse effect on the ability of Russell Hobbs to perform its obligations under the Merger Agreement or to consummate the Transaction (as defined in the Merger Agreement) prior to August 12, 2010.

"**Closing Date Spectrum Material Adverse Effect**" shall mean any event, circumstance, change, development or effect that, individually or in the aggregate with all other events, circumstances, changes, developments or effects, (i) is materially adverse to the business, results of operations or financial condition of Spectrum and any of its subsidiaries taken as a whole; *provided, however*, that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a "**Closing Date Spectrum Material Adverse Effect**" for purposes of this clause (i): any event, circumstance, change, development or effect to the extent arising out of or resulting from (A) changes in the market price or trading volume of Spectrum common stock (it being understood that the factors giving rise to or contributing to any such change that are not otherwise excluded from the definition of "**Closing Date Spectrum Material Adverse Effect**" may be deemed to constitute, or be taken into account in determining whether there has been or would be reasonably likely to have been, a Closing Date Spectrum Material Adverse Effect), (B) changes in the United

States or global economy or capital, financial, banking, credit or securities markets generally, (C) any act of war or armed hostilities or the occurrence of acts of terrorism or sabotage in each case, in the United States, (D) the announcement of the Merger Agreement or the Transaction (as defined in the Merger Agreement), (E) changes in applicable law or in the interpretation thereof, (F) changes in U.S. generally accepted accounting principles (or in the interpretation thereof) or accounting principles, practices or policies that are imposed on Spectrum or any of its subsidiaries, (G) changes in general economic, legal, tax, regulatory or political conditions in the geographic regions in which Spectrum and its subsidiaries operate or the market for Spectrum's products, (H) [RESERVED], (I) any failure of Spectrum to meet financial projections or forecasts (it being understood that the factors giving rise to or contributing to any such failure that are not otherwise excluded from the definition of "**Closing Date Spectrum Material Adverse Effect**" may be deemed to constitute, or be taken into account in determining whether there has been or would be reasonably likely to have been, a Closing Date Spectrum Material Adverse Effect), or (J) any litigation arising from any alleged breach of fiduciary duty or other violation of law relating to the Merger Agreement or the Transaction (as defined in the Merger Agreement); *provided*, *however*, that such matters in the case of clauses (B), (C), (E), (F) and (G) shall be taken into account in determining whether there has been or will be a "**Closing Date Spectrum Material Adverse Effect**" to the extent, but only to the extent, of any disproportionate impact on Spectrum and its subsidiaries, taken as a whole, relative to other participants operating in the same industries and the geographic markets of Spectrum and its subsidiaries, or (ii) would have, or be reasonably likely to have, a material adverse effect on the ability of Spectrum to perform its obligations under the Merger Agreement or to consummate the Transaction (as defined in the Merger Agreement) prior to August 12, 2010.

"**Code**" shall mean the Internal Revenue Code of 1986, as amended from time to time.

"**Collateral**" shall mean all the "Collateral" as defined in any Security Document and shall also include the Mortgaged Properties.

"**Collateral Trust Agreement**" shall mean the Collateral Trust Agreement, substantially in the form of Exhibit G, among the Borrower, the Guarantors, the Administrative Agent, the Senior Secured Notes Indenture Trustee and the Collateral Trustee.

"**Collateral Trustee**" shall mean Wells Fargo Bank, National Association, in its capacity as collateral trustee for the Lenders and other Secured Parties under the Collateral Trust Agreement, including any successor thereto in such capacity.

"**Commitment**" shall mean, with respect to any Lender, such Lender's Term Loan Commitment and Incremental Term Loan Commitment.

"**Communications**" shall have the meaning assigned to such term in Section 9.01.

"**Confidential Information Memorandum**" shall mean the Confidential Information Memorandum of the Borrower dated May 2010.

"**Consolidated EBITDA**" shall mean, for any period, Consolidated Net Income for such period *plus* (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) Consolidated Interest Expense for such period, (ii) consolidated income tax expense for such period, (iii) all amounts attributable to depreciation and amortization for such period, (iv) any non-cash charges (other than the write-down of current assets) for such period, (v) non-recurring losses or expenses (including severance and relocation costs, restructuring charges, integration costs or reserves), including such items related to, proposed and completed Permitted Acquisitions and Asset Sales and to closure/consolidation of facilities, in an aggregate amount not to exceed $30,000,000 for such period, (vi) restructuring charges related to the Transactions incurred prior to or within 36 months of the Closing Date, in an aggregate amount not to exceed $30,000,000 and (vii) Transaction Expenses and *minus* (b) without duplication (i) all cash payments made during such period on account of reserves, restructuring charges and other non-cash charges added to Consolidated Net Income pursuant to clause (a)(iv) above in a previous period (unless such cash payments would have been permitted to be added to Consolidated Net Income pursuant to clause (a)(v) or clause (a)(vi) in such period) and (ii) to the extent included in determining such Consolidated Net Income, any extraordinary gains and all non-cash items of income for such period, all determined on a consolidated basis in accordance with GAAP; *provided* that for purposes of calculating the Leverage Ratio in connection with determining compliance with Section 6.04(g), Section 6.05(a)(iv), Section 6.05(b)(iv), Section 6.09(b) and Section 6.12 for any period, (A) the Consolidated EBITDA of any Acquired Entity acquired by the Borrower or any Subsidiary pursuant to a Permitted Acquisition during such period shall be included on a *pro forma* basis for such period (assuming the consummation of such acquisition and the incurrence or assumption of any Indebtedness in connection therewith occurred as of the first day of such period) and (B) the Consolidated EBITDA attributable to any Asset Sale by the Borrower or any Subsidiary during such period shall be excluded for such period (assuming the consummation of such sale or other disposition and the repayment of any Indebtedness in connection therewith occurred as of the first day of such period). For purposes of determining the Interest Coverage Ratio and the Leverage Ratio, as of or for the periods ended on September 30, 2010 and January 2, 2011, Consolidated EBITDA will be deemed to be equal to (i) for the fiscal quarter ended January 3, 2010, $117,400,000 and (ii) for the fiscal quarter ended April 4, 2010, $90,600,000.

"**Consolidated Interest Expense**" shall mean, for any period, the sum of (a) interest expense (including imputed interest expense in respect of Capital Lease Obligations of the Borrower and the Subsidiaries for such period, determined on a consolidated basis in accordance with GAAP *plus* (b) any interest accrued during such period in respect of Indebtedness of the Borrower or any Subsidiary that is required to be capitalized rather than included in consolidated interest expense for such period in accordance with GAAP *minus* (c) interest income for such period. For purposes of the foregoing, interest expense shall be determined after giving effect to any net payments made or received by the Borrower or any Subsidiary with respect to interest rate Hedging Agreements. For purposes of determining the Interest Coverage Ratio for the periods ended September 30, 2010, January 2, 2011 and April 3, 2011, Consolidated Interest Expense shall be deemed to be equal to (i) the Consolidated Interest Expense for the fiscal quarter ended September 30, 2010, *multiplied by* 4, (ii) the Consolidated Interest Expense for the two consecutive fiscal quarters ended January 2, 2011, *multiplied by* 2 and (iii) the Consolidated Interest Expense for the three consecutive fiscal quarters ended April 3, 2011, *multiplied by* 4/3, respectively.

"**Consolidated Net Income**" shall mean, for any period, the net income or loss of the Borrower and the Subsidiaries for such period determined on a consolidated basis in accordance with GAAP (adjusted to reflect any charge, tax or expense incurred or accrued by Holdings during such period as though such charge, tax or expense had been incurred by the Borrower, to the extent that the Borrower has made or would be entitled under the Loan Documents to make any payment to or for the account of Holdings in respect thereof); *provided* that there shall be excluded (a) the income of any Subsidiary (other than a Subsidiary Guarantor) to the extent that the declaration or payment of dividends or similar distributions by the Subsidiary of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, statute, rule or governmental regulation applicable to such Subsidiary, (b) the income or loss of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with the Borrower or any Subsidiary or the date that such Person's assets are acquired by the Borrower or any Subsidiary, (c) the income of any Person (other than a Subsidiary) in which any other Person (other than the Borrower or a Wholly Owned Subsidiary or any director holding qualifying shares in accordance with applicable law) has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to the Borrower or a Wholly Owned Subsidiary by such Person during such period, and (d) any gains or losses attributable to sales of assets out of the ordinary course of business.

"**Consolidated Net Tangible Assets**" shall mean, as of any date, (a) the amount which, in accordance with GAAP, would be set forth under the caption "Total Assets" (or any like caption) on a consolidated balance sheet of the Borrower and its Subsidiaries, as of the end of the most recently ended fiscal quarter for which internal financial statements are available, *minus* (b) the sum of (i) all intangible assets, including, without limitation, goodwill, organization costs, patents, trademarks, copyrights, franchises, and research and development costs and (ii) current liabilities.

"**Control**" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise, and the terms "**Controlling**" and "**Controlled**" shall have meanings correlative thereto.

"**Credit Event**" shall have the meaning assigned to such term in Section 4.01.

"**Default**" shall mean any event or condition which upon notice, lapse of time or both would constitute an Event of Default.

"**Disqualified Stock**" shall mean any Equity Interest that, by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable), or upon the happening of any event, (a) matures (excluding any maturity as the result of an optional redemption by the issuer thereof) or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or is redeemable at the option of the holder thereof (other than upon an Asset Sale or Change in Control, if such right is subject to the prior payment in full of the Obligations), in whole or in part, or requires the payment of any cash dividend or any other scheduled payment constituting a return of capital, in each case at any time on or prior to the first anniversary of the Maturity Date, or (b) is convertible into or exchangeable (unless at the sole option of the issuer thereof) for (i) debt securities or (ii) any Equity Interest referred to in clause (a) above, in each case at any time prior to the first anniversary of the Maturity Date.

"**Dollars**" or "**$**" shall mean lawful money of the United States of America.

"**Domestic Subsidiaries**" shall mean all Subsidiaries incorporated or organized under the laws of the United States of America, any State thereof or the District of Columbia.

"**Eligible Assignee**" means (i) a Lender, (ii) an Affiliate of a Lender, (iii) a Related Fund of a Lender, (iv) subject to clause (iv) of the proviso to Section 9.04(b), Holdings and the Permitted Investors and (v) any other Person (other than a natural person) approved by the Administrative Agent; *provided* that notwithstanding the foregoing, "**Eligible Assignee**" shall not include any Person identified as an excluded entity to the Lead Arrangers on February 9, 2010 without the prior written consent of the Borrower.

"**Environmental Laws**" shall mean all former, current and future Federal, state, local and foreign laws (including common law), treaties, regulations, rules, ordinances, codes, decrees, judgments, directives, orders (including consent orders), and agreements in each case, relating to protection of the environment,

natural resources, human health and safety or the presence, Release of, or exposure to, Hazardous Materials, or the generation, manufacture, processing, distribution, use, treatment, storage, transport, recycling or handling of, or the arrangement for such activities with respect to, Hazardous Materials.

"**Environmental Liability**" shall mean all liabilities, obligations, damages, losses, claims, actions, suits, judgments, orders, fines, penalties, fees, expenses and costs (including administrative oversight costs, natural resource damages and remediation costs), whether contingent or otherwise, arising out of or relating to (a) compliance or non compliance with any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

"**Equity Interests**" shall mean shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity interests in any Person, and any option, warrant or other right entitling the holder thereof to purchase or otherwise acquire any such equity interest.

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as the same may be amended from time to time.

"**ERISA Affiliate**" shall mean any trade or business (whether or not incorporated) that, together with the Borrower, is treated as a single employer under Section 414(b) or (c) of the Code, or solely for purposes of Section 302 of ERISA and Section 412 of the Code, is treated as a single employer under Section 414(m) or (o) of the Code.

"**ERISA Event**" shall mean (a) any "reportable event", as defined in Section 4043 of ERISA or the regulations issued thereunder, with respect to a Plan, (b) the failure to satisfy the minimum funding standard (as defined in Section 412 or 430 of the Code or Section 303 or 304 of ERISA) with respect to any Plan, whether or not waived, (c) a determination that any Plan is in "at-risk status" or any Multiemployer Plan is in "endangered status" or "critical status" (as each is defined in Section 303 and 305 of ERISA, respectively), (d) the incurrence by the Borrower or any of its ERISA Affiliates of any material liability under Title IV of ERISA with respect to the termination of any Plan or the withdrawal or partial withdrawal of the Borrower or any of its ERISA Affiliates from any Plan or Multiemployer Plan, (e) the receipt by the Borrower or any of its ERISA Affiliates from the PBGC or a plan administrator of any notice relating to the intention to terminate any Plan or Plans or to appoint a trustee to administer any Plan, (f) the receipt by the Borrower or any of its ERISA Affiliates of any notice, or the receipt by any Multiemployer Plan from the Borrower or any of its ERISA

Affiliates of any notice, concerning the imposition of Withdrawal Liability or a determination that a Multiemployer Plan is, or is expected to be, insolvent or in reorganization, within the meaning of Title IV of ERISA or (g) the occurrence of a non-exempt "prohibited transaction" with respect to which the Borrower or any of the Subsidiaries is a "disqualified person" (each within the meaning of Section 4975 of the Code) that results in material liability to the Borrower.

"**Eurodollar**", when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, are bearing interest at a rate determined by reference to the Adjusted LIBO Rate.

"**Events of Default**" shall have the meaning assigned to such term in Article 7.

"**Excess Cash Flow**" shall mean, for any fiscal year of the Borrower, the excess of (a) (i) Consolidated EBITDA for such fiscal year over (b) the sum, without duplication, of (i) the amount of any Taxes payable in cash by the Borrower and the Subsidiaries with respect to such fiscal year, (ii) Consolidated Interest Expense for such fiscal year paid in cash, (iii) Capital Expenditures and Permitted Acquisitions made in cash in accordance with Section 6.10 or Section 6.05 during such fiscal year and costs and expenses incurred in connection with actual or proposed Permitted Acquisitions made during such year, except, in each case, to the extent financed with the proceeds of Indebtedness, equity issuances, casualty proceeds, condemnation proceeds or other proceeds that would not be included in Consolidated EBITDA, (iv) permanent repayments of Indebtedness (other than mandatory prepayments of Loans under Section 2.13 and repayments of Senior Secured Notes) made in cash by the Borrower and the Subsidiaries during such fiscal year, but only to the extent that the Indebtedness so prepaid by its terms cannot be reborrowed or redrawn and such prepayments do not occur in connection with a refinancing of all or any portion of such Indebtedness and (v) amounts added back to determine Consolidated EBITDA pursuant to clauses (a)(v) and (a)(vi) of the definition thereof.

"**Excluded Taxes**" shall mean, with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction described in clause (a) above, (c) any withholding tax that (i) is imposed on amounts payable to such recipient at the time such recipient becomes a party to this Agreement (other than, for purposes of this clause (c)(i), an assignee pursuant to a request by the Borrower under Section 2.21(a) and, in such case only to the extent that such assignee receives its interests, rights and obligations under this

Agreement pursuant to Section 2.21(a)), (ii) is imposed on amounts payable to such recipient at the time such recipient designates a new lending office or (iii) is attributable to such recipient's failure or inability (other than as a result of a Change in Law) to comply with Section 2.20(e), except, in cases described in clauses (i) and (ii), to the extent that such recipient (or its assignor, if any) was entitled, at the time of such assignment or designation of a new lending office, to receive additional amounts from the Borrower with respect to such withholding tax pursuant to Section 2.20(a).

"**Existing Credit Facilities**" shall mean the credit facilities of Spectrum, Russell Hobbs and their respective subsidiaries that are listed on Schedule 1.01(a).

"**Federal Funds Effective Rate**" shall mean, for any day, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day for such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by it.

"**Fee Letter**" shall mean the Fee Letter dated February 9, 2010, among Russell Hobbs, the Lead Arrangers and certain Affiliates of the Lead Arrangers, including the Administrative Agent.

"**Fees**" shall mean the fees referred to in Section 2.05(a) and the Prepayment Fee.

"**Financial Officer**" of any Person shall mean the chief financial officer, principal accounting officer, treasurer or controller of such Person.

"**Foreign Benefit Event**" shall mean, with respect to any Foreign Pension Plan, (a) the existence of unfunded liabilities in excess of the amount permitted under any applicable law, or in excess of the amount that would be permitted absent a waiver from a Governmental Authority, (b) the failure to make the required contributions or payments, under any applicable law, on or before the due date for such contributions or payments, (c) the receipt of a notice by a Governmental Authority relating to the intention to terminate any such Foreign Pension Plan or to appoint a trustee or similar official to administer any such Foreign Pension Plan, or alleging the insolvency of any such Foreign Pension Plan, (d) the incurrence of any material liability by Holdings, the Borrower or any Subsidiary under applicable law on account of either (i) the complete or partial termination of such Foreign Pension Plan or (ii) the complete or partial withdrawal of any participating employer therein, or (e) the occurrence of any transaction that is prohibited under any applicable law and that could reasonably be expected to result in the incurrence of any material liability by Holdings, the Borrower or any of the Subsidiaries (including by a Governmental Authority's imposition on Holdings, the Borrower or any of the Subsidiaries of any fine, excise tax or penalty resulting from any noncompliance with any applicable law.

"**Foreign Lender**" shall mean any Lender that is not a United States person within the meaning of Section 7701(a)(30) of the Code.

"**Foreign Pension Plan**" shall mean any defined benefit pension plan that (i) is not subject to United States law and (ii) under applicable law is required to be funded through a trust or other funding vehicle other than a trust or funding vehicle maintained exclusively by a Governmental Authority.

"**Foreign Subsidiary**" shall mean any Subsidiary that is not a Domestic Subsidiary.

"**GAAP**" shall mean United States generally accepted accounting principles applied on a basis consistent with the financial statements delivered pursuant to Section 4.02(m).

"**Governmental Authority**" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"**Granting Lender**" shall have the meaning assigned to such term in Section 9.04(i).

"**Guarantee**" of or by any Person shall mean any obligation, contingent or otherwise, of such Person guaranteeing or having the economic effect of guaranteeing any Indebtedness or other monetary obligation of any other Person (the "**primary obligor**") in any manner, whether directly or indirectly, and including any obligation of such Person, direct or indirect, (a) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other monetary obligation or to purchase (or to advance or supply funds for the purchase of) any security for the payment of such Indebtedness or other monetary obligation, (b) to purchase or lease property, securities or services for the purpose of assuring the owner of such Indebtedness or other monetary obligation of the payment of such Indebtedness or other monetary obligation or (c) to maintain working capital, equity capital or any other financial statement condition or liquidity of the primary obligor so as to enable the primary obligor to pay such Indebtedness or other monetary obligation; *provided*, *however*, that the term "**Guarantee**" shall not include endorsements for collection or deposit in the ordinary course of business.

"**Guaranteed Parties**" shall have the meaning assigned to such term in the Holdings Guaranty and the Subsidiary Guaranty.

"**Guarantors**" shall mean Holdings and the Subsidiary Guarantors.

"**Hazardous Materials**" shall mean (a) any petroleum products or byproducts and all other hydrocarbons, coal ash, radon gas, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, chlorofluorocarbons and all other ozone-depleting substances and (b) any chemical, material, substance or waste that is prohibited, limited or regulated by or pursuant to any Environmental Law.

"**Hedging Agreement**" shall mean any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement, excluding spot foreign exchange transactions.

"**Holdings**" shall have the meaning assigned to such term in the introductory statement hereto.

"**Holdings Guaranty**" shall mean the guaranty made by Holdings in favor of the Guaranteed Parties, substantially in the form of Exhibit E-1.

"**Inactive Subsidiary**" shall mean any Subsidiary that (a) does not conduct any business operations, (b) when taken together with all other Subsidiaries so designated, does not have assets with a fair market value in the aggregate in excess of 1.50% of the Consolidated Net Tangible Assets and (c) does not have any Indebtedness outstanding.

"**Incremental Revolving Commitments**" shall mean the Incremental Commitments (as defined in the ABL Credit Agreement).

"**Incremental Term Borrowing**" shall mean a Borrowing comprised of Incremental Term Loans.

"**Incremental Term Lender**" shall mean a Lender with an Incremental Term Loan Commitment or an outstanding Incremental Term Loan.

"**Incremental Term Loan Amount**" shall mean, at any time, the excess, if any, of (a) $100,000,000 over (b) the sum of (x) the aggregate amount of all Incremental Term Loan Commitments established prior to such time pursuant to Section 2.22 and (y) the aggregate amount of Incremental Revolving Commitments established prior to such time.

"**Incremental Term Loan Assumption Agreement**" shall mean an Incremental Term Loan Assumption Agreement among, and in form and substance reasonably satisfactory to, the Borrower, the Administrative Agent and one or more Incremental Term Lenders.

"**Incremental Term Loan Commitment**" shall mean the commitment of any Lender, established pursuant to Section 2.22, to make Incremental Term Loans to the Borrower.

"**Incremental Term Loan Maturity Date**" shall mean the final maturity date of any Incremental Term Loan, as set forth in the applicable Incremental Term Loan Assumption Agreement.

"**Incremental Term Loan Repayment Dates**" shall mean the dates scheduled for the repayment of principal of any Incremental Term Loan, as set forth in the applicable Incremental Term Loan Assumption Agreement.

"**Incremental Term Loans**" shall mean Loans made by one or more Lenders to the Borrower pursuant to Section 2.01(b). Incremental Term Loans may be made in the form of additional Term Loans or, to the extent permitted by Section 2.22 and provided for in the relevant Incremental Term Loan Assumption Agreement, Other Term Loans.

"**Indebtedness**" of any Person shall mean, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or similar instruments, (c) all obligations of such Person upon which interest charges are customarily paid, (d) all obligations of such Person under conditional sale or other title retention agreements relating to property or assets purchased by such Person, (e) all obligations of such Person issued or assumed as the deferred purchase price of property or services (excluding (i) trade accounts payable and accrued obligations incurred in the ordinary course of business, (ii) any earn-out obligation until such obligation becomes a liability on the balance sheet of such Person in accordance with GAAP and, if not paid, after becoming due and payable, (iii) purchase price holdbacks in respect of a portion of the purchase price of an asset to satisfy warranty or other unperformed obligation of the applicable seller and (iv) any Indebtedness defeased by such Person or by any subsidiary of such Person), (f) all Indebtedness of others secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien on property owned or acquired by such Person, whether or not the obligations secured thereby have been assumed, (g) all Guarantees by such Person of Indebtedness of others, (h) all Capital Lease Obligations of such Person, (i) all Synthetic Lease Obligations of such Person, (j) net obligations of such Person under any Hedging Agreements, valued at the Agreement Value thereof, (k) all obligations of such Person in respect of Disqualified Stock of such Person or any other Person, (l) all obligations of such Person as an account party in respect of letters of credit and (m) all obligations of such Person in respect of bankers' acceptances. The Indebtedness of any Person shall include the Indebtedness of any partnership in which such Person is a general partner, other than to the extent that the instrument or agreement evidencing such Indebtedness expressly limits the liability of such Person in respect thereof. The amount of Indebtedness of any

Person for purposes of clause (f) shall be deemed to be equal to the lesser of (A) the aggregate unpaid amount of such Indebtedness and (B) the fair market value of the property encumbered thereby as determined by such Person in good faith.

"**Indemnified Taxes**" shall mean Taxes other than Excluded Taxes and Other Taxes.

"**Indemnitee**" shall have the meaning assigned to such term in Section 9.05(b).

"**Information**" shall have the meaning assigned to such term in Section 9.16.

"**Intercreditor Agreements**" shall mean, collectively, the ABL Intercreditor Agreement and the Collateral Trust Agreement.

"**Interest Coverage Ratio**" shall mean, for any period, the ratio of (a) Consolidated EBITDA for such period to (b) Consolidated Interest Expense for such period.

"**Interest Payment Date**" shall mean (a) with respect to any ABR Term Loan, the last Business Day of each March, June, September and December, and (b) with respect to any Eurodollar Term Loan, the last day of the Interest Period applicable to the Borrowing of which such Term Loan is a part and, in the case of a Eurodollar Borrowing with an Interest Period of more than three months' duration, each day that would have been an Interest Payment Date had successive Interest Periods of three months' duration been applicable to such Borrowing.

"**Interest Period**" shall mean, with respect to any Eurodollar Borrowing, the period commencing on the date of such Borrowing and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, 3, 6, or if available to all Lenders, 9 or 12 months thereafter, as the Borrower may elect; *provided*, *however*, that (a) if any Interest Period would end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the next preceding Business Day, (b) any Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period and (c) no Interest Period for any Loan shall extend beyond the maturity date of such Loan. Interest shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period. For purposes hereof, the date of a Borrowing initially shall be the date on which such Borrowing is made and thereafter shall be the effective date of the most recent conversion or continuation of such Borrowing.

"**IRS**" shall mean the U.S. Internal Revenue Service or any successor agency thereto.

"**Lead Arrangers**" shall mean Credit Suisse Securities (USA) LLC, Banc of America Securities LLC and Deutsche Bank Securities Inc., in their capacity as joint bookrunners and joint lead arrangers in respect of the Term Facility.

"**Lenders**" shall mean (a) the Persons listed on Schedule 2.01 (other than any such Person that has ceased to be a party hereto pursuant to an Assignment and Acceptance) and (b) any Person that has become a party hereto pursuant to an Assignment and Acceptance or an Incremental Term Loan Assumption Agreement.

"**Leverage Ratio**" shall mean, on any date, the ratio of (a) an amount equal to the excess of (i) Total Debt on such date *over* (ii) the lesser of (A) $50,000,000 and (B) the aggregate amount of unrestricted cash and Permitted Investments that are included in the consolidated balance sheet of the Borrower and its Subsidiaries as of such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended on or prior to such date.

"**LIBO Rate**" shall mean, with respect to any Eurodollar Borrowing for any Interest Period, the rate per annum determined by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the commencement of such Interest Period by reference to the British Bankers' Association Interest Settlement Rates for deposits in Dollars (as set forth by any service selected by the Administrative Agent that has been nominated by the British Bankers' Association as an authorized information vendor for the purpose of displaying such rates) for a period equal to such Interest Period; *provided* that, to the extent that an interest rate is not ascertainable pursuant to the foregoing provisions of this definition, the "**LIBO Rate**" shall be the interest rate per annum determined by the Administrative Agent to be the average of the rates per annum at which deposits in Dollars are offered for such relevant Interest Period to major banks in the London interbank market in London, England by the Administrative Agent at approximately 11:00 a.m. (London time) on the date that is two Business Days prior to the beginning of such Interest Period.

"**Lien**" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"**Loan Documents**" shall mean this Agreement, the Holdings Guaranty, the Subsidiary Guaranty, the Security Documents, each Incremental Term Loan Assumption Agreement, the promissory notes, if any, executed and delivered pursuant to Section 2.04(e) and any other document executed in connection with the foregoing.

"**Loan Parties**" shall mean Holdings, the Borrower and the Subsidiary Guarantors.

"**Loans**" shall mean Term Loans and Other Term Loans.

"**Margin Stock**" shall have the meaning assigned to such term in Regulation U.

"**Material Adverse Effect**" shall mean (a) a materially adverse effect on the business, assets, liabilities, operations, financial condition or operating results of the Borrower and the Subsidiaries, taken as a whole, (b) a material impairment of the ability of the Borrower or any other Loan Party to perform any of its obligations under any Loan Document to which it is or will be a party or (c) a material impairment of the rights and remedies of or benefits available to the Lenders under any Loan Document.

"**Material Indebtedness**" shall mean Indebtedness (other than the Loans), or obligations in respect of one or more Hedging Agreements, of any one or more of Holdings, the Borrower or any Subsidiary in an aggregate principal amount exceeding $25,000,000. For purposes of determining Material Indebtedness, the "principal amount" of the obligations of Holdings, the Borrower or any Subsidiary in respect of any Hedging Agreement at any time shall be the Agreement Value of such Hedging Agreement at such time.

"**Material Owned Real Property**" shall have the meaning assigned to such term in Section 3.20(a).

"**Material Lease**" shall have the meaning assigned to such term in Section 3.20(b).

"**Maturity Date**" shall mean June 16, 2016.

"**Maximum Rate**" shall have the meaning assigned to such term in Section 9.09.

"**Merger Agreement**" shall have the meaning assigned to such term in the preliminary statements hereto.

"**Moody's**" shall mean Moody's Investors Service, Inc., or any successor thereto.

"**Mortgaged Properties**" shall mean, initially, the owned real properties of the Loan Parties specified on Schedule 1.01(b), and shall include each other parcel of owned real property and improvements thereto with respect to which a Mortgage is granted pursuant to Section 5.12.

"**Mortgages**" shall mean the mortgages, deeds of trust, assignments of leases and rents, modifications and other security documents delivered pursuant to clause (i) of Section 4.02(g) or pursuant to Section 5.12, each substantially in the form of Exhibit F.

"**Multiemployer Plan**" shall mean a multiemployer plan as defined in Section 4001(a)(3) of ERISA to which the Borrower or any ERISA Affiliate currently makes or is obligated to make contributions or to which the Borrower or any ERISA Affiliate has made or was obligated, within the preceding five years, to make contributions.

"**Net Cash Proceeds**" shall mean (a) with respect to any Asset Sale, the cash proceeds (including (x) cash proceeds subsequently received (as and when received) in respect of noncash consideration initially received, (y) in the case of a casualty, insurance proceeds and (z) in the case of a condemnation or similar event, condemnation awards and similar payments), net of (i) selling expenses (including reasonable broker's fees or commissions, legal fees, transfer and similar taxes and the Borrower's good faith estimate of income taxes paid or payable in connection with such sale), (ii) amounts provided as a reserve, in accordance with GAAP, against any liabilities under any indemnification obligations or purchase price adjustment associated with such Asset Sale (*provided* that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Cash Proceeds) and (iii) the principal amount, premium or penalty, if any, interest and other amounts on any Indebtedness for borrowed money which is secured by the asset sold in such Asset Sale and which is required to be repaid with such proceeds (other than (x) any such Indebtedness assumed by the purchaser of such asset, (y) Indebtedness under the Loan Documents and (z) Indebtedness under the Senior Secured Note Documents); *provided*, *however*, that, if (A) the Borrower shall deliver a certificate of a Financial Officer to the Administrative Agent at the time of receipt thereof setting forth the Borrower's intent to reinvest such proceeds in productive assets of a kind then used or usable in the business of the Borrower and the Subsidiaries within the time period specified in this definition, (B) pending reinvestment, such proceeds in respect of Term/Notes Priority Collateral (as defined in the ABL Intercreditor Agreement) in excess of $20,000,000 shall be segregated from the other funds of the Borrower and its Subsidiaries in a deposit account subject to a control agreement in favor of the Collateral Trustee and (C) no Default or Event of Default shall have occurred and shall be continuing at the time of such certificate or at the proposed time of the application of such proceeds, such proceeds shall not constitute Net Cash Proceeds except to the extent not so used (1) within 365 days following the receipt of such proceeds, at which time such proceeds shall be deemed to be Net Cash Proceeds or (2) if the Borrower or the relevant Subsidiary enters into a

legally binding commitment to reinvest such Net Cash Proceeds within 365 days following the receipt thereof, within 180 days following the date of such legally binding commitment; (b) with respect to any issuance or incurrence of Indebtedness, the cash proceeds thereof, net of all taxes and customary fees, commissions, costs and other expenses incurred in connection therewith; and (c) with respect to any Purchase Price Adjustment, the cash proceeds received by or paid to or for the account of Super Holdco.

"**Obligations**" shall mean all obligations defined as "Term Loan Obligations" in the Security Agreement.

"**OFAC**" shall have the meaning assigned to such term in Section 3.25.

"**OID**" shall have the meaning assigned to such term in Section 2.22(b).

"**Other Taxes**" shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery or enforcement of, or otherwise with respect to, any Loan Document.

"**Other Term Loans**" shall have the meaning assigned to such term in Section 2.22(a).

"**PBGC**" shall mean the Pension Benefit Guaranty Corporation referred to and defined in ERISA.

"**Perfection Certificate**" shall mean the Perfection Certificate substantially in the form of Exhibit B to the Security Agreement.

"**Permitted Acquisition**" shall have the meaning assigned to such term in Section 6.05(a)(iv).

"**Permitted Incremental Revolving Commitment Amount**" shall mean, at any time, an amount equal to the excess of $100,000,000 *over* the aggregate amount of all Incremental Term Loan Commitments established prior to such time pursuant to Section 2.22.

"**Permitted Investments**" shall mean:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of issuance thereof;

(b) investments in commercial paper maturing within 270 days from the date of issuance thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, the Administrative Agent or any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $500,000,000 and that issues (or the parent of which issues) commercial paper rated at least "Prime 1" (or the then equivalent grade) by Moody's or "A 1" (or the then equivalent grade) by S&P;

(d) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria of clause (c) above;

(e) investments in "money market funds" within the meaning of Rule 2a-7 of the Investment Company Act of 1940, as amended, substantially all of whose assets are invested in investments of the type described in clauses (a) through (d) above; and

(f) other short-term investments utilized by Foreign Subsidiaries in accordance with normal investment practices for cash management in investments of a type analogous to the foregoing.

"**Permitted Investors**" shall mean:

(a) each of Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P. and Global Opportunities Breakaway Ltd;

(b) any Affiliate or Related Party of any Person specified in clause (a), other than another portfolio company thereof (which means a company actively engaged in providing goods and services to unaffiliated customers) or a company controlled by a "portfolio company"; and

(c) any Person both the Equity Interests of such Person and the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of such Person of which (or in the case of a trust, the beneficial interests in which) are owned 50% or more by Persons specified in clauses (a) and (b).

"**Permitted Refinancing**" shall mean, with respect to any Indebtedness of any Person, any refinancing, refunding, renewal or extension of such Indebtedness of such Person to the extent the principal amount of such Indebtedness is not increased (other than to finance accrued interest thereon, any premium payable in respect thereof and cost and expense incurred therewith), neither the final maturity nor the weighted average life to maturity of such Indebtedness is decreased, such Indebtedness, if subordinated to the Obligations, remains so subordinated on terms no less favorable to the Lenders, and the obligors in respect of such Indebtedness remain the only obligors thereon except that Holdings may guarantee such refinancing Indebtedness on an unsecured basis.

"**Permitted Specified Refinancing**" shall mean, with respect to the Subordinated Notes, any refinancing, refunding, renewal or extension of such Indebtedness to the extent the principal amount of such Indebtedness is not increased (other than to finance accrued interest thereon, any premium payable in respect thereof and cost and expense incurred therewith), neither the final maturity nor the weighted average life to maturity of such Indebtedness is decreased, such Indebtedness constitutes senior unsecured Indebtedness of the obligor, and the obligors in respect of such Indebtedness remain the only obligors thereon except that Holdings may guarantee such refinancing Indebtedness on an unsecured basis.

"**Person**" shall mean any natural person, corporation, business trust, joint venture, association, company, limited liability company, partnership, Governmental Authority or other entity.

"**Plan**" shall mean any employee pension benefit plan (other than a Multiemployer Plan) subject to the provisions of Title IV of ERISA or Section 412 of the Code or Section 307 of ERISA, and in respect of which the Borrower or any ERISA Affiliate is (or, if such plan were terminated, would under Section 4069 of ERISA be deemed to be) an "employer" as defined in Section 3(5) of ERISA.

"**Platform**" shall have the meaning assigned to such term in Section 9.01.

"**Prepayment Fee**" shall have the meaning assigned to such term in Section 2.05(b).

"**Prime Rate**" shall mean the rate of interest per annum determined from time to time by Credit Suisse AG as its prime rate in effect at its principal office in New York City and notified to the Borrower. The prime rate is a rate set by Credit Suisse AG based upon various factors including Credit Suisse AG's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above, or below such rate.

"**Public Lender**" shall have the meaning assigned to such term in Section 9.01.

"**Purchase Price Adjustment**" shall have the meaning assigned to such term in Section 2.13(d).

"**Qualified Capital Stock**" of any Person shall mean any Equity Interest of such Person that is not Disqualified Stock.

"**Register**" shall have the meaning assigned to such term in Section 9.04(d).

"**Regulation T**" shall mean Regulation T of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"**Regulation U**" shall mean Regulation U of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"**Regulation X**" shall mean Regulation X of the Board as from time to time in effect and all official rulings and interpretations thereunder or thereof.

"**Related Fund**" shall mean, with respect to any Lender that is a fund or commingled investment vehicle that invests in bank loans, any other fund that invests in bank loans and is managed or advised by the same investment advisor as such Lender or by an Affiliate of such investment advisor.

"**Related Parties**" shall mean, with respect to any specified Person, such Person's Affiliates and the respective directors, trustees, officers, employees, agents and advisors of such Person and such Person's Affiliates.

"**Release**" shall mean any release, spill, emission, leaking, dumping, injection, pouring, deposit, disposal, discharge, dispersal, leaching or migration into or through the environment or within or upon any building, structure, facility or fixture.

"**Repayment Date**" shall have the meaning assigned to such term in Section 2.11(a).

"**Required Lenders**" shall mean, at any time, Lenders having Loans and unused Term Loan Commitments and Incremental Term Loan Commitments representing more than 50% of the sum of all Loans outstanding and unused Term Loan Commitments and Incremental Term Loan Commitments at such time; *provided*, *however*, that any Loans or Commitments held by Holdings or the Permitted Investors in their capacity as Lenders shall be disregarded in the determination of the Required Lenders at any time.

"**Responsible Officer**" of any Person shall mean any executive officer or Financial Officer of such Person and any other officer or similar official thereof responsible for the administration of the obligations of such Person in respect of this Agreement.

"**Restricted Indebtedness**" shall mean Indebtedness of Holdings, the Borrower or any Subsidiary, the payment, prepayment, repurchase or defeasance of which is restricted under Section 6.09(b).

"**Restricted Payment**" shall mean any dividend or other distribution (whether in cash, securities or other property) with respect to any Equity Interests in Holdings, the Borrower or any Subsidiary, or any payment (whether in cash, securities or other property), including any sinking fund or similar deposit, on account of the purchase, redemption, retirement, acquisition, cancellation or termination of any Equity Interests in Holdings, the Borrower or any Subsidiary.

"**Russell Hobbs**" shall have the meaning assigned to such term in the preliminary statements hereto.

"**S&P**" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., or any successor thereto.

"**SEC**" means the Securities and Exchange Commission, and any successor agency thereto.

"**Secured Leverage Ratio**" shall mean, on any date, the ratio of (a) an amount equal to the excess of (i) Total Debt that is secured by a Lien on any asset of the Borrower or any of its Subsidiaries on such date over (ii) the lesser of (A) $50,000,000 and (B) the aggregate amount of unrestricted cash and Permitted Investments that are included in the consolidated balance sheet of the Borrower and its Subsidiaries as of such date to (b) Consolidated EBITDA for the period of four consecutive fiscal quarters most recently ended on or prior to such date.

"**Secured Parties**" shall have the meaning assigned to the term "Secured Parties" in the Collateral Trust Agreement.

"**Securities Laws**" means the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002 and, in each case, the rules and regulations of the SEC promulgated thereunder, and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the Public Company Accounting Oversight Board, as each of the foregoing may be amended and in effect on any applicable date under this Agreement.

"**Security Agreement**" shall mean the Security Agreement, substantially in the form of Exhibit D, among the Borrower, the Guarantors and the Collateral Trustee for the benefit of the Secured Parties, together with each other security agreement and security agreement supplement pursuant to Section 5.12.

"**Security Documents**" shall mean the Mortgages, the Security Agreement, the Collateral Trust Agreement, the ABL Intercreditor Agreement and each of the security agreements, mortgages and other instruments and documents executed and delivered pursuant to any of the foregoing or pursuant to Section 5.12.

"**Senior Secured Note Documents**" shall mean the Senior Secured Note Indenture and all other instruments, agreements and other documents evidencing or governing the Senior Secured Notes or providing for any Guarantee or other right in respect thereof.

"**Senior Secured Note Indenture**" shall mean that certain Indenture dated as of June 16, 2010, among Spectrum, as issuer, the guarantors party thereto and US Bank, National Association, as trustee.

"**Senior Secured Note Indenture Trustee**" shall mean the trustee under the Senior Secured Note Indenture.

"**Senior Secured Notes**" shall mean Spectrum's 9.50% Senior Secured Notes due 2018 issued pursuant to the Senior Secured Note Indenture.

"**Solvent**" shall mean, with respect to any Person, at any date, that (a) the fair value of the assets of such Person, at a fair valuation, will exceed its debts and liabilities, subordinated, contingent or otherwise; (b) the present fair saleable value of the property of such Person will be greater than the amount that will be required to pay the probable liability of its debts and other liabilities, subordinated, contingent or otherwise, as such debts and other liabilities become absolute and matured; (c) such Person will be able to pay its debts and liabilities, subordinated, contingent or otherwise, as such debts and liabilities become absolute and matured; and (d) such Person will not have unreasonably small capital with which to conduct the business in which it is engaged as such business is conducted on such date and is proposed to be conducted following such date.

"**SPV**" shall have the meaning assigned to such term in Section 9.04(i).

"**Statutory Reserves**" shall mean a fraction (expressed as a decimal), the numerator of which is the number one and the denominator of which is the number one minus the aggregate of the maximum reserve percentages (including any marginal, special, emergency or supplemental reserves) expressed as a decimal established by the Board and any other banking authority, domestic or foreign, to which the Administrative Agent or any Lender (including any branch, Affiliate or other fronting office making or holding a Loan) is subject for Eurocurrency Liabilities (as defined in Regulation D of the Board). Eurodollar Term Loans shall be deemed to constitute Eurocurrency Liabilities (as defined in Regulation D of the Board) and to be subject to such reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under such Regulation D. Statutory Reserves shall be adjusted automatically on and as of the effective date of any change in any reserve percentage.

"**Subordinated Note Documents**" shall mean the indenture under which the Subordinated Notes are issued and all other instruments, agreements and other documents evidencing or governing the Subordinated Notes or providing for any Guarantee or other right in respect thereof.

"**Subordinated Notes**" shall mean Spectrum's 12% Senior Subordinated Toggle Notes due 2019.

"**subsidiary**" shall mean, with respect to any Person (herein referred to as the "**parent**"), any corporation, partnership, limited liability company, association or other business entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held by such Person.

"**Subsidiary**" shall mean any subsidiary of the Borrower.

"**Subsidiary Guarantor**" shall mean each Subsidiary listed on Schedule 1.01(c), and each other Subsidiary that is or becomes a party to the Subsidiary Guaranty.

"**Subsidiary Guaranty**" shall mean the guaranty made by the Subsidiary Guarantors in favor of the Guaranteed Parties, substantially in the form of Exhibit E-2, together with each other guaranty and guaranty supplement delivered pursuant to Section 5.12.

"**Super Holdco**" shall have the meaning assigned to such term in the preliminary statements hereto.

"**Synthetic Lease**" shall mean, as to any Person, any lease (including leases that may be terminated by the lessee at any time) of any property (whether real, personal or mixed) (a) that is accounted for as an operating lease under GAAP and (b) in respect of which the lessee retains or obtains ownership of the property so leased for U.S. federal income tax purposes, other than any such lease under which such Person is the lessor.

"**Synthetic Lease Obligations**" shall mean, as to any Person, an amount equal to the capitalized amount of the remaining lease payments under any Synthetic Lease that would appear on a balance sheet of such person in accordance with GAAP if such obligations were accounted for as Capital Lease Obligations.

"**Synthetic Purchase Agreement**" shall mean any swap, derivative or other agreement or combination of agreements pursuant to which Holdings, the Borrower or any Subsidiary is or may become obligated to make (a) any payment in connection with a purchase by any third party from a Person other than Holdings, the Borrower or any Subsidiary of any Equity Interest or Restricted Indebtedness or (b) any payment (other than on account of a permitted purchase by it of any Equity Interest or Restricted Indebtedness) the amount of which is determined by reference to the price or value at any time of any Equity Interest or Restricted Indebtedness; *provided* that no phantom stock or other equity-based plan providing for payments only to current or former directors, officers, consultants, advisors or employees of Holdings, the Borrower, the Subsidiaries or their respective Affiliates (or to their heirs or estates) shall be deemed to be a Synthetic Purchase Agreement.

"**Taxes**" shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

"**Term Borrowing**" shall mean a Borrowing comprised of Term Loans.

"**Term Facility**" shall mean the term loan facility provided for by this Agreement.

"**Term Loan Commitment**" shall mean, with respect to each Lender, the commitment of such Lender to make Term Loans hereunder as set forth on Schedule 2.01, or in the Assignment and Acceptance pursuant to which such Lender assumed its Term Loan Commitment, as applicable, as the same may be (a) reduced from time to time pursuant to Section 2.09 and (b) reduced or increased from time to time pursuant to assignments by or to such Lender pursuant to Section 9.04. Unless the context shall otherwise require, the term "**Term Loan Commitments**" shall include the Incremental Term Loan Commitments.

"**Term Loan Repayment Dates**" shall mean the Repayment Dates and the Incremental Term Loan Repayment Dates.

"**Term Loans**" shall mean the term loans made by the Lenders to the Borrower pursuant to Section 2.01(a). Unless the context shall otherwise require, the term "**Term Loans**" shall include any Incremental Term Loans.

"**Total Debt**" shall mean, at any time, the total Indebtedness of the Borrower and the Subsidiaries at such time (excluding (1) Indebtedness of the type described in clause (i), clause (j), clause (k), clause (l) and clause (m) of the definition of such term, except, in the case of such clause (j), to the extent any Hedging Agreement has been terminated and the obligations thereunder have not been settled, in the case of such clause (k), to the extent the specified payment

obligations in respect of such Equity Interests are then due and payable and, in the case of such clauses (l) and clause (m), to the extent of any unreimbursed drawings thereunder and (2) Guarantees if the guaranteed Indebtedness is already included).

"**Transaction Expenses**" shall mean fees and expenses payable or otherwise borne by the Borrower and its Subsidiaries in connection with the Transactions and incurred before, or on or about, the Closing Date, including the costs of legal and financial advisors to the Borrower and the agents or trustees under this Agreement, the ABL Credit Agreement and the Senior Secured Note Indenture and prepayment fees and penalties in connection with the prepayment of the existing Indebtedness of the Borrower and its Subsidiaries on or about the Closing Date.

"**Transactions**" shall mean, collectively, (a) the execution, delivery and performance by the Borrower of the Merger Agreement and the consummation of the transactions contemplated thereby, including the Acquisition, (b) the execution, delivery and performance by the Loan Parties of the Loan Documents to which they are a party and the making of the Borrowings hereunder, (c) the execution, delivery and performance by Holdings, the Borrower and the Subsidiaries party thereto of the Senior Secured Note Documents and the issuance of the Senior Secured Notes, (d) the execution, delivery and performance by Holdings, the Borrower and the Subsidiaries party thereto of the ABL Documents to which they are party, (e) the repayment of all amounts due or outstanding under or in respect of, and the termination of, the Existing Credit Facilities and (f) the payment of related fees and expenses.

"**Type**", when used in respect of any Loan or Borrowing, shall refer to the Rate by reference to which interest on such Loan or on the Loans comprising such Borrowing is determined. For purposes hereof, the term "**Rate**" shall mean the Adjusted LIBO Rate and the Alternate Base Rate.

"**Uniform Customs**" shall have the meaning assigned to such term in Section 9.07.

"**United States Tax Compliance Certificate**" shall have the meaning assigned to such term in Section 2.20(e)(iii).

"**USA PATRIOT Act**" shall mean The Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001 (Title III of Pub. L. No. 107-56 (signed into law October 26, 2001)).

"**Wholly Owned Subsidiary**" of any Person shall mean a subsidiary of such Person of which securities (except for directors' qualifying shares) or other ownership interests representing 100% of the Equity Interests are, at the time any determination is being made, owned, Controlled or held by such Person or one or more wholly owned Subsidiaries of such Person or by such Person and one or more wholly owned Subsidiaries of such Person.

"**Withdrawal Liability**" shall mean liability to a Multiemployer Plan as a result of a complete or partial withdrawal by the Borrower or an ERISA Affiliate from such Multiemployer Plan, as such terms are defined in Part I of Subtitle E of Title IV of ERISA.

"**Yield Differential**" shall have the meaning assigned to such term in Section 2.22(b).

Section 1.02. *Terms Generally.* The definitions in Section 1.01 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall"; and the words "asset" and "property" shall be construed as having the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. All references herein to Articles, Sections, Exhibits and Schedules shall be deemed references to Articles and Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. Except as otherwise expressly provided herein, (a) any reference in this Agreement to any Loan Document, any ABL Loan Document or any Senior Secured Note Document shall mean such document as amended, restated, supplemented or otherwise modified from time to time, in each case, in accordance with the express terms of this Agreement and the other Loan Documents, and (b) all terms of an accounting or financial nature shall be construed in accordance with GAAP, as in effect from time to time; *provided, however*, that if the Borrower notifies the Administrative Agent that the Borrower wishes to amend any covenant in Article 6 or any related definition to eliminate the effect of any change in GAAP occurring after the date of this Agreement on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Article 6 or any related definition for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders.

Section 1.03. *Pro Forma Calculations.* All *pro forma* calculations permitted or required to be made by the Borrower or any Subsidiary pursuant to this Agreement (other than for purposes of Section 4.02(q)) shall include only those adjustments that would be (a) permitted or required by Regulation S-X under the Securities Act of 1933, as amended, together with those adjustments

that (i) have been certified by a Financial Officer of the Borrower as having been prepared in good faith based upon reasonable assumptions and (ii) are based on reasonably detailed written assumptions and (b) required by the definition of Consolidated EBITDA.

Section 1.04. *Classification of Loans and Borrowings.* For purposes of this Agreement, Loans may be classified and referred to by Class (*e.g.*, an "**Other Term Loan**") or by Type (*e.g.*, a "**Eurodollar Term Loan**") or by Class and Type (*e.g.*, a "**Eurodollar Other Term Loan**"). Borrowings also may be classified and referred to by Type (*e.g.*, a "**Eurodollar Borrowing**").

Section 1.05. *Designation as Senior Debt.* The Loans and other Obligations are hereby designated as "**Senior Debt**" for all purposes of the Subordinated Note Documents.

Section 1.06. *Currency Equivalents Generally.* Unless otherwise set forth herein, any amount specified in this agreement in Dollars shall include the Equivalent in Dollars of such amount in any foreign currency and if any amount described in this Agreement is comprised of amounts in Dollars and amounts in one or more foreign currencies, the Equivalent in Dollars of such foreign currency amounts shall be used to determine the total. For purposes of this Section 1.06, "**Equivalent**" in Dollars of any foreign currency on any date means the equivalent in Dollars of such foreign currency by using the applicable spot rate set forth on the Bloomberg Cross Currency Rates Page for such currency.

ARTICLE 2
THE CREDITS

Section 2.01. *Commitments.* (a) Subject to the terms and conditions and relying upon the representations and warranties herein set forth, each Lender agrees, severally and not jointly, to make a Term Loan to the Borrower on the Closing Date in a principal amount not to exceed its Term Loan Commitment. Amounts paid or prepaid in respect of Term Loans may not be reborrowed.

(a) Each Lender having an Incremental Term Loan Commitment pursuant to Section 2.22, severally and not jointly, hereby agrees, subject to the terms and conditions and relying upon the representations and warranties set forth herein and in the applicable Incremental Term Loan Assumption Agreement, to make Incremental Term Loans to the Borrower, in an aggregate principal amount not to exceed its Incremental Term Loan Commitment. Amounts paid or prepaid in respect of Incremental Term Loans may not be reborrowed.

Section 2.02. *Loans.* (a) Each Term Loan shall be made as part of a Borrowing consisting of Term Loans made by the Lenders ratably in accordance with their applicable Commitments; *provided, however*, that the failure of any Lender to make any Term Loan shall not in itself relieve any other Lender of its obligation to lend hereunder (it being understood, however, that no Lender shall be responsible for the failure of any other Lender to make any Term Loan required to be made by such other Lender). The Term Loans comprising any Borrowing shall be in an aggregate principal amount that is (i) an integral multiple of $1,000,000 and not less than $5,000,000 (except, with respect to any Incremental Term Borrowing, to the extent otherwise provided in the related Incremental Term Loan Assumption Agreement) or (ii) equal to the remaining available balance of the applicable Commitments.

(a) Subject to Sections 2.08 and 2.15 each Borrowing shall be comprised entirely of ABR Term Loans or Eurodollar Term Loans as the Borrower may request pursuant to Section 2.03. Each Lender may at its option make any Eurodollar Term Loan by causing any domestic or foreign branch or Affiliate of such Lender to make such Term Loan; *provided* that any exercise of such option shall not affect the obligation of the Borrower to repay such Term Loan in accordance with the terms of this Agreement. Borrowings of more than one Type may be outstanding at the same time; *provided, however*, that the Borrower shall not be entitled to request any Borrowing that, if made, would result in more than ten Eurodollar Borrowings outstanding hereunder at any time. For purposes of the foregoing, Borrowings having different Interest Periods, regardless of whether they commence on the same date, shall be considered separate Borrowings.

(b) Each Lender shall make each Term Loan to be made by it hereunder on the proposed date thereof by wire transfer of immediately available funds to such account in New York City as the Administrative Agent may designate not later than 1:00 p.m., New York City time, and the Administrative Agent shall promptly credit the amounts so received to an account designated by the Borrower in the applicable Borrowing Request or, if a Borrowing shall not occur on such date because any condition precedent herein specified shall not have been met, return the amounts so received to the respective Lenders.

(c) Unless the Administrative Agent shall have received notice from a Lender prior to the date of any Borrowing that such Lender will not make available to the Administrative Agent such Lender's portion of such Borrowing, the Administrative Agent may assume that such Lender has made such portion available to the Administrative Agent on the date of such Borrowing in accordance with paragraph (c) above and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower on such date a corresponding amount. If the Administrative Agent shall have so made funds available then, to the extent that such Lender shall not have made such portion available to the Administrative Agent, such Lender and the Borrower severally agree to repay to the Administrative Agent forthwith on demand such corresponding amount together with interest thereon, for each day from the date such amount is made available to the Borrower to but excluding the date such

amount is repaid to the Administrative Agent at (i) in the case of the Borrower, a rate per annum equal to the interest rate applicable at the time to the Term Loans comprising such Borrowing and (ii) in the case of such Lender, a rate determined by the Administrative Agent to represent its cost of overnight or short term funds (which determination shall be conclusive absent manifest error). If such Lender shall repay to the Administrative Agent such corresponding amount, such amount shall constitute such Lender's Term Loan as part of such Borrowing for purposes of this Agreement.

Section 2.03. *Borrowing Procedure.* In order to request a Borrowing, the Borrower shall notify the Administrative Agent of such request by telephone (a) in the case of a Eurodollar Borrowing, not later than 12:00 (noon), New York City time, three Business Days before a proposed Borrowing, and (b) in the case of an ABR Borrowing, not later than 12:00 noon, New York City time, one Business Day before a proposed Borrowing. Each such telephonic Borrowing Request shall be irrevocable, and shall be confirmed promptly by hand delivery or fax to the Administrative Agent of a written Borrowing Request and shall specify the following information: (i) whether the Borrowing then being requested is to be a Term Borrowing or an Incremental Term Borrowing, and whether such Borrowing is to be a Eurodollar Borrowing or an ABR Borrowing (*provided* that, until the Administrative Agent shall have notified the Borrower that the primary syndication of the Term Loan Commitments has been completed (which notice shall be given as promptly as practicable and, in any event, within 30 days after the Closing Date), the Borrower shall not be permitted to request a Eurodollar Borrowing with an Interest Period in excess of one month); (ii) the date of such Borrowing (which shall be a Business Day); (iii) the number and location of the account to which funds are to be disbursed; (iv) the amount of such Borrowing; and (v) if such Borrowing is to be a Eurodollar Borrowing, the Interest Period with respect thereto; *provided*, *however*, that, notwithstanding any contrary specification in any Borrowing Request, each requested Borrowing shall comply with the requirements set forth in Section 2.02; *provided*, *further*, that the Borrowing Request in respect of the initial Term Loans may, if expressly so stated therein, be contingent upon the consummation of the Acquisition (*provided* that any such Borrowing Request that contains such contingency shall be permitted only in respect of an ABR Borrowing). If no election as to the Type of Borrowing is specified in any such notice, then the requested Borrowing shall be an ABR Borrowing. If no Interest Period with respect to any Eurodollar Borrowing is specified in any such notice, then the Borrower shall be deemed to have selected an Interest Period of one month's duration. The Administrative Agent shall promptly advise the applicable Lenders of any notice given pursuant to this Section 2.03 (and the contents thereof), and of each Lender's portion of the requested Borrowing.

Section 2.04. *Evidence of Debt; Repayment of Loans.* (a) The Borrower hereby unconditionally promises to pay to the Administrative Agent for the account of each Lender the principal amount of each Term Loan of such Lender as provided in Section 2.11.

(a) Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(b) The Administrative Agent shall maintain accounts in which it will record (i) the amount of each Loan made hereunder, the Class and Type thereof and, if applicable, the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder and (iii) the amount of any sum received by the Administrative Agent hereunder from the Borrower or any Guarantor and each Lender's share thereof.

(c) The entries made in the accounts maintained pursuant to paragraphs (b) and (c) above shall be *prima facie* evidence of the existence and amounts of the obligations therein recorded; *provided, however*, that the failure of any Lender or the Administrative Agent to maintain such accounts or any error therein shall not in any manner affect the obligations of the Borrower to repay the Term Loans in accordance with their terms.

(d) Any Lender may request that Term Loans made by it hereunder be evidenced by a promissory note. In such event, the Borrower shall execute and deliver to such Lender a promissory note payable to such Lender and its registered assigns and in a form and substance reasonably acceptable to the Administrative Agent and the Borrower. Notwithstanding any other provision of this Agreement, in the event any Lender shall request and receive such a promissory note, the interests represented by such note shall at all times (including after any assignment of all or part of such interests pursuant to Section 9.04) be represented by one or more promissory notes payable to the payee named therein or its registered assigns.

Section 2.05. *Fees.* (a) The Borrower shall pay (i) to the Administrative Agent, for its own account, the administrative fees set forth in the Fee Letter at the times and in the amounts specified therein, (ii) to the Collateral Trustee, for its own account, such fees as have been separately agreed in writing in the amounts and at the times so specified and (iii) to the Administrative Agent for the account of the relevant Lenders such fees as shall have been separately agreed between the Borrower and the joint bookrunners and joint lead arrangers in respect of this Agreement in the amounts and at the times so agreed.

(a) In the event that the Term Loans are prepaid in whole or in part pursuant to Section 2.12(a), or in the event of an assignment of Term Loans pursuant to Section 2.21(a)(iv), in each case, on or prior to the one year anniversary of the Closing Date, the Borrower shall pay to the relevant Lenders a prepayment fee (the "**Prepayment Fee**") equal to 1.00% of the principal amount so prepaid or assigned.

(b) All such Fees shall be paid on the dates due, in immediately available funds, to the Administrative Agent or the Collateral Trustee, as the case may be. Once paid, none of the Fees shall be refundable under any circumstances.

Section 2.06. *Interest on Loans.* (a) Subject to the provisions of Section 2.07, the Term Loans comprising each ABR Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when the Alternate Base Rate is determined by reference to the Prime Rate and over a year of 360 days at all other times and calculated from and including the date of such Borrowing to but excluding the date of repayment thereof) at a rate per annum equal to the Alternate Base Rate plus the Applicable Margin.

(a) Subject to the provisions of Section 2.07, the Term Loans comprising each Eurodollar Borrowing shall bear interest (computed on the basis of the actual number of days elapsed over a year of 360 days) at a rate per annum equal to the Adjusted LIBO Rate for the Interest Period in effect for such Borrowing plus the Applicable Margin.

(b) Interest on each Term Loan shall be payable on the Interest Payment Dates applicable to such Term Loan except as otherwise provided in this Agreement. The applicable Alternate Base Rate or Adjusted LIBO Rate for each Interest Period or day within an Interest Period, as the case may be, shall be determined by the Administrative Agent, and such determination shall be conclusive absent manifest error.

Section 2.07. *Default Interest.* If the Borrower shall default in the payment of any principal of or interest on any Term Loan or any other amount due hereunder or under any other Loan Document, by acceleration or otherwise, then, until such defaulted amount shall have been paid in full, to the extent permitted by law, all amounts outstanding under this Agreement and the other Loan Documents shall automatically (without the need of any vote by the Required Lenders) bear interest (after as well as before judgment), payable on demand, (i) in the case of principal, at the rate otherwise applicable to such Term Loan pursuant to Section 2.06 plus 2.00% per annum and (ii) in all other cases, at a rate per annum (computed on the basis of the actual number of days elapsed over a year of 365 or 366 days, as the case may be, when determined by reference to the Prime Rate and over a year of 360 days at all other times) equal to the rate that would be applicable to an ABR Term Loan plus 2.00% per annum.

Section 2.08. *Alternate Rate of Interest.* In the event, and on each occasion, that on the day two Business Days prior to the commencement of any Interest Period for a Eurodollar Borrowing the Administrative Agent shall have determined that Dollar deposits in the principal amounts of the Loans comprising such Borrowing are not generally available in the London interbank market, or that the rates at which such Dollar deposits are being offered will not adequately and fairly reflect the cost to the majority of Lenders of making or maintaining Eurodollar Loans during such Interest Period, or that reasonable means do not exist for ascertaining the Adjusted LIBO Rate, the Administrative Agent shall, as soon as practicable thereafter, give written or fax notice of such determination to the Borrower and the Lenders. In the event of any such determination, until the Administrative Agent shall have advised the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, any request by the Borrower for a Eurodollar Borrowing pursuant to Section 2.03 or 2.10 shall be deemed to be a request for an ABR Borrowing. Each determination by the Administrative Agent under this Section 2.08 shall be conclusive absent manifest error.

Section 2.09. *Termination and Reduction of Commitments.* (a) The Term Loan Commitments (other than any Incremental Term Loan Commitments, which shall terminate as provided in the related Incremental Term Loan Assumption Agreement) shall automatically terminate upon the making of the Term Loans on the Closing Date. Notwithstanding the foregoing, all the Term Loan Commitments shall automatically terminate at 5:00 p.m., New York City time, on August 12, 2010, if the initial Credit Event shall not have occurred by such time.

(a) Upon at least three Business Days' prior irrevocable written or fax notice to the Administrative Agent, the Borrower may at any time in whole permanently terminate, or from time to time in part permanently reduce, the Term Loan Commitments; *provided*, *however*, that each partial reduction of the Term Loan Commitments shall be in an integral multiple of $1,000,000 and in a minimum amount of $5,000,000.

(b) Each reduction in the Term Loan Commitments hereunder shall be made ratably among the Lenders in accordance with their respective Term Loan Commitments.

Section 2.10. *Conversion and Continuation of Borrowings.* The Borrower shall have the right at any time upon prior irrevocable notice to the Administrative Agent (a) not later than 12:00 (noon), New York City time, one Business Day prior to conversion, to convert any Eurodollar Borrowing into an ABR Borrowing, (b) not later than 12:00 (noon), New York City time, three Business Days prior to conversion or continuation, to convert any ABR Borrowing into a Eurodollar Borrowing or to continue any Eurodollar Borrowing as a Eurodollar Borrowing for an additional Interest Period, and (c) not later than 12:00 (noon), New York City time, three Business Days prior to conversion, to convert the Interest Period with respect to any Eurodollar Borrowing to another permissible Interest Period, subject in each case to the following:

(i) until the Administrative Agent shall have notified the Borrower that the primary syndication of the Term Loan Commitments has been completed (which notice shall be given as promptly as practicable and, in any event, within 30 days after the Closing Date), no ABR Borrowing may be converted into a Eurodollar Borrowing with an Interest Period in excess of one month;

(ii) each conversion or continuation shall be made pro rata among the Lenders in accordance with the respective principal amounts of the Loans comprising the converted or continued Borrowing;

(iii) if less than all the outstanding principal amount of any Borrowing shall be converted or continued, then each resulting Borrowing shall satisfy the limitations specified in Sections 2.02(a) and 2.02(b) regarding the principal amount and maximum number of Borrowings of the relevant Type;

(iv) each conversion shall be effected by each Lender and the Administrative Agent by recording for the account of such Lender the new Term Loan of such Lender resulting from such conversion and reducing the Term Loan (or portion thereof) of such Lender being converted by an equivalent principal amount; accrued interest on any Eurodollar Term Loan (or portion thereof) being converted shall be paid by the Borrower at the time of conversion;

(b) if any Eurodollar Borrowing is converted at a time other than the end of the Interest Period applicable thereto, the Borrower shall pay, upon demand, any amounts due to the Lenders pursuant to Section 2.16;

(i) any portion of a Borrowing maturing or required to be repaid in less than one month may not be converted into or continued as a Eurodollar Borrowing;

(ii) any portion of a Eurodollar Borrowing that cannot be converted into or continued as a Eurodollar Borrowing by reason of the immediately preceding clause shall be automatically converted at the end of the Interest Period in effect for such Borrowing into an ABR Borrowing;

(iii) no Interest Period may be selected for any Eurodollar Term Borrowing that would end later than a Term Loan Repayment Date occurring on or after the first day of such Interest Period if, after giving effect to such selection, the aggregate outstanding amount of (A) the Eurodollar Term Borrowings comprised of Term Loans or Other Term

Loans, as applicable, with Interest Periods ending on or prior to such Term Loan Repayment Date and (B) the ABR Term Borrowings comprised of Term Loans or Other Term Loans, as applicable, would not be at least equal to the principal amount of Term Borrowings to be paid on such Term Loan Repayment Date; and

(iv) upon notice to the Borrower from the Administrative Agent given at the request of the Required Lenders, after the occurrence and during the continuance of a Default or Event of Default, no outstanding Term Loan may be converted into, or continued as, a Eurodollar Term Loan.

Each notice pursuant to this Section 2.10 shall be irrevocable and shall refer to this Agreement and specify (i) the identity and amount of the Borrowing that the Borrower requests be converted or continued, (ii) whether such Borrowing is to be converted to or continued as a Eurodollar Borrowing or an ABR Borrowing, (iii) if such notice requests a conversion, the date of such conversion (which shall be a Business Day) and (iv) if such Borrowing is to be converted to or continued as a Eurodollar Borrowing, the Interest Period with respect thereto. If no Interest Period is specified in any such notice with respect to any conversion to or continuation as a Eurodollar Borrowing, the Borrower shall be deemed to have selected an Interest Period of one month's duration. The Administrative Agent shall advise the Lenders of any notice given pursuant to this Section 2.10 and of each Lender's portion of any converted or continued Borrowing. If the Borrower shall not have given notice in accordance with this Section 2.10 to continue any Borrowing into a subsequent Interest Period (and shall not otherwise have given notice in accordance with this Section 2.10 to convert such Borrowing), such Borrowing shall, at the end of the Interest Period applicable thereto (unless repaid pursuant to the terms hereof), automatically be continued as an ABR Borrowing.

Section 2.11. *Repayment of Term Borrowings.* (a) (i) The Borrower shall pay to the Administrative Agent, for the account of the Lenders, on the dates set forth below, or if any such date is not a Business Day, on the next preceding Business Day (each such date being called a "**Repayment Date**"), a principal amount of the Loans other than Other Term Loans (as adjusted from time to time pursuant to Sections 2.11(b), 2.12, 2.13(e) and 2.22(d)) equal to the amount set forth below for such date, together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment:

Repayment Date	Amount
March 31, 2011	$ 4,687,500
June 30, 2011	$ 4,687,500
September 30, 2011	$ 4,687,500

Repayment Date	Amount
December 31, 2011	$ 4,687,500
March 31, 2012	$ 9,375,000
June 30, 2012	$ 9,375,000
September 30, 2012	$ 9,375,000
December 31, 2012	$ 9,375,000
March 31, 2013	$ 9,375,000
June 30, 2013	$ 9,375,000
September 30, 2013	$ 9,375,000
December 31, 2013	$ 9,375,000
March 31, 2014	$ 9,375,000
June 30, 2014	$ 9,375,000
September 30, 2014	$ 9,375,000
December 31, 2014	$ 9,375,000
March 31, 2015	$ 9,375,000
June 30, 2015	$ 9,375,000
September 30, 2015	$ 9,375,000
December 31, 2015	$ 9,375,000
March 31, 2016	$ 9,375,000
Maturity Date	$ 571,875,000

(i) The Borrower shall pay to the Administrative Agent, for the account of the Incremental Term Lenders, on each Incremental Term Loan Repayment Date, a principal amount of the Other Term Loans (as adjusted from time to time pursuant to Sections 2.11(b), 2.12 and 2.13(e)) equal to the amount set forth for such date in the applicable Incremental Term Loan Assumption Agreement, together in each case with accrued and unpaid interest on the principal amount to be paid to but excluding the date of such payment.

(b) In the event and on each occasion that the Term Loan Commitments shall be reduced or shall expire or terminate other than as a result of the making of a Term Loan, the installments payable on each Repayment Date shall be reduced pro rata by an aggregate amount equal to the amount of such reduction, expiration or termination.

(c) To the extent not previously paid, all Term Loans and Other Term Loans shall be due and payable on the Maturity Date and the Incremental Term Loan Maturity Date, respectively, together with accrued and unpaid interest on the principal amount to be paid to but excluding the date of payment.

(d) All repayments pursuant to this Section 2.11 shall be subject to Section 2.16, but shall otherwise be without premium or penalty.

Section 2.12. *Voluntary Prepayment.* (a) The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, upon at least three Business Days' prior written or fax notice (or telephone notice promptly confirmed by written or fax notice) in the case of Eurodollar Term Loans, or written or fax notice (or telephone notice promptly confirmed by written or fax notice) at least one Business Day prior to the date of prepayment in the case of ABR Term Loans, to the Administrative Agent before 12:00 (noon), New York City time; *provided*, *however*, that each partial prepayment shall be in an amount that is an integral multiple of $1,000,000 and not less than $5,000,000.

(a) Voluntary prepayments of Loans shall be applied pro rata against the remaining scheduled installments of principal due in respect of the Loans under Section 2.11.

(b) Each notice of prepayment shall specify the prepayment date and the principal amount of each Borrowing (or portion thereof) to be prepaid, shall be irrevocable and shall commit the Borrower to prepay such Borrowing by the amount stated therein on the date stated therein; *provided*, *however*, that if such prepayment is for all of the then outstanding Loans, then the Borrower may revoke such notice and/or extend the prepayment date by not more than five Business Days; *provided further*, *however*, that the provisions of Section 2.16 shall apply with respect to any such revocation or extension. All prepayments under this Section 2.12 shall be subject to Section 2.16 but otherwise without premium or penalty. All prepayments under this Section 2.12 shall be accompanied by accrued and unpaid interest on the principal amount to be prepaid to but excluding the date of payment.

Section 2.13. *Mandatory Prepayments.* (a) Not later than the third Business Day following the receipt of Net Cash Proceeds by any Loan Party in respect of one or more Asset Sales in an aggregate amount in excess of $2,000,000, the Borrower shall apply the Pro Rata Share of the Net Cash Proceeds received with respect thereto to prepay outstanding Term Loans in accordance with Section 2.13(e), it being understood and agreed that the Borrower shall make an offer to the holders of the Senior Secured Notes to purchase the Senior Secured Notes in an aggregate amount equal to the remaining balance of such Net Cash Proceeds in accordance with the terms of the Senior Secured Note Indenture. For purposes hereof, "**the Pro Rata Share**" of Net Cash Proceeds received with respect to any Asset Sale at any time means the percentage of the aggregate principal amount of the Loans and the Senior Secured Notes outstanding at such time represented by the aggregate principal amount of the Loans outstanding at such time.

(a) No later than the earlier of (i) 90 days after the end of each fiscal year of the Borrower, commencing with the fiscal year ending on September 30, 2011, and (ii) the date on which the financial statements with respect to such period are delivered pursuant to Section 5.04(a), the Borrower shall prepay outstanding Loans in accordance with Section 2.13(e) in an aggregate principal amount equal to (x) 50% of Excess Cash Flow for the fiscal year then ended minus (y) voluntary prepayments of Loans under Section 2.12 during such fiscal year but only to the extent that such prepayments do not occur in connection with a refinancing of all or any portion of such Indebtedness; *provided* that such percentage shall be reduced to 25% if the Leverage Ratio as of the last day of the immediately preceding four fiscal quarters was less than 3.2:1.

(b) In the event that any Loan Party or any subsidiary of a Loan Party shall receive Net Cash Proceeds from the issuance or incurrence of Indebtedness for money borrowed of any Loan Party or any subsidiary of a Loan Party (other than any cash proceeds from the issuance of Indebtedness for money borrowed permitted pursuant to Section 6.01, except for Section 6.01(b)(ii) as to which the mandatory prepayment requirement of this Section 2.13(c) shall apply), the Borrower shall, substantially simultaneously with (and in any event not later than the third Business Day next following) the receipt of such Net Cash Proceeds by such Loan Party or such subsidiary, apply an amount equal to 100% of such Net Cash Proceeds to prepay outstanding Loans in accordance with Section 2.13(e).

(c) In the event that Super Holdco or any Loan Party shall receive Net Cash Proceeds in respect of any purchase price adjustment relating to the Acquisition (a "**Purchase Price Adjustment**"), the Borrower shall, substantially simultaneously with (and in any event not later than the third Business Day next following) the receipt of such Net Cash Proceeds by any such Person, cause an amount equal to 100% of such Net Cash Proceeds to be applied to prepay outstanding Loans in accordance with Section 2.13(e).

(d) Mandatory prepayments of outstanding Loans under this Agreement shall be allocated pro rata between the Term Loans and the Other Term Loans and applied pro rata against the remaining scheduled installments of principal due in respect of the Term Loans and the Other Term Loans under Sections 2.11(a)(i) and (ii) respectively, except to the extent the terms of any Incremental Term Loans provide for a less favorable treatment of any Other Term Loans.

(e) The Borrower shall deliver to the Administrative Agent, at the time of each prepayment required under this Section 2.13, (i) a certificate signed by a Financial Officer of the Borrower setting forth in reasonable detail the calculation of the amount of such prepayment and (ii) to the extent practicable, at least three

Business Days prior written notice of such prepayment. Each notice of prepayment shall specify the prepayment date, the Type of each Term Loan being prepaid and the principal amount of each Term Loan (or portion thereof) to be prepaid. All prepayments of Borrowings under this Section 2.13 shall be subject to Section 2.16, but shall otherwise be without premium or penalty, and shall be accompanied by accrued and unpaid interest on the principal amount to be prepaid to but excluding the date of payment.

Section 2.14. *Reserve Requirements; Change in Circumstances.* (a) Notwithstanding any other provision of this Agreement, if any Change in Law shall impose, modify or deem applicable any reserve, special deposit or similar requirement against assets of, deposits with or for the account of or credit extended by any Lender (except any such reserve requirement which is reflected in the Adjusted LIBO Rate) or shall impose on such Lender or the London interbank market any other condition affecting this Agreement or Eurodollar Term Loans made by such Lender, and the result of any of the foregoing shall be to increase the cost to such Lender of making or maintaining any Eurodollar Term Loan or increase the cost to any Lender or to reduce the amount of any sum received or receivable by such Lender hereunder (whether of principal, interest or otherwise) by an amount deemed by such Lender to be material, then the Borrower will pay to such Lender upon demand such additional amount or amounts as will compensate such Lender for such additional costs incurred or reduction suffered.

(a) If any Lender shall have determined that any Change in Law regarding capital adequacy has or would have the effect of reducing the rate of return on such Lender's capital or on the capital of such Lender's holding company, if any, as a consequence of this Agreement or the Term Loans made pursuant hereto to a level below that which such Lender or such Lender's holding company could have achieved but for such Change in Law (taking into consideration such Lender's policies and the policies of such Lender's holding company with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such Lender's holding company for any such reduction suffered.

(b) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or its holding company, as applicable, as specified in paragraph (a) or (b) above shall be delivered to the Borrower and shall be conclusive absent manifest error. The Borrower shall pay such Lender the amount shown as due on any such certificate delivered by it within 10 days after its receipt of the same.

(c) Failure or delay on the part of any Lender to demand compensation for any increased costs or reduction in amounts received or receivable or reduction in return on capital shall not constitute a waiver of such Lender's right to demand such compensation; *provided* that the Borrower shall not be under any obligation to compensate any Lender under paragraph (a) or (b) above with respect to increased costs or reductions with respect to any period prior to the date that is 120 days prior to such request if such Lender knew or could reasonably have been expected to know of the circumstances giving rise to such increased costs or reductions and of the fact that such circumstances would result in a claim for increased compensation by reason of such increased costs or reductions; provided further that the foregoing limitation shall not apply to any increased costs or reductions arising out of the retroactive application of any Change in Law within such 120-day period. The protection of this Section shall be available to each Lender regardless of any possible contention of the invalidity or inapplicability of the Change in Law that shall have occurred or been imposed.

Section 2.15. *Change in Legality.* (a) Notwithstanding any other provision of this Agreement, if any Change in Law shall make it unlawful for any Lender to make or maintain any Eurodollar Term Loan or to give effect to its obligations as contemplated hereby with respect to any Eurodollar Term Loan, then, by written notice to the Borrower and to the Administrative Agent:

(i) such Lender may declare that Eurodollar Term Loans will not thereafter (for the duration of such unlawfulness) be made by such Lender hereunder (or be continued for additional Interest Periods) and ABR Term Loans will not thereafter (for such duration) be converted into Eurodollar Term Loans, whereupon any request for a Eurodollar Borrowing (or to convert an ABR Borrowing to a Eurodollar Borrowing or to continue a Eurodollar Borrowing for an additional Interest Period) shall, as to such Lender only, be deemed a request for an ABR Term Loan (or a request to continue an ABR Term Loan as such for an additional Interest Period or to convert a Eurodollar Term Loan into an ABR Term Loan, as the case may be), unless such declaration shall be subsequently withdrawn; and

(ii) such Lender may require that all outstanding Eurodollar Term Loans made by it be converted to ABR Term Loans, in which event all such Eurodollar Term Loans shall be automatically converted to ABR Term Loans as of the effective date of such notice as provided in paragraph (b) below.

In the event any Lender shall exercise its rights under (i) or (ii) above, all payments and prepayments of principal that would otherwise have been applied to repay the Eurodollar Term Loans that would have been made by such Lender or the converted Eurodollar Term Loans of such Lender shall instead be applied to repay the ABR Term Loans made by such Lender in lieu of, or resulting from the conversion of, such Eurodollar Term Loans.

(b) For purposes of this Section 2.15, a notice to the Borrower by any Lender shall be effective as to each Eurodollar Term Loan made by such Lender, if lawful, on the last day of the Interest Period then applicable to such Eurodollar Term Loan; in all other cases such notice shall be effective on the date of receipt by the Borrower.

Section 2.16. *Breakage.* The Borrower shall indemnify each Lender against any loss (other than any lost profit or margin) or expense that such Lender may sustain or incur as a consequence of (a) any event, other than a default by such Lender in the performance of its obligations hereunder, which results in (i) such Lender receiving or being deemed to receive any amount on account of the principal of any Eurodollar Term Loan prior to the end of the Interest Period in effect therefor, (ii) the conversion of any Eurodollar Term Loan to an ABR Term Loan, or the conversion of the Interest Period with respect to any Eurodollar Term Loan, in each case other than on the last day of the Interest Period in effect therefor, or (iii) any Eurodollar Term Loan to be made by such Lender (including any Eurodollar Term Loan to be made pursuant to a conversion or continuation under Section 2.10) not being made after notice of such Term Loan shall have been given by the Borrower hereunder (any of the events referred to in this clause (a) being called a "**Breakage Event**") or (b) any default in the making of any payment or prepayment required to be made hereunder. In the case of any Breakage Event, such loss shall include an amount equal to the excess, as reasonably determined by such Lender, of (i) its cost of obtaining funds for the Eurodollar Term Loan that is the subject of such Breakage Event for the period from the date of such Breakage Event to the last day of the Interest Period in effect (or that would have been in effect) for such Term Loan over (ii) the amount of interest likely to be realized by such Lender in redeploying the funds released or not utilized by reason of such Breakage Event for such period. A certificate of any Lender setting forth any amount or amounts which such Lender is entitled to receive pursuant to this Section 2.16 shall be delivered to the Borrower and shall be conclusive absent manifest error.

Section 2.17. *Pro Rata Treatment.* Subject to Section 2.15, each Borrowing, each payment or prepayment of principal of any Borrowing made by or on behalf of the Borrower, each payment of interest on the Loans made by or on behalf of the Borrower, each reduction of the Commitments and each conversion of any Borrowing to or continuation of any Borrowing as a Borrowing of any Type shall be allocated pro rata among the Lenders in accordance with their respective applicable Commitments (or, if such Commitments shall have expired or been terminated, in accordance with the respective principal amounts of their outstanding Loans). Each Lender agrees that in computing such Lender's portion of any Borrowing to be made hereunder, the Administrative Agent may, in its discretion, round each Lender's percentage of such Borrowing to the next higher or lower whole Dollar amount.

Section 2.18. *Sharing of Setoffs.* Each Lender agrees that if it shall, through the exercise of a right of banker's lien, setoff or counterclaim against the Borrower or any other Loan Party, or pursuant to a secured claim under Section 506 of Title 11 of the United States Code or other security or interest arising from, or in lieu of, such secured claim, received by such Lender under any applicable bankruptcy, insolvency or other similar law or otherwise, or by any other means, obtain payment (voluntary or involuntary) in respect of any Loans as a result of which the unpaid principal portion of its Loans shall be proportionately less than the unpaid principal portion of the Loans of any other Lender, it shall be deemed simultaneously to have purchased from such other Lender at face value, and shall promptly pay to such other Lender the purchase price for, a participation in the Loans of such other Lender, so that the aggregate unpaid principal amount of the Loans and participations in Loans held by each Lender shall be in the same proportion to the aggregate unpaid principal amount of all Loans then outstanding as the principal amount of its Loans prior to such exercise of banker's lien, setoff or counterclaim or other event was to the principal amount of all Loans outstanding prior to such exercise of banker's lien, setoff or counterclaim or other event; *provided*, *however*, that (i) if any such purchase or purchases or adjustments shall be made pursuant to this Section 2.18 and the payment giving rise thereto shall thereafter be recovered, such purchase or purchases or adjustments shall be rescinded to the extent of such recovery and the purchase price or prices or adjustment restored without interest, and (ii) the provisions of this Section 2.18 shall not be construed to apply to any payment made by the Borrower to a Lender in its capacity as such pursuant to and in accordance with the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant. The Borrower and Holdings expressly consent to the foregoing arrangements and agree that any Lender holding a participation in a Loan deemed to have been so purchased may exercise any and all rights of banker's lien, setoff or counterclaim with respect to any and all moneys owing by the Borrower and Holdings to such Lender by reason thereof as fully as if such Lender had made a Loan directly to the Borrower in the amount of such participation.

Section 2.19. *Payments.* (a) The Borrower shall make each payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder and under any other Loan Document not later than 2:00 p.m., New York City time, on the date when due in immediately available Dollars, without setoff, defense or counterclaim. Each such payment shall be made to the Administrative Agent at its offices at Eleven Madison Avenue, New York, NY 10010. The Administrative Agent shall promptly distribute to each Lender any payments received by the Administrative Agent on behalf of such Lender.

(a) Except as otherwise expressly provided herein, whenever any payment (including principal of or interest on any Borrowing or any Fees or other amounts) hereunder or under any other Loan Document shall become due, or otherwise would occur, on a day that is not a Business Day, such payment may be made on the next succeeding Business Day, and such extension of time shall in such case be included in the computation of interest.

Section 2.20. *Taxes.* (a) Any and all payments by or on account of any obligation of the Borrower or any other Loan Party hereunder or under any other Loan Document shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; *provided* that, if the Borrower or any other Loan Party shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section) the Administrative Agent and each Lender (as the case may be) receives an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower or such Loan Party shall make such deductions and (iii) the Borrower or such Loan Party shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(a) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(b) The Borrower shall indemnify the Administrative Agent and each Lender, within 10 days after written demand therefor, for the full amount of any Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower or any other Loan Party hereunder or under any other Loan Document (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent on behalf of itself or a Lender, shall be conclusive absent manifest error.

(c) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower or any other Loan Party to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(d) Any Lender that is entitled to an exemption from or reduction of any withholding tax under the law of the jurisdiction in which the Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Borrower and, if necessary, the IRS or other Governmental Authority (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate. Such Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered documentation to the Borrower or, if applicable, the IRS or other Governmental Authority. Without limiting the generality of the foregoing, any Foreign Lender shall deliver to the Borrower, Administrative Agent and, if necessary, the IRS or other Governmental Authority (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender under this Agreement (and from time to time thereafter (i) if such Foreign Lender shall determine that any applicable form or certification has expired or will then expire or has or will then become obsolete or incorrect or that an event has occurred that requires or will then require a change in the most recent form or certification previously delivered by it to the Borrower and the Administrative Agent and (ii) upon the request of the Borrower or Administrative Agent, but only if such Foreign Lender is legally entitled to do so), whichever of the following is applicable:

(i) duly completed copies of IRS Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States of America is a party;

(ii) duly completed copies of IRS Form W-8ECI;

(iii) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under Section 871(h) or 881(c) of the Code: (x) a certificate substantially in the form of Exhibit L (any such certificate, a "United States Tax Compliance Certificate") to the effect that such Foreign Lender is not: (A) a "bank" within the meaning of Section 881(c)(3)(A) of the Code, (B) a "10 percent shareholder" of the Borrower within the meaning of Section 881(c)(3)(B) of the Code, or (C) a "controlled foreign corporation" described in Section 881(c)(3)(C) of the Code and (y) duly completed copies of IRS Form W-8BEN;

(iv) to the extent a Foreign Lender is not the beneficial owner (for example, where the Foreign Lender is a partnership or participating Lender granting a typical participation), duly completed copies of IRS Form W-8IMY, accompanied by duly completed IRS Form W-8ECI, IRS Form W-8BEN, a United States Tax Compliance Certificate, IRS Form W-9 or other required documentation from each beneficial owner, as applicable (together with, if applicable, duly completed copies of IRS Form W-8IMY of any upper-tier non-beneficial owner of such Foreign Lender); or

(v) any other form prescribed by applicable law as a basis for claiming exemption from or a reduction of United States Federal withholding Tax duly completed together with such supplementary documentation as may be prescribed by applicable law to permit the Borrower to determine the withholding or deduction required to be made.

(e) If a Lender or the Administrative Agent determines, in its sole discretion, that it has received a refund in respect of any Indemnified Taxes or Other Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 2.20, it shall pay over the amount of such refund to the Borrower, net of all out-of-pocket expenses of such Lender or the Administrative Agent and without interest (other than interest paid by the relevant taxation authority with respect to such refund); *provided* that the Borrower, upon the request of such Lender or the Administrative Agent, agrees to repay the amount paid over to the Borrower (plus penalties, interest or other charges) to such Lender or the Administrative Agent in the event such Lender or the Administrative Agent is required to repay such refund to such taxation authority; *provided*, *further*, that this subsection shall not be construed to require such Lender or the Administrative Agent to make available its tax returns (or any other information relating to its taxes that it deems confidential) to the Borrower or any other Person.

Section 2.21. *Assignment of Commitments Under Certain Circumstances; Duty to Mitigate.* (a) In the event (i) any Lender delivers a certificate requesting compensation pursuant to Section 2.14, (ii) any Lender delivers a notice described in Section 2.15, (iii) the Borrower is required to pay any additional amount to any Lender or any Governmental Authority on account of any Lender pursuant to Section 2.20 or (iv) any Lender refuses to consent to any amendment, waiver or other modification of any Loan Document requested by the Borrower that requires the consent of a greater percentage of the Lenders than the Required Lenders and such amendment, waiver or other modification is consented to by the Required Lenders, then, in each case, the Borrower may, at its sole expense and effort (including with respect to the processing and recordation fee referred to in Section 9.04(b)), upon notice to such Lender and the Administrative Agent, require such Lender to transfer and assign, without recourse (in accordance with and subject to the restrictions contained in Section 9.04), all of its interests, rights and obligations under this Agreement (or, in the case of clause (iv) above, all of its interests, rights and obligation with respect to the Class of Term Loans or Commitments that is the subject of the related consent, amendment, waiver or other modification) to an Eligible Assignee that shall assume such assigned obligations and, with respect to clause (iv) above, shall consent to such requested amendment, waiver or other modification of any Loan Documents (which assignee may be another Lender, if a Lender accepts such assignment); *provided* that (x) such assignment shall not conflict with any law, rule or regulation or order of any court or other Governmental Authority having jurisdiction, (y) the

Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not unreasonably be withheld or delayed, and (z) the Borrower or such assignee shall have paid to the affected Lender in immediately available funds an amount equal to the sum of the principal of and interest accrued to the date of such payment on the outstanding Loans of such Lender, plus all amounts accrued for the account of such Lender hereunder with respect thereto (including any amounts under Sections 2.14 and 2.16); *provided further* that, if prior to any such transfer and assignment the circumstances or event that resulted in such Lender's claim for compensation under Section 2.14, notice under Section 2.15 or the amounts paid pursuant to Section 2.20, as the case may be, cease to cause such Lender to suffer increased costs or reductions in amounts received or receivable or reduction in return on capital, or cease to have the consequences specified in Section 2.15, or cease to result in amounts being payable under Section 2.20, as the case may be (including as a result of any action taken by such Lender pursuant to paragraph (b) below), or if such Lender shall waive its right to claim further compensation under Section 2.14 in respect of such circumstances or event or shall withdraw its notice under Section 2.15 or shall waive its right to further payments under Section 2.20 in respect of such circumstances or event or shall consent to the proposed amendment, waiver, consent or other modification, as the case may be, then such Lender shall not thereafter be required to make any such transfer and assignment hereunder. Each Lender hereby grants to the Administrative Agent an irrevocable power of attorney (which power is coupled with an interest) to execute and deliver, on behalf of such Lender, as assignor, any Assignment and Acceptance necessary to effectuate any assignment of such Lender's interests hereunder in the circumstances contemplated by this Section 2.21(a).

(a) If (i) any Lender shall request compensation under Section 2.14 or (ii) any Lender delivers a notice described in Section 2.15, then such Lender shall use reasonable efforts (which shall not require such Lender to incur an unreimbursed loss or unreimbursed cost or expense or otherwise take any action inconsistent with its internal policies or legal or regulatory restrictions or suffer any disadvantage or burden deemed by it to be significant) (x) to file any certificate or document reasonably requested in writing by the Borrower or (y) to assign its rights and delegate and transfer its obligations hereunder to another of its offices, branches or affiliates, if such filing or assignment would reduce its claims for compensation under Section 2.14 or enable it to withdraw its notice pursuant to Section 2.15, as the case may be, in the future. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with any such filing or assignment, delegation and transfer.

Section 2.22. *Incremental Term Loans.* (a) The Borrower may, by written notice to the Administrative Agent from time to time, request Incremental Term Loan Commitments in an amount not to exceed the Incremental Loan Amount from one or more Incremental Term Lenders, all of which must be Eligible

Assignees. Such notice shall set forth (i) the amount of the Incremental Term Loan Commitments being requested (which shall be in minimum increments of $1,000,000 and a minimum amount of $5,000,000 or such lesser amount equal to the remaining Incremental Term Loan Amount), (ii) the date on which such Incremental Term Loan Commitments are requested to become effective (which shall not be less than 10 Business Days nor more than 60 days after the date of such notice), and (iii) whether such Incremental Term Loan Commitments are commitments to make additional Term Loans or commitments to make term loans with terms different from the Term Loans ("**Other Term Loans**").

(a) The Borrower may seek Incremental Term Loan Commitments from existing Lenders (each of which shall be entitled to agree or decline to participate in its sole discretion) and additional banks, financial institutions and other institutional lenders who will become Incremental Term Lenders in connection therewith. The Borrower and each Incremental Term Lender shall execute and deliver to the Administrative Agent an Incremental Term Loan Assumption Agreement and such other documentation as the Administrative Agent shall reasonably specify to evidence the Incremental Term Loan Commitment of each Incremental Term Lender. The terms and provisions of the Incremental Term Loans shall be identical to those of the Term Loans except as otherwise set forth herein or in the Incremental Term Loan Assumption Agreement. Without the prior written consent of the Required Lenders, (i) the final maturity date of any Other Term Loans shall be no earlier than the Maturity Date, (ii) the average life to maturity of the Other Term Loans shall be no shorter than the average life to maturity of the Term Loans and (iii) if (A) the initial yield on such Other Term Loans (as determined by the Administrative Agent to be equal to the sum of (x) the margin above the adjusted LIBO Rate on such Other Term Loans, (y) the difference (if positive) between any LIBOR floor and the adjusted LIBO Rate applicable to such Other Term Loans and (z) if such Other Term Loans are initially made at a discount or the Lenders making the same receive a fee (other than any fee paid to an institution to arrange, underwrite or place such Other Term Loans, so long as such fee is not shared with any Incremental Term Lender solely in their capacity as such) directly or indirectly from Holdings, the Borrower or any Subsidiary for doing so (the amount of such discount or fee, expressed as a percentage of the Other Term Loans, being referred to herein as "**OID**"), the amount of such OID divided by the lesser of (1) the average life to maturity of such Other Term Loans and (2) four) exceeds (B) the sum of (x) the Applicable Margin then in effect for Eurodollar Term Loans and (y) the difference (if positive) between any LIBOR floor and the Adjusted LIBO Rate (without giving effect to clause (a) in the definition of Adjusted LIBO Rate) then in effect for Eurodollar Term Loans (the amount of such excess of clause (A) over clause (B) being referred to herein as the "**Yield Differential**"), then the Applicable Margin then in effect for Term Loans shall automatically be increased by the Yield Differential, effective upon the making of the Other Term Loans. The Administrative Agent shall promptly notify each Lender as to the effectiveness of

each Incremental Term Loan Assumption Agreement. Each of the parties hereto hereby agrees that, upon the effectiveness of any Incremental Term Loan Assumption Agreement, this Agreement shall be deemed amended to the extent (but only to the extent) necessary to reflect the existence and terms of the Incremental Term Loan Commitment and the Incremental Term Loans evidenced thereby, and the Administrative Agent and the Borrower may revise this Agreement to evidence such amendments.

(b) Notwithstanding the foregoing, no Incremental Term Loan Commitment shall become effective under this Section 2.22 unless (i) on the date of such effectiveness, the conditions set forth in paragraphs (b) and (c) of Section 4.01 shall be satisfied and the Administrative Agent shall have received a certificate to that effect dated such date and executed by a Financial Officer of the Borrower, (ii) except as otherwise specified in the applicable Incremental Term Loan Assumption Agreement, the Administrative Agent shall have received (with sufficient copies for each of the Incremental Term Lenders) legal opinions, board resolutions and other closing certificates reasonably requested by the Administrative Agent and consistent with those delivered on the Closing Date under Section 4.02, and (iii) the Borrower would be in compliance with the covenants set forth in Sections 6.11 and 6.12 as of the most recently completed period of four consecutive fiscal quarters ending prior to the date of such effectiveness for which the financial statements and certificates required by Section 5.04(a) or 5.04(b), as the case may be, and 5.04(c) have been delivered or for which comparable financial statements have been filed with the SEC, after giving pro forma effect to the borrowing of such Incremental Term Loans and to any other event occurring after such period as to which pro forma recalculation is appropriate as if such Incremental Term Loans had been made as of the first day of such period.

(c) Each of the parties hereto hereby agrees that the Administrative Agent may, in consultation with the Borrower, take any and all action as may be reasonably necessary to ensure that all Incremental Term Loans (other than Other Term Loans), when originally made, are included in each Borrowing of outstanding Term Loans on a pro rata basis. This may be accomplished by requiring each outstanding Eurodollar Term Borrowing to be converted into an ABR Term Borrowing on the date of each Incremental Term Loan, or by allocating a portion of each Incremental Term Loan to each outstanding Eurodollar Term Borrowing on a pro rata basis. Any conversion of Eurodollar Term Loans to ABR Term Loans required by the preceding sentence shall be subject to Section 2.16. If any Incremental Term Loan is to be allocated to an existing Interest Period for a Eurodollar Term Borrowing, then the interest rate thereon for such Interest Period and the other economic consequences thereof shall be as set forth in the applicable Incremental Term Loan Assumption Agreement. In addition, to the extent any Incremental Term Loans are not Other Term Loans, the scheduled amortization payments under Section 2.11(a)(i)

required to be made after the making of such Incremental Term Loans shall be ratably increased by the aggregate principal amount of such Incremental Term Loans and shall be further increased for all Lenders on a pro rata basis to the extent necessary to avoid any reduction in the amortization payments to which the Lenders were entitled before such recalculation.

ARTICLE 3
REPRESENTATIONS AND WARRANTIES

Each of Holdings and the Borrower represents and warrants to the Administrative Agent and each of the Lenders that:

Section 3.01. *Organization; Powers.* Holdings, the Borrower and each of the Subsidiaries (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has all requisite power and authority to own its property and assets and to carry on its business as now conducted and as proposed to be conducted, (c) is qualified to do business in, and is in good standing in, every jurisdiction where such qualification is required, except where the failure so to qualify could not reasonably be expected to result in a Material Adverse Effect, and (d) has the power and authority to execute, deliver and perform its obligations under each of the Loan Documents and each other agreement or instrument contemplated thereby to which it is or will be a party and, in the case of the Borrower, to borrow hereunder.

Section 3.02. *Authorization.* The Transactions (a) have been duly authorized by all requisite corporate and, if required, stockholder action and (b) will not (i) violate (A) any provision of law, statute, rule or regulation, or of the certificate or articles of incorporation or other constitutive documents or by-laws of Holdings, the Borrower or any Subsidiary, (B) any order of any Governmental Authority or (C) any provision of any indenture, agreement or other instrument to which Holdings, the Borrower or any Subsidiary is a party or by which any of them or any of their property is or may be bound, (ii) be in conflict with, result in a breach of or constitute (alone or with notice or lapse of time or both) a default under, or give rise to any right to accelerate or to require the prepayment, repurchase or redemption of any obligation under any such indenture, agreement or other instrument or (iii) result in the creation or imposition of any Lien upon or with respect to any property or assets now owned or hereafter acquired by Holdings, the Borrower or any Subsidiary (other than any Lien created under the Security Documents, the ABL Documents or the Senior Secured Note Documents).

Section 3.03. *Enforceability.* This Agreement has been duly executed and delivered by Holdings and the Borrower and constitutes, and each other Loan Document when executed and delivered by each Loan Party party thereto will constitute, a legal, valid and binding obligation of such Loan Party enforceable against such Loan Party in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditor’s rights generally or by equitable principles relating to enforceability.

Section 3.04. *Governmental Approvals.* No action, consent or approval of, registration or filing with or any other action by any Governmental Authority is or will be required in connection with the Transactions, except for (a) the filing of Uniform Commercial Code financing statements and filings with the United States Patent and Trademark Office and the United States Copyright Office, (b) recordation of the Mortgages and (c) such as have been made or obtained and are in full force and effect.

Section 3.05. *Financial Statements.* (a) The Borrower has heretofore furnished to the Lenders the consolidated (and, to the extent available, consolidating) statements of financial position, operations, shareholders' equity and comprehensive income and cash flows of Spectrum (i) as of and for the fiscal year ended September 30, 2009, the fiscal year ended September 30, 2008 and the fiscal year ended September 30, 2007, in each case (other than in respect of any consolidating financial statements) audited by and accompanied by the opinion of KPMG LLP, independent public accountants and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended April 4, 2010, certified by its chief financial officer. Such financial statements present fairly the financial condition and results of operations and cash flows of Spectrum and its consolidated subsidiaries as of such dates and for such periods. Such balance sheets and the notes thereto disclose all material liabilities, direct or contingent, of Spectrum and its consolidated subsidiaries as of the dates thereof. Such financial statements were prepared in accordance with GAAP applied on a consistent basis, subject, in the case of unaudited financial statements, to year-end audit adjustments and the absence of footnotes.

(a) The Borrower has heretofore furnished to the Lenders the consolidated (and, to the extent available, consolidating) balance sheets and related statements of operations, stockholders' equity and cash flows of Russell Hobbs (i) as of and for the fiscal year ended June 30, 2009, the fiscal year ended June 30, 2008 and the fiscal year ended June 30, 2007, in each case (other than in respect of any consolidating financial statements) audited by and accompanied by the opinion of Grant Thornton LLP, independent public accountants and (ii) as of and for the fiscal quarter and the portion of the fiscal year ended March 31, 2010, certified by its chief financial officer. Such financial statements present fairly the financial condition and results of operations and cash flows of Russell Hobbs and its consolidated subsidiaries as of such dates and for such periods. Such balance sheets and the notes thereto disclose all material liabilities, direct or contingent, of Russell Hobbs and its consolidated subsidiaries as of the dates thereof. Such financial statements were prepared in accordance with GAAP applied on a consistent basis, subject, in the case of unaudited financial statements, to year-end audit adjustments and the absence of footnotes.

(b) The Borrower has heretofore delivered to the Lenders its unaudited pro forma consolidated balance sheet and related pro forma statements of income, stockholder's equity and cash flows as of and for the 12-month period ended March 31, 2010, prepared giving effect to the Transactions as if they had occurred, with respect to such balance sheet, on such date and, with respect to such other financial statements, on the first day of the 12-month period ending on such date. Such pro forma financial statements have been prepared in good faith by the Borrower, based on the assumptions used to prepare the pro forma financial information contained in the Confidential Information Memorandum (which assumptions are believed by the Borrower on the date hereof and on the Closing Date to be reasonable), are based on the best information available to the Borrower as of the date of delivery thereof, accurately reflect all adjustments required to be made to give effect to the Transactions and present fairly on a pro forma basis the estimated consolidated financial position of the Borrower and its consolidated Subsidiaries as of such date and for such period, assuming that the Transactions had actually occurred at such date or at the beginning of such period, as the case may be.

Section 3.06. *No Material Adverse Change.* No event, change or condition has occurred that has had, or could reasonably be expected to have, a material adverse effect on the business, assets, liabilities, operations, condition (financial or otherwise), operating results or prospects of Holdings, the Borrower and the Subsidiaries, taken as a whole, since April 4, 2010.

Section 3.07. *Title to Properties; Possession Under Leases.* (a) Each of Holdings, the Borrower and the Subsidiaries has good and marketable title to, or valid leasehold interests in, all its material properties and assets (including all Mortgaged Property), except for minor defects in title that do not interfere with its ability to conduct its business in substantially the same manner as currently conducted or to utilize such properties and assets for their intended purposes. All such material properties and assets are free and clear of Liens, other than Liens permitted by Section 6.02.

(a) Each of Holdings, the Borrower and the Subsidiaries has complied in all material respects with all material obligations under all Material Leases to which it is a party and all such leases are in full force and effect. Each of Holdings, the Borrower and the Subsidiaries enjoys peaceful and undisturbed possession under all such Material Leases.

(b) As of the Closing Date, neither Holdings nor the Borrower has received any notice of, nor has any knowledge of, any pending or contemplated material condemnation proceeding affecting the Mortgaged Properties or any sale or disposition thereof in lieu of condemnation.

(c) As of the Closing Date, none of Holdings, the Borrower or any of the Subsidiaries is obligated under any right of first refusal, option or other contractual right to sell, assign or otherwise dispose of any Mortgaged Property or any interest therein.

Section 3.08. *Subsidiaries.* Schedule 3.08 sets forth as of the Closing Date a list of all Subsidiaries and the percentage ownership interest of Holdings or the Borrower therein. The shares of capital stock or other ownership interests so indicated on Schedule 3.08 are fully paid and non-assessable and are owned by Holdings or the Borrower, directly or indirectly, free and clear of all Liens (other than Liens created under the Security Documents, the ABL Documents or the Senior Secured Note Documents).

Section 3.09. *Litigation; Compliance with Laws.* (a) Except as set forth on Schedule 3.09, there are no actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of Holdings or the Borrower, threatened against or affecting Holdings or the Borrower or any Subsidiary or any business, property or rights of any such Person (i) that involve any Loan Document or the Transactions or (ii) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect.

(a) None of Holdings, the Borrower or any of the Subsidiaries or any of their respective material properties or assets is in violation of, nor will the continued operation of their material properties and assets as currently conducted violate, any law, rule or regulation (including any zoning, building, Environmental Law, ordinance, code or approval or any building permits) or any restrictions of record or agreements affecting the Mortgaged Property, or is in default with respect to any judgment, writ, injunction, decree or order of any Governmental Authority, where such violation or default could reasonably be expected to result in a Material Adverse Effect.

(b) Certificates of occupancy and permits are in effect for each Mortgaged Property as currently constructed.

Section 3.10. *Agreements.* (a) None of Holdings, the Borrower or any of the Subsidiaries is a party to any agreement or instrument or subject to any corporate restriction that has resulted or could reasonably be expected to result in a Material Adverse Effect.

(a) None of Holdings, the Borrower or any of the Subsidiaries is in default in any manner under any provision of any indenture or other agreement or instrument evidencing Indebtedness, or any other material agreement or instrument to which it is a party or by which it or any of its properties or assets are or may be bound, where such default could reasonably be expected to result in a Material Adverse Effect.

Section 3.11. *Federal Reserve Regulations.* (a) None of Holdings, the Borrower or any of the Subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of buying or carrying Margin Stock.

(a) No part of the proceeds of any Term Loan will be used, whether directly or indirectly, and whether immediately, incidentally or ultimately, for any purpose that entails a violation of, or that is inconsistent with, the provisions of the Regulations of the Board, including Regulation T, U or X.

Section 3.12. *Investment Company Act.* None of Holdings, the Borrower or any Subsidiary is or is required to be registered as an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

Section 3.13. *Use of Proceeds.* The Borrower will (a) use the proceeds of the Term Loans only for the purposes specified in the introductory statement to this Agreement and (b) use the proceeds of Incremental Term Loans only for the purposes specified in the applicable Incremental Term Loan Assumption Agreement.

Section 3.14. *Tax Returns.* Each of Holdings, the Borrower and the Subsidiaries has filed or caused to be filed all material Federal, state, local and foreign tax returns or materials required to have been filed by it and has paid or caused to be paid all taxes due and payable by it on such returns, except taxes that are being contested in good faith by appropriate proceedings and for which Holdings, the Borrower or such Subsidiary, as applicable, shall have set aside on its books adequate reserves.

Section 3.15. *No Material Misstatements.* None of (a) the Confidential Information Memorandum or (b) any other information, report, financial statement, exhibit or schedule furnished by or on behalf of Holdings or the Borrower to the Administrative Agent or any Lender in connection with the negotiation of any Loan Document or included therein or delivered pursuant thereto, taken as a whole, contained, contains or will contain any material misstatement of fact or omitted, omits or will omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were, are or will be made, not materially misleading; *provided* that to the extent any such information, report, financial statement, exhibit or schedule was based upon or constitutes a forecast or projection, each of Holdings and the Borrower represents only that it acted in good faith and utilized reasonable assumptions (based upon accounting principles consistent with the historical audited financial statements of the Borrower) and due care in the preparation of such information, report, financial statement, exhibit or schedule.

Section 3.16. *Employee Benefit Plans.* (a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA and the Code except for non-compliances which, in the aggregate, would not have a Material Adverse Effect. Except as set forth in Schedule 3.16, no ERISA Event has occurred within the past five years or is reasonably expected to occur that, when taken together with all other such ERISA Events, could reasonably be expected to have a Material Adverse Effect. As of the Closing Date, the present value of all benefit liabilities of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the last annual valuation dates applicable thereto, exceed by more than $20,000,000 the fair market value of the assets of all such underfunded Plans.

(a) Each Foreign Pension Plan is in compliance in all material respects with all requirements of law applicable thereto and the respective requirements of the governing documents for such plan except for non-compliances which, in the aggregate, would not have a Material Adverse Effect. With respect to each Foreign Pension Plan, none of Holdings, its Affiliates or any of their respective directors, officers, employees or agents has engaged in a transaction which would subject Holdings, the Borrower or any Subsidiary, directly or indirectly, to a tax or civil penalty which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. As of the Closing Date, the present value of the aggregate accumulated benefit liabilities of all such Foreign Pension Plans (based on those assumptions used to fund each such Foreign Pension Plan) did not, as of the last annual valuation date applicable thereto, exceed by more than $75,000,000 the fair market value of the assets of all such Foreign Pension Plans.

Section 3.17. *Environmental Matters.* (a) Except as set forth in Schedule 3.17 and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, none of Holdings, the Borrower or any of the Subsidiaries (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability or (iv) knows of any basis for any Environmental Liability.

(a) Since the date of this Agreement, there has been no change in the status of the matters disclosed on Schedule 3.17 that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

Section 3.18. *Insurance.* Schedule 3.18 sets forth a true, complete and correct description of all insurance maintained by the Borrower or by the Borrower for the Subsidiaries as of the date hereof and the Closing Date. As of each such date, such insurance is in full force and effect and all premiums have been duly paid. The Borrower and the Subsidiaries have insurance in such amounts and covering such risks and liabilities as are in accordance with normal industry practice.

Section 3.19. *Security Documents.* (a) The Security Agreement, upon execution and delivery thereof by the parties thereto, will create in favor of the Collateral Trustee, for the ratable benefit of the Secured Parties, a legal, valid and enforceable security interest in the Collateral (as defined in the Security Agreement) and the proceeds thereof and (i) when the Pledged Collateral (as defined in the Security Agreement) is delivered to the Collateral Trustee, the Lien created under Security Agreement shall constitute a fully perfected and, subject to the ABL Intercreditor Agreement, first priority Lien on, and security interest in, all right, title and interest of the Loan Parties in such Pledged Collateral, in each case prior and superior in right to any other Person (other than as set forth in the ABL Intercreditor Agreement and Liens permitted hereby), and (ii) when financing statements in appropriate form are filed in the offices specified on Schedule 3.19(a), the Lien created under the Security Agreement with respect to Collateral that may be perfected by filing a financing statement will constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in such Collateral (other than Intellectual Property, as defined in the Security Agreement), in each case prior and superior in right to any other Person, other than with respect to Liens permitted by Section 6.02 that by operation of law or contract are prior and superior in right to the Liens securing the Obligations.

(a) Upon the recordation of the Security Agreement (or a short-form security agreement in form and substance reasonably satisfactory to the Borrower and the Collateral Trustee) with the United States Patent and Trademark Office and the United States Copyright Office, together with the financing statements in appropriate form filed in the offices specified on Schedule 3.19(a), the Lien created under the Security Agreement shall constitute a fully perfected Lien on, and security interest in, all right, title and interest of the Loan Parties in the Intellectual Property (as defined in the Security Agreement) in which a security interest may be perfected by filing in the United States and its territories and possessions, in each case prior and superior in right to any other Person (it being understood that subsequent recordings in the United States Patent and Trademark Office and the United States Copyright Office may be necessary to perfect a Lien on registered trademarks and patents, trademark and patent applications and registered copyrights acquired by the Loan Parties after the date hereof).

(b) The Mortgages are effective to create in favor of the Collateral Trustee, for the ratable benefit of the Secured Parties, a legal, valid and enforceable Lien on all of the Loan Parties' right, title and interest in and to the Mortgaged Property thereunder and the proceeds thereof, and when the Mortgages are filed in the offices specified on Schedule 3.19(c), the Mortgages shall constitute a fully perfected Lien on, and security interest in, all right, title

and interest of the Loan Parties in such Mortgaged Property and the proceeds thereof, in each case prior and superior in right to any other Person, other than with respect to the rights of Persons pursuant to Liens permitted by Section 6.02 that by operation of law or contract are prior and superior in right to the Liens securing the Obligations and except for any Liens or encumbrances shown on title insurance policies.

Section 3.20. *Location of Real Property and Leased Premises.* (a) Schedule 3.20(a) lists completely and correctly as of the Closing Date all real property owned by the Loan Parties with a fair market value greater than $2,000,000 (each, a "**Material Owned Real Property**") and the addresses thereof. The Loan Parties own in fee all the real property set forth on Schedule 3.20(a).

(a) Schedule 3.20(b) lists completely and correctly as of the Closing Date all real property leased by the Loan Parties that is material to the business or operations of the Loan Parties and could not be readily replaced on terms not materially less favorable to the lessee (each, a "**Material Lease**") and the addresses thereof. The Loan Parties have valid leases in all the real property set forth on Schedule 3.20(b).

Section 3.21. *Labor Matters.* As of the date hereof and the Closing Date, there are no strikes, lockouts or slowdowns against Holdings, the Borrower or any Subsidiary pending or, to the knowledge of Holdings or the Borrower, threatened except as could not reasonably be expected to have a Material Adverse Effect. The hours worked by and payments made to employees of Holdings, the Borrower and the Subsidiaries within the past five years have not been in violation of the Fair Labor Standards Act or any other applicable Federal, state, local or foreign law dealing with such matters except as could not reasonably be expected to have a Material Adverse Effect. Except as set forth on Schedule 3.21, the consummation of the Transactions will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which Holdings, the Borrower or any Subsidiary is bound.

Section 3.22. *Solvency.* Immediately after the consummation of the Transactions to occur on the Closing Date and immediately following the making of each Term Loan and after giving effect to the application of the proceeds of each Term Loan, Holdings and its subsidiaries, taken as a whole, are Solvent.

Section 3.23. *Transaction Documents.* Neither Holdings, the Borrower nor any Loan Party or, to the knowledge of Holdings, the Borrower or each Loan Party, any other Person party thereto is in default in the performance or compliance with any material provisions of the Merger Agreement (including all schedules, exhibits, amendments, supplements and modifications thereto). The Merger Agreement complies in all material respects with all applicable laws.

Section 3.24. *Senior Indebtedness.* The Obligations constitute "Senior Debt" under and as defined in the Subordinated Note Documents.

Section 3.25. *Sanctioned Persons.* None of Holdings, the Borrower or any Subsidiary nor, to the knowledge of the Borrower, any director, officer, agent, employee or Affiliate of Holdings, the Borrower or any Subsidiary is currently subject to any U.S. sanctions administered by the Office of Foreign Assets Control of the U.S. Treasury Department ("**OFAC**"); and the Borrower will not directly or indirectly use the proceeds of the Term Loans or otherwise make available such proceeds to any Person, for the purpose of financing the activities of any Person currently subject to any U.S. sanctions administered by OFAC.

Section 3.26. *Foreign Corrupt Practices Act.* Each of Holdings and the Borrower and their respective directors, officers, agents, employees, and any person acting for or on behalf of Holdings or the Borrower has complied with, and will comply with, the U.S. Foreign Corrupt Practices Act, as amended from time to time, or any other applicable anti-bribery or anti-corruption law, and it and they have not made, offered, promised, or authorized, and will not make, offer, promise or authorize, whether directly or indirectly, any payment of anything of value to: (a) an executive, official, employee or agent of a governmental department. agency or instrumentality, (b) a director, officer. employee or agent of a wholly or partially government-owned or -controlled company or business, (c) a political party or official thereof, or candidate for political office or (d) an executive, official. employee or agent of a public international organization (e.g., the International Monetary Fund or the World Bank) ("**Government Official**") while knowing or having a reasonable belief that all or some portion will be used for the purpose of: (i) influencing any act. decision or failure to act by a Government Official in his or her official capacity, (ii) inducing a Government Official to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity or (iii) securing an improper advantage; in order to obtain, retain. or direct business.

ARTICLE 4
CONDITIONS OF LENDING

The obligations of the Lenders to make Term Loans hereunder are subject to the satisfaction of the following conditions:

Section 4.01. *All Credit Events.* On the date of each Borrowing (other than a conversion or a continuation of a Borrowing) (each such event being called a "**Credit Event**"):

(a) The Administrative Agent shall have received a notice of such Borrowing as required by Section 2.03.

(b) The representations and warranties set forth in Article 3 and in each other Loan Document shall be true and correct in all material respects on and as of the date of such Credit Event with the same effect as though made on and as of such date, except to the extent such representations and warranties expressly relate to an earlier date; *provided* that the only representations relating to Spectrum and its business on the one hand and Russell Hobbs and its business on the other hand, the making of which shall be a condition to a Credit Event on the Closing Date shall be (i) such of the representations made by or on behalf of Spectrum or Russell Hobbs, as the case may be, in the Merger Agreement as are material to the interests of the Lenders, but only to the extent that a condition to the obligations of Russell Hobbs or Spectrum, as the case may be, to consummate the transactions contemplated by the Merger Agreement is not, prior to the time that Russell Hobbs or Spectrum, as the case may be, would have the right to terminate the Merger Agreement, satisfied as a result of a breach of such representations in the Merger Agreement and (ii) the representations and warranties set forth in Sections 3.01, 3.02, 3.03, 3.11, 3.12, 3.19, 3.22 and 3.24 of this Agreement.

(c) At the time of and immediately after such Credit Event (and subject to the proviso to paragraph (b) above in the case of a Credit Event on the Closing Date), no Default or Event of Default shall have occurred and be continuing.

Each Credit Event shall be deemed to constitute a representation and warranty by the Borrower and Holdings on the date of such Credit Event as to the matters specified in paragraphs (b) and (c) of this Section 4.01.

Section 4.02. *First Credit Event.* On the Closing Date:

(a) The Administrative Agent shall have received, on behalf of itself, the Lenders and the Collateral Trustee, a favorable written opinion of (i) Sutherland Asbill & Brennan LLP, counsel for Holdings and the Borrower, substantially to the effect set forth in Exhibit J-1, and (ii) each local counsel listed on Schedule 4.02(a), substantially to the effect set forth in Exhibit J-2, in each case (A) dated the Closing Date and (B) addressed to the Administrative Agent, the Lenders and the Collateral Trustee, and Holdings and the Borrower hereby request such counsel to deliver such opinions.

(b) The Administrative Agent shall have received (i) a copy of the certificate or articles of incorporation or equivalent organizational document, including all amendments thereto, of each Loan Party, certified as of a recent date by the Secretary of State of the state of its organization, and a certificate as to the good standing of each Loan Party as of a recent date, from such Secretary of State; (ii) a certificate of the Secretary or Assistant Secretary of each Loan Party dated the Closing Date and certifying (A) that attached thereto is a true and complete copy of the by-laws, operating agreement or similar governing document of such Loan Party as in effect on the Closing Date and at all times since a date prior to

the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such Loan Party authorizing the execution, delivery and performance of the Loan Documents to which such Person is a party and, in the case of the Borrower, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the certificate or articles of incorporation of such Loan Party have not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (i) above, and (D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Loan Party; (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to clause (ii) above; and (iv) such other documents as the Administrative Agent may reasonably request.

(c) The Administrative Agent shall have received a certificate, dated the Closing Date and signed by a Financial Officer of the Borrower, confirming compliance with the conditions precedent set forth in paragraphs (b) and (c) of Section 4.01.

(d) The Administrative Agent, the Collateral Trustee, the Lead Arrangers and the Lenders shall have received all applicable Fees and other amounts due and payable on or prior to the Closing Date, including, to the extent invoiced, reimbursement or payment of all out of pocket expenses required to be reimbursed or paid by the Borrower hereunder or under any other Loan Document.

(e) (i) Holdings Guaranty and the Subsidiary Guaranty shall have been duly executed by each Loan Party that is to be a party thereto, (ii) the Security Documents shall have been duly executed by the Collateral Trustee and each Loan Party that is to be a party thereto and (iii) the ABL Intercreditor Agreement and the Collateral Trust Agreement shall have been duly executed by each Person that is to be a party thereto and, in each case, shall be in full force and effect on the Closing Date. Upon the proper filing and recordation, as applicable, of financing statements and other Security Documents, the Collateral Trustee on behalf of the Secured Parties will have a perfected security interest in the Collateral of the type and priority described in each Security Document.

(f) The Collateral Trustee shall have received a Perfection Certificate with respect to the Loan Parties dated the Closing Date and duly executed by a Responsible Officer of Holdings and the Borrower, and shall have received the results of a search of the Uniform Commercial Code filings (or equivalent filings) made with respect to the Loan Parties in the states (or other jurisdictions) of formation of such Persons, in which the chief executive office of each such Person is located and in the other jurisdictions in which such Persons maintain property, in each case as indicated on such Perfection Certificate, together with copies of the financing statements (or similar documents) disclosed by such search, and accompanied by evidence satisfactory to the Collateral Trustee that the Liens indicated in any such financing statement (or similar document) would be permitted under Section 6.02 or have been or will be contemporaneously released or terminated.

(g) (i) Each of the Security Documents, in form and substance reasonably satisfactory to the Administrative Agent, relating to each of the Mortgaged Properties shall have been duly executed by the parties thereto and delivered to the Collateral Trustee and shall be in full force and effect, (ii) each of such Mortgaged Properties shall not be subject to any Lien other than those permitted under Section 6.02, (iii) (A) each of such Security Documents shall have been filed and recorded in the recording office as specified on Schedule 3.19(c) and, in connection therewith, the Collateral Trustee shall have received evidence satisfactory to it of each such filing and recordation or (B) a lender's title insurance policy, in form and substance acceptable to the Collateral Trustee, insuring such Security Document as a first lien on such Mortgaged Property (subject to any Lien permitted by Section 6.02) shall have been received by the Collateral Trustee, and (iv) the Collateral Trustee shall have received such other documents, including a policy or policies of title insurance issued by a nationally recognized title insurance company in an amount not to exceed 110% of the fair market value of such mortgaged property, together with such endorsements, coinsurance and reinsurance as may be reasonably requested by the Collateral Trustee and the Lenders, insuring the Mortgages as valid first liens on the Mortgaged Properties, free of Liens other than those permitted under Section 6.02, together with such surveys and legal opinions required to be furnished pursuant to the terms of the Mortgages or as reasonably requested by the Collateral Trustee or the Administrative Agent.

(h) The Administrative Agent shall have received a copy of, or a certificate as to coverage under, the insurance policies required by Section 5.02 and the applicable provisions of the Security Documents, each of which shall be endorsed or otherwise amended to include a customary lender's loss payable endorsement and to name the Collateral Trustee as additional insured, in form and substance reasonably satisfactory to the Administrative Agent.

(i) The Acquisition shall have been, or substantially simultaneously with the initial funding of Term Loans on the Closing Date shall be, consummated in accordance with applicable law and on the terms described in the Merger Agreement, without giving effect to any amendments thereto or waivers or consents that, in any such case, are materially adverse to the Lenders without the consent of the Lead Arrangers (such consent not to be unreasonably withheld or delayed). The Administrative Agent shall have received copies of the Merger Agreement (including all schedules, exhibits, amendments, supplements and modifications thereto) and all certificates, opinions and other documents delivered thereunder, certified by a Financial Officer as being complete and correct.

(j) The Borrower shall have received gross cash proceeds of not less than $750,000,000 from the issuance of the Senior Secured Notes. The terms and conditions of the Senior Secured Notes and the provisions of the Senior Secured Note Documents to the extent not consistent with the terms of the Commitment Letter dated as of February 9, 2010 shall be satisfactory to the Administrative Agent and the Lead Arrangers. The Administrative Agent shall have received copies of the Senior Secured Note Documents, certified by a Financial Officer as being complete and correct.

(k) The ABL Credit Agreement shall have become effective and the Borrower shall have borrowed not more than $100,000,000 in revolving loans thereunder. The terms and conditions of the ABL Credit Agreement and the provisions of the ABL Documents to the extent not consistent with the terms of the Commitment Letter dated as of February 9, 2010 shall be satisfactory to the Administrative Agent and the Lead Arrangers. The Administrative Agent shall have received copies of the ABL Documents, certified by a Financial Officer as being complete and correct.

(l) All principal, premium, if any, interest, fees and other amounts due or outstanding under the Existing Credit Facilities shall have been paid in full, the commitments thereunder terminated and all guarantees and security in support thereof discharged and released, and the Administrative Agent shall have received reasonably satisfactory evidence thereof. Immediately after giving effect to the Transactions and the other transactions contemplated hereby, Holdings, the Borrower and the Subsidiaries shall have outstanding no Indebtedness or preferred stock other than (a) Indebtedness outstanding under this Agreement, (b) the Senior Secured Notes, (c) Indebtedness outstanding under the ABL Credit Agreement, (d) the Subordinated Notes and (e) Indebtedness set forth on Schedule 6.01.

(m) The Lenders shall have received the financial statements and opinion referred to in, and prepared in accordance with, Section 3.05, none of which shall demonstrate a material adverse change in the financial condition of the Borrower or Russell Hobbs from (and shall not otherwise be materially inconsistent with) the financial statements or forecasts previously provided to the Lenders.

(n) The Administrative Agent shall have received a certificate from the chief financial officer of Holdings in form and substance reasonably satisfactory to the Administrative Agent and the Lead Arrangers certifying that Holdings and its subsidiaries, on a consolidated basis after giving effect to the Transactions to occur on the Closing Date, are Solvent.

(o) All requisite Governmental Authorities and third parties shall have approved or consented to the Transactions and the other transactions contemplated hereby to the extent required, all applicable appeal periods shall have expired and there shall not be any pending or threatened litigation, governmental, administrative or judicial action that could reasonably be expected to restrain, prevent or impose burdensome conditions on the Transactions or the other transactions contemplated hereby.

(p) The Lenders shall have received at least 5 Business Days prior to the Closing Date (unless otherwise agreed by the Lead Arrangers), to the extent requested, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act.

(q) The Administrative Agent and the Lead Arrangers shall be satisfied that the ratio of (i) Total Debt (excluding Subordinated Notes) as of the Closing Date after giving effect to the Transactions to (ii) Consolidated EBITDA for the period of four consecutive fiscal quarters mostly recently ended prior to the Closing Date (prepared in accordance with Regulation S-X under the Securities Act of 1933, as amended, in form and substance reasonably satisfactory to the Administrative Agent and the Lead Arrangers, and with such further adjustments as set forth in a schedule previously agreed to by the Administrative Agent, the Lead Arrangers and the Borrower, in each case to give pro forma effect to the Transactions as if they had occurred at the beginning of such four-fiscal quarter period), shall be no more than 3.8:1.0.

(r) The Borrower shall have received a public corporate credit rating of B- or higher by S&P and a public corporate family rating of B3 or higher by Moody's, in each case with no negative outlook, and each of the Term Facility and the Senior Secured Notes shall have received a rating of B- or higher by S&P and B3 or higher from Moody's, in each case with no negative outlook.

(s) There shall not have occurred any event, change or condition (i) since June 30, 2009 that, individually or in the aggregate has had, or could reasonably be expected to have, a Closing Date Russell Hobbs Material Adverse Effect and (ii) since September 30, 2009 that, individually or in the aggregate has had, or could reasonably be expected to have, a Closing Date Spectrum Material Adverse Effect.

ARTICLE 5
AFFIRMATIVE COVENANTS

Each of Holdings and the Borrower covenants and agrees with each Lender that so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Loan, all Fees and all other expenses or amounts payable under any Loan Document shall have been paid in full, unless the Required Lenders shall otherwise consent in writing, each of Holdings and the Borrower will, and (except in the case of Section 5.04) will cause each of the Subsidiaries to:

Section 5.01. *Existence; Compliance with Laws; Businesses and Properties.* (a) Do or cause to be done all things necessary to preserve, renew and keep in full force and effect its legal existence, except as otherwise expressly permitted under Section 6.05.

(a) Do or cause to be done all things necessary to obtain, preserve, renew, extend and keep in full force and effect the rights, licenses, permits, franchises, authorizations, patents, copyrights, trademarks and trade names material to the conduct of its business; comply in all material respects with all material applicable laws, rules, regulations and decrees and orders of any Governmental Authority, whether now in effect or hereafter enacted; and at all times maintain and preserve all property material to the conduct of such business and keep such property in good repair, working order and condition and from time to time make, or cause to be made, all needful and proper repairs, renewals, additions, improvements and replacements thereto necessary in order that the business carried on in connection therewith may be properly conducted at all times.

Section 5.02. *Insurance.* (a) Keep its insurable properties adequately insured at all times by financially sound and reputable insurers in such amounts as shall be customary for similar businesses and maintain such other reasonable insurance (including, to the extent consistent with past practices, self-insurance), of such types, to such extent and against such risks, as is customary with companies in the same or similar businesses and maintain such other insurance as may be required by law or any other Loan Document.

(a) Cause all such policies covering any Collateral to be endorsed or otherwise amended to include a customary lender's loss payable endorsement, in form and substance reasonably satisfactory to the Administrative Agent and the Collateral Trustee, which endorsement shall provide that, subject to the Intercreditor Agreements from and after the Closing Date, if the insurance carrier shall have received written notice from the Administrative Agent or the Collateral Trustee of the occurrence of an Event of Default, the insurance carrier shall pay all proceeds otherwise payable to the Borrower or the Loan Parties under such policies directly to the Collateral Trustee; cause all such policies to provide that neither the Borrower, the Administrative Agent, the Collateral Trustee nor any other party shall be a coinsurer thereunder and to contain a "Replacement Cost Endorsement", without any deduction for depreciation, and such other provisions as the Administrative Agent or the Collateral Trustee may reasonably require from time to time to protect their interests; deliver original or certified copies of all such policies to the Collateral Trustee; cause each such policy to provide that it shall not be canceled, modified or not renewed (i) by reason of nonpayment of premium upon not less than 10 days' prior written notice thereof by the insurer to

the Administrative Agent and the Collateral Trustee (giving the Administrative Agent and the Collateral Trustee the right to cure defaults in the payment of premiums) or (ii) for any other reason upon not less than 30 days' prior written notice thereof by the insurer to the Administrative Agent and the Collateral Trustee; deliver to the Administrative Agent and the Collateral Trustee, prior to the cancellation, modification or nonrenewal of any such policy of insurance, a copy of a renewal or replacement policy (or other evidence of renewal of a policy previously delivered to the Administrative Agent and the Collateral Trustee) together with evidence satisfactory to the Administrative Agent and the Collateral Trustee of payment of the premium therefor.

(b) If at any time the area in which the Premises (as defined in the Mortgages) are located is designated (i) a "flood hazard area" in any Flood Insurance Rate Map published by the Federal Emergency Management Agency (or any successor agency), obtain flood insurance in such total amount as the Administrative Agent, the Collateral Trustee or the Required Lenders may from time to time require, and otherwise comply with the National Flood Insurance Program as set forth in the Flood Disaster Protection Act of 1973, as it may be amended from time to time, or (ii) a "Zone 1" area, obtain earthquake insurance in such total amount as the Administrative Agent, the Collateral Trustee or the Required Lenders may from time to time require.

(c) With respect to any Mortgaged Property, carry and maintain comprehensive general liability insurance including the "broad form CGL endorsement" and coverage on an occurrence basis against claims made for personal injury (including bodily injury, death and property damage) and umbrella liability insurance against any and all claims, in no event for a combined single limit of less than that which is customary for companies in the same or similar businesses operating in the same or similar locations, naming the Collateral Trustee as an additional insured, on forms reasonably satisfactory to the Collateral Trustee.

(d) Notify the Administrative Agent and the Collateral Trustee promptly whenever any separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 5.02 is taken out by any Loan Party; and promptly deliver to the Administrative Agent and the Collateral Trustee a duplicate original copy of such policy or policies.

Section 5.03. *Obligations and Taxes.* Pay its material Indebtedness and other material obligations promptly and in accordance with their terms and pay and discharge promptly when due all taxes, fees, assessments and governmental charges or levies imposed upon it or upon its income or profits or in respect of its property, before the same shall become delinquent or in default, as well as all lawful claims for labor, materials and supplies or otherwise that, if unpaid, might give rise to a Lien upon such properties or any part thereof; *provided, however*, that such payment and discharge shall not be required with respect to any such

Indebtedness, obligation, tax, assessment, charge, levy or claim so long as the validity or amount thereof shall be contested in good faith by appropriate proceedings and the Borrower shall have set aside on its books adequate reserves with respect thereto in accordance with GAAP and such contest operates to suspend collection of the contested obligation, tax, assessment or charge and enforcement of a Lien and, in the case of a Mortgaged Property, there is no risk of forfeiture of such property during the pendency of such contest.

Section 5.04. *Financial Statements, Reports, etc.* In the case of the Borrower, furnish to the Administrative Agent, which shall furnish to each Lender:

(a) within the later of (i) 90 days after the end of each fiscal year or (ii) by the date the following statements would have been required to be filed under the rules and regulations of the SEC, giving effect to any automatic extension available under Rule 12b-25 of the Securities Exchange Act of 1934 for the filing of such statements), its statements of financial position, operations, shareholders' equity and comprehensive income and cash flows showing the financial condition of the Borrower and its consolidated Subsidiaries as of the close of such fiscal year and the results of its operations and the operations of such Subsidiaries during such year, together with comparative figures for the immediately preceding fiscal year, all audited by KPMG, LLP or other independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which opinion shall be without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements fairly present the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, together with a customary "management discussion and analysis" provision;

(b) within the later of (i) 45 days after the end of each of the first three fiscal quarters of each fiscal year or (ii) by the date the following statements would have been required to be filed under the rules and regulations of the SEC, giving effect to any automatic extension available under Rule 12b-25 of the Securities Exchange Act of 1934 for the filing of such statements), its consolidated statements of financial position, operations and cash flows showing the financial condition of the Borrower and its consolidated Subsidiaries as of the close of such fiscal quarter and the results of its operations and the operations of such Subsidiaries during such fiscal quarter and the then elapsed portion of the fiscal year, and, other than with respect to quarterly reports during the remainder of the first fiscal year after the Closing Date, comparative figures for the same periods in the immediately preceding fiscal year, all certified by one of its Financial Officers as fairly presenting the financial condition and results of operations of the Borrower and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments, together with a customary "management discussion and analysis" provision;

(c) concurrently with any delivery of financial statements under paragraph (a) or (b) above, a certificate of a Financial Officer in the form of Exhibit K (i) certifying that no Event of Default or Default has occurred or, if such an Event of Default or Default has occurred, specifying the nature and extent thereof and any corrective action taken or proposed to be taken with respect thereto and (ii) setting forth computations in reasonable detail demonstrating compliance with the covenants contained in Sections 6.10, 6.11 and 6.12 and, in the case of a certificate delivered with the financial statements required by paragraph (a) above, setting forth the Borrower's calculation of Excess Cash Flow;

(d) concurrently with any delivery of financial statements under clause (a) above, a certificate of the accounting firm that reported on such statements (which certificate may be limited to accounting matters and disclaim responsibility for legal interpretations) certifying that as of the last day of the immediately preceding fiscal year no Event of Default or Default has occurred with respect to Sections 6.10, 6.11 and 6.12 or, if such an Event of Default or Default has occurred, specifying the extent thereof in reasonable detail.

(e) within 90 days after the beginning of each fiscal year of the Borrower, a detailed consolidated budget for such fiscal year (including a projected consolidated balance sheet and related statements of projected operations and cash flows as of the end of and for such fiscal year and setting forth the assumptions used for purposes of preparing such budget);

(f) promptly after the same become publicly available, copies of, or links to copies of, all periodic and other reports, proxy statements and other materials filed by Super Holdco, Holdings, the Borrower or any Subsidiary with the SEC, or any Governmental Authority succeeding to any or all of the functions of said Commission, or with any national securities exchange, or distributed to its shareholders, as the case may be;

(g) promptly after the receipt thereof by Holdings or the Borrower or any of their respective subsidiaries, a copy of any final "management letter" received by any such Person from its certified public accountants and the management's response thereto;

(h) concurrently with any delivery of monthly financial statements required to be delivered under the ABL Credit Agreement, copies of such monthly financial statements;

(i) promptly after the request by any Lender, all documentation and other information that such Lender reasonably requests in order to comply with its ongoing obligations under applicable "know your customer" and anti-money laundering rules and regulations, including the USA PATRIOT Act; and

(j) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Holdings, the Borrower or any Subsidiary, or compliance with the terms of any Loan Document, as the Administrative Agent or any Lender through the Administrative Agent may reasonably request.

Documents required to be delivered pursuant to this Section 5.04 may be delivered electronically and, if so delivered, shall be deemed to have been delivered to the Administrative Agent and the Lenders on the date on which (i) the Borrower posts such documents, or provides a link thereto, on its principal publicly accessible website or (ii) such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (which may be a commercial or a third party website or a website sponsored by the Administrative Agent; *provided* that the Borrower shall notify the Administrative Agent of the posting of any such documents and provide to the Administrative Agent by electronic mail electronic versions of such documents.

Section 5.05. *Litigation and Other Notices.* Furnish to the Administrative Agent and each Lender prompt written notice of the following:

(a) any Default or Event of Default, specifying the nature and extent thereof and the corrective action (if any) taken or proposed to be taken with respect thereto;

(b) the occurrence of any "Default" or "Event of Default" under and as each is defined in the ABL Credit Agreement, the Senior Secured Note Indenture or the Subordinated Note Documents;

(c) the filing or commencement of, or any threat or notice of intention of any Person to file or commence, any action, suit or proceeding, whether at law or in equity or by or before any Governmental Authority, against the Borrower or any Affiliate thereof that could reasonably be expected to result in a Material Adverse Effect;

(d) (i) the occurrence of any ERISA Event that, alone or together with any other ERISA Events that have occurred, could reasonably be expected to result in liability of the Borrower or any ERISA Affiliate in an aggregate amount exceeding $10,000,000 and (ii) the occurrence of any Foreign Benefit Event that, alone or together with any other Foreign Benefit Events that have occurred, could reasonably be expected to result in a Material Adverse Effect, and in each case, Holdings, the Borrower or the applicable Subsidiary will also furnish to the Administrative Agent and each Lender a statement of its financial officer setting forth the details as to such ERISA Event(s) or Foreign Benefit Event(s) (as applicable) and the action, if any, that such entity proposes to take with respect thereto;

(e) any development that has resulted in, or could reasonably be expected to result in, a Material Adverse Effect;

(f) any change in the Borrower's corporate rating by S&P, in the Borrower's corporate family rating by Moody's or in the ratings of the Term Facility by S&P or Moody's, or any notice from either such agency indicating its intent to effect such a change or to place the Borrower or the Term Facility on a "CreditWatch" or "WatchList" or any similar list, in each case with negative implications, or its cessation of, or its intent to cease, rating the Borrower or the Term Facility; and

(g) the occurrence of any material fraud that involves management employees who have a significant role in the internal controls over financial reporting of the Loan Parties, in each case, as described in Securities Laws.

Section 5.06. *Information Regarding Collateral.* (a) Furnish to the Administrative Agent prompt written notice of any change (i) in any Loan Party's corporate name, (ii) in the jurisdiction of organization or formation of any Loan Party, (iii) in any Loan Party's identity or corporate structure or (iv) in any Loan Party's Federal Taxpayer Identification Number. Holdings and the Borrower agree not to effect or permit any change referred to in the preceding sentence unless all filings have been made under the Uniform Commercial Code or otherwise that are required in order for the Collateral Trustee to continue at all times following such change to have a valid, legal and perfected security interest in all the Collateral. Holdings and the Borrower also agree promptly to notify the Administrative Agent if any material portion of the Collateral is damaged or destroyed.

(a) In the case of the Borrower, each year, at the time of delivery of the annual financial statements with respect to the preceding fiscal year pursuant to Section 5.04(a), deliver to the Administrative Agent a certificate of a Financial Officer setting forth the information required pursuant to Sections 1, 2(a), 2(c), and 7 through 14 of the Perfection Certificate or confirming that there has been no change in such information since the date of the Perfection Certificate delivered on the Closing Date or the date of the most recent certificate delivered pursuant to this.

Section 5.07. *Maintaining Records; Access to Properties and Inspections; Maintenance of Ratings.* (a) Keep all financial records in accordance with GAAP. Each Loan Party will, and will cause each of its subsidiaries to, permit any representatives designated by the Administrative Agent or any Lender to visit and inspect the financial records and the properties of such Person at reasonable times

and as often as reasonably requested and to make extracts from and copies of such financial records, and permit any representatives designated by the Administrative Agent or any Lender to discuss the affairs, finances and condition of such Person with the officers thereof and independent accountants therefor; *provided* that, excluding any such visits and inspections during the continuation of an Event of Default, only the Administrative Agent or its designee on behalf of the Lenders may exercise this right under this Section 5.07 and the Administrative Agent or its designee shall not exercise such rights more often than twice during any calendar year at the Borrower's expense.

(a) In the case of Holdings and the Borrower, use commercially reasonable efforts to maintain a public rating of the Term Facility by each of S&P and Moody's, and in the case of the Borrower, use commercially reasonable efforts to maintain a public corporate rating from S&P and a public corporate family rating from Moody's, in each case in respect of the Borrower.

Section 5.08. *Use of Proceeds.* Use the proceeds of the Term Loans only for the purposes specified in the introductory statement to this Agreement.

Section 5.09. *Employee Benefits.* Except for non-compliances which, in the aggregate, would not have a Material Adverse Effect, cause any: (a) Plans to be in compliance in all material respects with the applicable provisions of ERISA and the Code and (b) any Foreign Pension Plans to be in compliance in all material respects with the laws applicable to any such Foreign Pension Plans.

Section 5.10. *Compliance with Environmental Laws.* Comply, and cause all lessees and other Person occupying its properties to comply, in all material respects with all Environmental Laws applicable to its operations and properties; obtain and renew all material environmental permits necessary for its operations and properties; and conduct any remedial action in accordance in all material respects with Environmental Laws; *provided*, *however*, that none of Holdings, the Borrower or any Subsidiary shall be required to undertake any remedial action required by Environmental Laws to the extent that its obligation to do so is being contested in good faith and by proper proceedings and appropriate reserves are being maintained with respect to such circumstances in accordance with GAAP.

Section 5.11. *Preparation of Environmental Reports.* If a Default caused by reason of a breach of Section 3.17 or Section 5.10 shall have occurred and be continuing for more than 20 days without Holdings, the Borrower or any Subsidiary commencing activities reasonably likely to cure such Default, at the written request of the Required Lenders through the Administrative Agent, provide to the Lenders within 45 days after such request, at the expense of the Loan Parties, an environmental site assessment report regarding the matters which are the subject of such Default prepared by an environmental consulting firm reasonably acceptable to the Administrative Agent and indicating the presence or absence of Hazardous Materials and the estimated cost of any compliance or remedial action in connection with such Default.

Section 5.12. *Further Assurances.* Execute any and all further documents, financing statements, agreements and instruments, and take all further action (including filing Uniform Commercial Code and other financing statements, mortgages and deeds of trust) that may be required under applicable law, or that the Required Lenders, the Administrative Agent or the Collateral Trustee may reasonably request, in order to effectuate the transactions contemplated by the Loan Documents and in order to grant, preserve, protect and perfect the validity and first priority (subject to the ABL Intercreditor Agreement and Liens permitted hereby) of the security interests created or intended to be created by the Security Documents. The Borrower will cause any subsequently acquired or organized Domestic Subsidiary to become a Loan Party by executing (x) the Subsidiary Guaranty in favor of the Guaranteed Parties and the Security Agreement and (y) each applicable Security Document in favor of the Collateral Trustee. In addition, from time to time, the Borrower will, at its cost and expense, promptly secure the Obligations by pledging or creating, or causing to be pledged or created, perfected security interests with respect to such of its assets and properties as the Administrative Agent or the Required Lenders shall designate (it being understood that it is the intent of the parties that the Obligations shall be secured by substantially all the assets of the Borrower and its Domestic Subsidiaries (including Material Owned Real Property and other properties acquired subsequent to the Closing Date)). Such security interests and Liens will be created under the Security Documents and other security agreements, mortgages, deeds of trust and other instruments and documents in form and substance reasonably satisfactory to the Collateral Trustee, and the Borrower shall deliver or cause to be delivered to the Lenders all such instruments and documents (including legal opinions, title insurance policies, lien searches and appraisals or other evidence of valuation) as the Collateral Trustee shall reasonably request to evidence compliance with this Section. The Borrower agrees to provide such evidence as the Collateral Trustee shall reasonably request as to the perfection and priority status of each such security interest and Lien. In furtherance of the foregoing, the Borrower will give notice to the Administrative Agent of the acquisition by it or any of the Subsidiaries of any Material Owned Real Property not later than ten (10) Business Days after such acquisition.

Section 5.13. *Proceeds of Certain Dispositions.* If, as a result of the receipt of any cash proceeds by the Borrower or any Subsidiary in connection with any sale, transfer, lease or other disposition of any asset the Borrower would be required by the terms of the Subordinated Note Documents to make an offer to purchase any Subordinated Notes, then, in the case of the Borrower or any Subsidiary, prior to the first day on which the Borrower would be required to commence such an offer to purchase, (i) prepay Term Loans in accordance with Section 2.12 or (ii) acquire assets in a manner that is permitted hereby, in each case in a manner that will eliminate any such requirement to make such an offer to purchase.

Section 5.14. *Compliance with Terms of Material Leaseholds.* Make all payments and otherwise perform all obligations in respect of all material leases of real property to which Holdings, the Borrower or any of the Subsidiaries is a party, keep such leases in full force and effect and not allow such leases to lapse or be terminated or any rights to renew such leases to be forfeited or cancelled except, in any case, where the failure to do so, either individually or in the aggregate, would not be reasonably likely to have a Material Adverse Effect.

ARTICLE 6
NEGATIVE COVENANTS

Each of Holdings and the Borrower covenants and agrees with each Lender that, so long as this Agreement shall remain in effect and until the Commitments have been terminated and the principal of and interest on each Term Loan, all Fees and all other expenses or amounts payable under any Loan Document have been paid in full unless the Required Lenders shall otherwise consent in writing, neither Holdings nor the Borrower will, nor will they cause or permit any of the Subsidiaries to:

Section 6.01. *Indebtedness.* Incur, create, assume or permit to exist any Indebtedness, except:

(a) Indebtedness existing on the date hereof and set forth in Schedule 6.01 and any Permitted Refinancing thereof;

(b) (i) Indebtedness created hereunder and under the other Loan Documents and (ii) any Permitted Refinancing thereof; *provided* that any proceeds of such Permitted Refinancing shall be applied in accordance with Section 2.13(c);

(c) Indebtedness under the ABL Credit Agreement in an aggregate principal amount not to exceed the sum of $300,000,000 and the Permitted Incremental Revolving Commitment Amount, and any Permitted Refinancing thereof;

(d) Indebtedness under the Senior Secured Note Indenture and any Permitted Refinancing thereof; *provided* that the aggregate principal amount of Indebtedness permitted by this Section 6.01(d), when combined with the aggregate amount of all Indebtedness incurred pursuant to Section 6.01(b) shall not exceed $1,600,000,000 at any time outstanding;

(e) intercompany Indebtedness of the Borrower and the Subsidiaries to the extent permitted by Section 6.04(c) so long as such Indebtedness is subordinated to the Obligations pursuant to an Affiliate Subordination Agreement;

(f) Indebtedness of the Borrower or any Subsidiary incurred to finance the acquisition, construction or improvement of any fixed or capital assets, and extensions, renewals and replacements of any such Indebtedness that do not increase the outstanding principal amount thereof; *provided* that (i) such Indebtedness is incurred prior to or within 180 days after such acquisition or the completion of such construction or improvement and (ii) the aggregate principal amount of Indebtedness permitted by this Section 6.01(f), when combined with the aggregate principal amount of all Capital Lease Obligations incurred pursuant to Section 6.01(g), shall not exceed $40,000,000 at any time outstanding;

(g) Capital Lease Obligations in an aggregate principal amount, when combined with the aggregate principal amount of all Indebtedness incurred pursuant to Section 6.01(f), not in excess of $40,000,000 at any time outstanding;

(h) Indebtedness under performance bonds or with respect to workers' compensation claims, in each case incurred in the ordinary course of business;

(i) Indebtedness incurred by Foreign Subsidiaries in an aggregate principal amount not exceeding $75,000,000 at any time outstanding; and

(j) Indebtedness of any Person that becomes a Subsidiary after the date hereof; *provided* that (i) such Indebtedness exists at the time such Persons becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary and (ii) immediately after such Person becomes a Subsidiary, no Default or Event of Default shall have occurred and be continuing;

(k)(i) Indebtedness representing deferred compensation or equity based compensation to current or former officers, directors, consultants advisors or employees of Holdings, the Borrower, any of the Subsidiaries or any of their respective Affiliates incurred in the ordinary course of business and (ii) Indebtedness consisting of obligations of Holdings, the Borrower or any of the Subsidiaries under deferred compensation or other similar arrangements incurred in connection with any investments, Loans, advances, Restricted Payments or other disbursements permitted hereunder in an aggregate amount for this Section 6.01(k) not to exceed $15,000,000 outstanding at any time;

(l) Indebtedness issued by Holdings, the Borrower or any of the Subsidiaries to current and former officers, directors, consultants, advisors and employees of Holdings, the Borrower, any of the Subsidiaries or any of their respective Affiliates, in lieu of or combined with cash payments to finance the purchase of Equity Interests of Holdings, the Borrower, any of the Subsidiaries or any of their respective Affiliates, in each case, to the extent such purchase is otherwise permitted hereunder and in an aggregate amount not to exceed $5,000,000 in any fiscal year;

(m) Indebtedness in respect of those Hedging Agreements incurred in the ordinary course of business and consistent with prudent business practice;

(n) Guarantees of Indebtedness of the Borrower or any of the Subsidiaries; *provided*, such Indebtedness is permitted by another subsection of this Section 6.01;

(o) Guarantees resulting from endorsement of negotiable instruments in the ordinary course of business;

(p) obligations in respect of surety, stay, customs and appeal bonds, performance bonds and performance and completion guarantees required in the ordinary course of business or in connection with the enforcement of rights or claims of the Borrower or the Subsidiaries or in connection with judgments that have not resulted in an Event of Default under Section 7.01(i);

(q) Indebtedness in respect of netting services, overdraft protections and similar arrangements in each case in connection with cash management and deposit accounts;

(r) Indebtedness consisting of (i) the financing of insurance premiums in the ordinary course of business or (ii) take or pay obligations contained in supply arrangements in the ordinary course of business not to exceed $100,000,000 in the aggregate for this clause (ii);

(s) Indebtedness incurred by the Borrower or any of the Subsidiaries constituting reimbursement obligations with respect to letters of credit issued in the ordinary course of business in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance, other Indebtedness with respect to reimbursement-type obligations regarding workers compensation claims and other Indebtedness in respect of bankers' acceptance, letter of credit, warehouse receipts or similar facilities entered into in the ordinary course of business; *provided* that upon the drawing of such letters of credit or the incurrence of such Indebtedness, such obligations are reimbursed within five Business Days following such drawing or incurrence;

(t) any Permitted Specified Refinancing of the Subordinated Notes in accordance with Section 6.09(b)(i)(A)(2);

(u) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (a) through (t) above; and

(v) other Indebtedness of the Borrower or the Subsidiaries in an aggregate principal amount not exceeding $50,000,000 at any time outstanding.

Section 6.02. *Liens*. Create, incur, assume or permit to exist any Lien on any property or assets (including Equity Interests or other securities of any Person, including the Borrower or any Subsidiary) now owned or hereafter acquired by it or on any income or revenues or rights in respect of any thereof, except:

(a) Liens on property or assets of the Borrower and its Subsidiaries existing on the date hereof and set forth in Schedule 6.02; *provided* that such Liens shall secure only those obligations which they secure on the date hereof and Permitted Refinancings thereof;

(b) any Lien created under the Loan Documents;

(c) any Lien created under the ABL Documents or the Senior Secured Note Documents or the documents evidencing the Permitted Refinancing of the Indebtedness permitted by Section 6.01(b), 6.01(c) and 6.01(d), in each case subject to the ABL Intercreditor Agreement and (other than in the case of the Indebtedness permitted by Section 6.01(c)) the Collateral Trust Agreement;

(d) any Lien existing on any property or asset prior to the acquisition thereof by the Borrower or any Subsidiary or existing on any property or assets of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary, as the case may be; *provided* that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, (ii) such Lien does not apply to any other property or assets of Holdings, the Borrower or any Subsidiary and (iii) such Lien secures only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be;

(e) Liens for taxes not yet due or which are being contested in compliance with Section 5.03;

(f) Liens of landlords, laborers and employees arising by operation of law and carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business and securing obligations that are (i) not overdue for a period of more than thirty (30) days or (ii) being contested in compliance with Section 5.03;

(g) pledges and deposits made in the ordinary course of business (i) in compliance with workmen's compensation, unemployment insurance and other social security laws or regulations, (ii) securing insurance premiums or reimbursement obligations under insurance policies, in each case payable to insurance carriers that provide insurance to the Borrower or any of its Subsidiaries or (iii) pledges that may be required under applicable foreign laws relating to claims by terminated employees and other employee claims;

(h) deposits to secure the performance of bids, trade contracts (other than for Indebtedness), leases (other than Capital Lease Obligations), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(i)(A) survey exceptions or encumbrances, zoning or other restrictions, easements or reservations, rights of others, utilities and other similar purposes, rights-of-way, restrictions on use of real property and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, do not materially interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries and (B) with respect to any Mortgaged Property, Permitted Encumbrances (as defined in the applicable Mortgage);

(j)(i) leases, licenses, subleases and sublicenses granted in the ordinary course of business and that do not (A) interfere in any material respect with the business of the Borrower or any of its material Subsidiaries or (B) secure any Indebtedness for borrowed money or (ii) the rights reserved or vested in any Person by the terms of any lease, license, franchise, grant or permit held by the Borrower or any of its Subsidiaries, or by law to terminate any such lease, license, franchise, grant or permit or to require annual or periodic payments as a condition to the continuance thereof;

(k) in the case of leased real property, liens to which the fee interest (or any superior interest) on such property is subject;

(l) purchase money security interests in real property, improvements thereto or equipment hereafter acquired (or, in the case of improvements, constructed) by the Borrower or any Subsidiary; *provided* that (i) such security interests secure Indebtedness permitted by Sections 6.01(f) and (g), (ii) such security interests are incurred, and the Indebtedness secured thereby is created, within 180 days after such acquisition (or construction), (iii) the Indebtedness secured thereby does not exceed the lesser of the cost or the fair market value of such real property, improvements or equipment at the time of such acquisition (or construction) and (iv) such security interests do not apply to any other property or assets of the Borrower or any Subsidiary;

(m) judgment Liens securing judgments not constituting an Event of Default under Article 7;

(n) Liens on assets of Foreign Subsidiaries; *provided* that (i) such Liens do not extend to, or encumber, assets that constitute Collateral, and (ii) such Liens extending to the assets of any Foreign Subsidiary secure only Indebtedness incurred by such Foreign Subsidiary pursuant to Section 6.01(i);

(o) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the ordinary course of business;

(p) Liens consisting of (i) agreements to sell any property in a Asset Sale permitted under Section 6.05 and (ii) earnest money deposits made by the Borrower or any of its Subsidiaries in connection with any letter of intent or purchase agreement entered into in connection with an investment permitted under Section 6.04;

(q) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by the Borrower or any of its Subsidiaries in the ordinary course of business;

(r) Liens deemed to exist in connection with investments in repurchase agreements permitted under Section 6.04(b);

(s) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit or commodity trading or brokerage accounts or other funds maintained with a creditor depository institution, *provided* that such accounts and funds are not primarily intended by the Borrower or any Subsidiary to provide collateral to the depository institution or the commodity intermediary;

(t) Liens that are contractual rights of set-off under agreements entered into with customers of the Borrower or any Subsidiary in the ordinary course of business; and

(u) other Liens securing liabilities permitted hereunder in an aggregate amount not to exceed $50,000,000 at any time outstanding.

Section 6.03. *Sale and Lease-back Transactions.* Enter into any arrangement, directly or indirectly, with any Person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred unless (a) the sale or transfer of such property is permitted by Section 6.05(b) and (b) any Capital Lease Obligations or Liens arising in connection therewith are permitted by Sections 6.01 and 6.02, as the case may be.

Section 6.04. *Investments, Loans and Advances.* Purchase, hold or acquire any Equity Interests, evidences of indebtedness or other securities of, make or permit to exist any loans or advances to, or make or permit to exist any investment or any other interest in, any other Person, except:

(a)(i) investments by Holdings, the Borrower and the Subsidiaries existing on the date hereof in the Equity Interests of the Borrower and the Subsidiaries and (ii) additional investments by Holdings, the Borrower and the Subsidiaries in the Equity Interests of the Borrower and the Subsidiaries; *provided* that (A) any such Equity Interests held by a Loan Party shall be pledged pursuant to the Security Agreement (subject to the limitations applicable to voting stock of a Foreign Subsidiary referred to therein) and (B) the aggregate amount of investments by Loan Parties in, and loans and advances by Loan Parties to, Subsidiaries that are not Loan Parties (determined without regard to any write-downs or write-offs of such investments, loans and advances) shall not exceed the sum of (x) $15,000,000 and (ii) the aggregate amount of dividends paid, or loans or advances repaid, by the Subsidiaries that are not Loan Parties to, and net Investments made by the Subsidiaries that are not Loan Parties in, the Loan Parties since the Closing Date at any time outstanding;

(b) Permitted Investments;

(c) loans or advances made by the Borrower to any Subsidiary and made by any Subsidiary to Holdings, the Borrower or any other Subsidiary; *provided* that (i) any such loans and advances shall (A) be unsecured and (B) within 45 days after the Closing Date, be subordinated to the Obligations pursuant to an Affiliate Subordination Agreement and (ii) the amount of such loans and advances made by Loan Parties to Subsidiaries that are not Loan Parties shall be subject to the limitation set forth in clause (a) above;

(d) investments (i) received in connection with the bankruptcy or reorganization of, or settlement of delinquent accounts and disputes with, customers and suppliers, in each case in the ordinary course of business and (ii) consisting of extensions of credit in the nature of accounts receivable or notes receivable arising from the grant of trade credit in the ordinary course of business, and investments received in satisfaction or partial satisfaction thereof from financially troubled account debtors and other credits to suppliers made in the ordinary course of business;

(e) the Borrower and the Subsidiaries may make loans and advances in the ordinary course of business to their respective employees so long as the aggregate principal amount thereof at any time outstanding (determined without regard to any write-downs or write-offs of such loans and advances) shall not exceed $5,000,000;

(f) the Borrower and the Subsidiaries may enter into Hedging Agreements that are not speculative in nature and are intended to protect the Borrower or any Subsidiary from fluctuations in exchange rates, interest rates and commodity or service prices;

(g) Permitted Acquisitions;

(h) investments by the Borrower in Hedging Agreements permitted under Section 6.01(m);

(i) bank deposits made in the ordinary course of business;

(j) promissory notes and other non-cash consideration received in connection with Asset Sales permitted by Section 6.05;

(k) investments in the ordinary course of business consisting of (i) endorsements for collection or deposit and (ii) customary trade arrangements with customers consistent with past practices;

(l) investments existing on the date hereof and set forth in Schedule 6.04; and

(m) in addition to investments permitted by paragraphs (a) through (l) above, additional investments, loans and advances by the Borrower and the Subsidiaries so long as the aggregate amount invested, loaned or advanced pursuant to this paragraph (m) (determined without regard to any write-downs or write-offs of such investments, loans and advances) does not exceed the greater of (i) $30,000,000 or (ii) 4.0% of Consolidated Net Tangible Assets at the time of the last such investment in the aggregate.

Section 6.05. *Mergers, Consolidations, Sales of Assets and Acquisitions.* (a) Merge into or consolidate with any other Person, or permit any other Person to merge into or consolidate with it, or sell, transfer, lease or otherwise dispose of (in one transaction or in a series of transactions) all or substantially all the assets (whether now owned or hereafter acquired) of the Borrower or less than all the Equity Interests of any Subsidiary, or purchase, lease or otherwise acquire (in one transaction or a series of transactions) all or any substantial part of the assets of any other Person, except that

(i)(A) any Loan Party may transfer or dispose of its assets or property to any other Loan Party, and (B) any Subsidiary that is not a Loan Party may transfer or dispose of its assets or property to the Borrower or any other Subsidiary;

(ii) the Borrower and any Subsidiary may purchase and sell inventory in the ordinary course of business;

(iii) if at the time thereof and immediately after giving effect thereto no Event of Default or Default shall have occurred and be continuing (x) any Wholly Owned Subsidiary may merge into the Borrower in a transaction in which the Borrower is the surviving corporation and (y) any Wholly Owned Subsidiary may merge into or consolidate with any other Wholly Owned Subsidiary in a transaction in

which the surviving entity is a Wholly Owned Subsidiary and no Person other than the Borrower or a Wholly Owned Subsidiary receives any consideration (*provided* that if any party to any such transaction is a Loan Party, the surviving entity of such transaction shall be a Loan Party); and

(iv) the Borrower or any Subsidiary may acquire all or substantially all the assets of a Person or line of business of such Person, or not less than 100% of the Equity Interests (other than directors' qualifying shares) of a Person (referred to herein as the "**Acquired Entity**"); *provided* that (A) such acquisition was not preceded by an unsolicited tender offer for such Equity Interests by, or proxy contest initiated by, Holdings, the Borrower or any Subsidiary; (B) the Acquired Entity shall be in a line of business permitted under Section 6.08; and (C) at the time of such transaction (1) both before and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing; (2) the Borrower would be in compliance with the covenants set forth in Sections 6.11 and 6.12 as of the most recently completed period of four consecutive fiscal quarters ending prior to such transaction for which the financial statements and certificates required by Section 5.04(a) or 5.04(b), as the case may be, and Section 5.04(c) have been delivered or for which comparable financial statements have been filed with the SEC, after giving pro forma effect to such transaction and to any other event occurring after such period as to which pro forma recalculation is appropriate (including any other transaction described in this Section 6.05(a) occurring after such period) as if such transaction had occurred as of the first day of such period (assuming, for purposes of pro forma compliance with Section 6.12, that the maximum Leverage Ratio permitted at the time by such Section was in fact 0.25 to 1.00 less than the ratio actually provided for in such Section at such time); (3) the Borrower shall have delivered a certificate of a Financial Officer, certifying as to the foregoing and containing reasonably detailed calculations in support thereof, in form and substance satisfactory to the Administrative Agent and (4) the Borrower shall comply, and shall cause Acquired Entity to comply, with the applicable provisions of Section 5.12 and the Security Documents (any acquisition of Acquired Entity meeting all the criteria of this Section 6.05(a) being referred to herein as a "**Permitted Acquisition**").

(b) Make any Asset Sale not otherwise permitted under paragraph (a) above, except for:

(i) the transfer or disposition of property pursuant to sale and leaseback transactions; *provided* that (A) at the time thereof and immediately after giving effect thereto no Event of Default or Default shall have occurred and be continuing or would result therefrom, (B) the aggregate fair market value of all property disposed of in reliance on this

clause shall not exceed $15,000,000 (which amount may, with prior approval by the Administrative Agent, be increased to $25,000,000) since the Closing Date and (C) such transaction is for consideration at least 75% of which is cash or consists of Permitted Investments;

(ii) the transfer of property that is the subject of a Casualty Event upon receipt of insurance or other proceeds arising from such Casualty Event;

(iii) the disposition of investments in joint ventures to the extent required by, or made pursuant to, any buy/sell arrangement or any similar binding arrangement between joint venture parties, in each case, that is in effect on the Closing Date; and

(iv) any Asset Sale as to which (A) at least 75% of the consideration is cash or consists of Permitted Investments, (B) such consideration is at least equal to the fair market value of the assets being sold, transferred, leased or disposed of, (C) at the time of such transaction (1) both before and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing and (2) the Borrower would be in compliance with the covenants set forth in Sections 6.11 and 6.12 as of the most recently completed period of four consecutive fiscal quarters ending prior to such transaction for which the financial statements and certificates required by Section 5.04(a) or 5.04(b), as the case may be, and Section 5.04(d) have been delivered or for which comparable financial statements have been filed with the SEC, after giving pro forma effect to such transaction and to any other event occurring after such period as to which pro forma recalculation is appropriate (including any other transaction described in this Section 6.05(b)(iv) occurring after such period) as if such transaction had occurred as of the first day of such period, (D) the fair market value of all assets sold, transferred, leased or disposed of pursuant to this Section 6.05(b)(iv) shall not exceed the greater of (1) $150,000,000 or (2) 19% of Consolidated Net Tangible Assets at the time of the last such Asset Sale in the aggregate and (E) the Borrower shall have delivered a certificate of a Financial Officer, certifying as to the foregoing and containing reasonably detailed calculations in support thereof, in form and substance satisfactory to the Administrative Agent.

Section 6.06. *Restricted Payments; Restrictive Agreements.* (a) Declare or make, or agree to declare or make, directly or indirectly, any Restricted Payment (including pursuant to any Synthetic Purchase Agreement), or incur any obligation (contingent or otherwise) to do so; *provided, however*, that

(i) any Subsidiary may declare and pay dividends or make other distributions ratably to its equity holders,

(ii) so long as no Event of Default or Default shall have occurred and be continuing or would result therefrom, the Borrower may, or the Borrower may make distributions to Holdings (and Holdings may in turn make distributions to Super Holdco) so that Holdings (or Super Holdco) may, repurchase its Equity Interests owned by current and former officers, directors, consultants, advisors or employees of Holdings, the Borrower or the Subsidiaries or make payments to current and former officers, directors, consultants, advisors or employees of Holdings, the Borrower or the Subsidiaries (x) in connection with the exercise of stock options, stock appreciation rights or similar equity incentives or equity based incentives pursuant to any management incentive plan, equity based compensation plan, equity subscription agreement, equity award agreement, shareholders' or members' agreement or other similar agreement, plan or arrangement, or (y) in connection with the retention, promotion, separation from service, death or disability of such individuals, in an aggregate amount for this clause (ii) not to exceed $7,500,000 in any fiscal year,

(iii) the Borrower may make Restricted Payments to Holdings (and Holdings may in turn make Restricted Payments to Super Holdco) in order to allow Holdings and/or Super Holdco to (x) pay Holdings and/or Super Holdco's administrative expenses and corporate overhead, franchise fees, public company costs (including SEC fees and auditing fees) and customary director fees in an aggregate amount not to exceed $2,000,000 in any calendar year, (y) pay premiums and deductibles in respect of directors and officers insurance policies and excess liability policies obtained from third-party insurers, (z) pay Tax liabilities attributable to Holdings and its subsidiaries in an amount not to exceed the amount of such taxes that would be payable by Holdings and its subsidiaries on a stand-alone basis (if Holdings were a corporation and parent of a consolidated group including its subsidiaries), *provided* that (A) any payments made pursuant to this clause (z) in any period that are not otherwise deducted in calculating Consolidated Net Income shall be deducted in calculating Consolidated Net Income for such period (and shall be deemed to be a provision for taxes for purposes of calculating Excess Cash Flow for such period) and (B) all Restricted Payments made to Super Holdco or Holdings pursuant to this clause (iii) shall be used by Super Holdco or Holdings, as the case may be, for the purposes specified herein within 20 days of the receipt thereof,

(iv) the Borrower and each of its Subsidiaries may purchase, redeem or otherwise acquire its common Equity Interests with the proceeds received from the substantially concurrent issuance of new common Equity Interests of such Person (other than any such issuance to the Borrower or a Subsidiary),

(v) the Borrower may make cash payments in lieu of issuing fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Equity Interests of the Borrower or its Subsidiaries, and

(vi) the Borrower may make other Restricted Payments to Holdings (and Holdings may in turn make such Restricted Payments to Super Holdco) in an aggregate amount not to exceed $40,000,000 in any fiscal year.

(b) Enter into, incur or permit to exist any agreement or other arrangement that prohibits, restricts or imposes any condition upon (i) the ability of Holdings, the Borrower or any Subsidiary to create, incur or permit to exist any Lien upon any of its property or assets, or (ii) the ability of any Subsidiary to pay dividends or other distributions with respect to any of its Equity Interests or to make or repay loans or advances to the Borrower or any other Subsidiary or to Guarantee Indebtedness of the Borrower or any other Subsidiary; *provided* that (A) the foregoing shall not apply to restrictions and conditions imposed by law or by any Loan Document, any ABL Document, any Senior Secured Note Document or any Subordinated Note Document, (B) the foregoing shall not apply to customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, *provided* such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder, (C) the foregoing shall not apply to restrictions and conditions imposed on any Foreign Subsidiary by the terms of any Indebtedness of such Foreign Subsidiary permitted to be incurred hereunder and (D) clause (i) of the foregoing shall not apply to (x) restrictions or conditions imposed by any agreement relating to secured Indebtedness permitted by this Agreement if such restrictions or conditions apply only to the property or assets securing such Indebtedness, (y) customary provisions in leases and other contracts restricting the assignment thereof and (z) restrictions and conditions existing on the date hereof and identified on Schedule 6.06 (but shall apply to any amendment or modification expanding the scope of any such restriction or condition).

Section 6.07. *Transactions with Affiliates.* Except for transactions between or among Loan Parties or between or among Foreign Subsidiaries, sell or transfer any property or assets to, or purchase or acquire any property or assets from, or otherwise engage in any other transactions with, any of its Affiliates, except the Borrower or any Subsidiary may (a) engage in any of the foregoing transactions in the ordinary course of business at prices and on terms and conditions not less favorable to the Borrower or such Subsidiary than could be obtained on an arm's-length basis from unrelated third parties; (b) subject to compliance with the other terms and conditions of this Agreement, engage in any of the foregoing transactions among the Borrower and the other Subsidiaries so long as such transactions shall be (i) in the ordinary course of business and (ii) consistent with past practices and not materially adverse to the Lenders;

(c) pay customary fees payable to any directors of the Borrower and the Subsidiaries and reimburse reasonable out-of-pocket costs of the directors of the Borrower and the Subsidiaries; (d) enter into employment and severance arrangements with their respective officers and employees in the ordinary course of business; (e) pay customary fees and indemnities to their respective directors, officers and employees in the ordinary course of business; (f) enter into the transactions set forth on Schedule 6.07; (g) make any intercompany investments contemplated by Section 6.04; and (h) enter into transactions otherwise permitted by Section 6.05(a)(i)(B), Section 6.05(a)(iii) and Section 6.06.

Section 6.08. *Business of Holdings, Borrower and Subsidiaries.* (a) With respect to Holdings, (i) engage in any material activities or hold any material assets or liabilities other than its ownership of the Equity Interests of the Borrower and those activities incidental thereto and (ii) incur any material liabilities other than pursuant to the Security Agreement, the Holdings Guaranty, and the other Loan Documents, the ABL Documents, the Senior Secured Note Documents to which it is a party and any other obligations or liabilities incidental to its activities as a holding company or expressly permitted hereunder.

(a) With respect to the Borrower and its Subsidiaries, engage at any time in any business or business activity other than business conducted or proposed to be conducted by the Borrower and the Subsidiaries on the Closing Date and other businesses complementary, similar or reasonably related, ancillary or incidental thereto or reasonable extensions thereof.

Section 6.09. *Other Indebtedness and Agreements.* (a) Permit (i) any waiver, supplement, modification, amendment, termination or release of any indenture, instrument or agreement pursuant to which any Material Indebtedness of Holdings, the Borrower or any of the Subsidiaries is outstanding without the prior written consent of the Administrative Agent, except (x) to the extent any of the foregoing is not adverse to the interests of the Lenders under the Loan Documents in any material respect or (y) in connection with any Permitted Refinancing of Indebtedness permitted under Section 6.01 or (ii) any waiver, supplement, modification or amendment of (A) its certificate of incorporation, by-laws, operating, management or partnership agreement or other organizational documents or (B) that certain indemnification agreement dated as of February 9, 2010 between Russell Hobbs and Harbinger Capital Partners Master Fund I, Ltd., in each case to the extent any such waiver, supplement, modification or amendment would be adverse to the Lenders in any material respect.

(a)(i) Make any distribution, whether in cash, property, securities or a combination thereof, other than regular scheduled payments of principal and interest as and when due (to the extent not prohibited by applicable subordination provisions), in respect of, or pay, or commit to pay, or directly or indirectly (including pursuant to any Synthetic Purchase Agreement) redeem, repurchase, retire or otherwise acquire for consideration, or set apart any sum for the aforesaid

purposes, (A) any subordinated Indebtedness, other than in connection with (1) any Permitted Refinancing thereof and (2) any Permitted Specified Refinancing of the Subordinated Notes; *provided* that (x) in each case, at the time of such transaction after giving effect thereto, no Default or Event of Default shall have occurred and be continuing; (y) solely for the purposes of the foregoing clause (2), if and only if the Leverage Ratio would be no greater than 4.00 to 1.00 and the Secured Leverage Ratio would be no greater than 3.50 to 1.00, in each case, as of the most recently completed period of four consecutive fiscal quarters ending prior to such transaction for which the financial statements and certificates required by Section 5.04(a) or 5.04(b), as the case may be, and Section 5.04(d) have been delivered or for which comparable financial statements have been filed with the SEC, after giving pro forma effect to such transaction and to any other event occurring after such period as to which pro forma recalculation is appropriate as if such transaction had occurred as of the first day of such period; and (B) if a Default exist or would result therefrom, any Indebtedness, other than (1) the payment of the Indebtedness created hereunder and under the ABL Credit Agreement and the Senior Secured Notes, (2) the payment of secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness; or

(i) if a Default exists or would result therefrom, pay in cash any amount in respect of any Indebtedness or preferred Equity Interests that may at the applicable obligor's option be paid in kind or in other securities.

Section 6.10. *Capital Expenditures.* Permit the aggregate amount of Capital Expenditures made by the Borrower and the Subsidiaries in any period set forth below to exceed the amount set forth below for such period:

Fiscal Year Ended	Amount
September 30, 2010 and thereafter	$55,000,000

The amount of permitted Capital Expenditures set forth above in respect of any fiscal year commencing with the fiscal year ending on September 30, 2011, shall be increased (but not decreased) by (a) the amount of unused permitted Capital Expenditures for the immediately preceding fiscal year less (b) an amount equal to unused Capital Expenditures carried forward to such preceding fiscal year.

Section 6.11. *Interest Coverage Ratio.* Permit the Interest Coverage Ratio for any period of four consecutive fiscal quarters, in each case taken as one accounting period, ending on a date or during any period set forth below to be less than the ratio set forth opposite such date or period below:

Four Fiscal-Quarter Period Ended	Ratio
September 30, 2010 – June 30, 2011	2.000:1
September 30, 2011 – June 30, 2012	2.125:1
September 30, 2012 – June 30, 2013	2.250:1
September 30, 2013 – June 30, 2014	2.375:1
September 30, 2014 – June 30, 2015	2.500:1
September 30, 2015 – June 30, 2016	2.750:1
September 30, 2016 and thereafter	3.000:1

Section 6.12. *Maximum Leverage Ratio.* Permit the Leverage Ratio at any time during a period set forth below to be greater than the ratio set forth opposite such period below:

Period Ended	Ratio
September 30, 2010 – March 31, 2011	5.250:1
June 30, 2011	5.125:1
September 30, 2011 – June 30, 2012	5.000:1
September 30, 2012 – June 30, 2013	4.500:1
September 30, 2013 – June 30, 2014	4.000:1
September 30, 2014 – June 30, 2015	3.500:1
September 30, 2015 – June 30, 2016	3.250:1
September 30, 2016 – June 30, 2017	3.000:1
September 30, 2017 and thereafter	2.750:1

Section 6.13. *Fiscal Year.* With respect to Holdings and the Borrower, change their fiscal year-end to a date other than September 30.

Section 6.14. *Certain Equity Securities.* Except as permitted by Section 6.01, issue any Equity Interest that is not Qualified Capital Stock.

ARTICLE 7
EVENTS OF DEFAULT

Section 7.01. *Events of Default.* In case of the happening of any of the following events ("**Events of Default**"):

(a) any representation or warranty made or deemed made in or in connection with any Loan Document or the borrowings hereunder, or any representation, warranty, statement or information contained in any report, certificate, financial statement or other instrument furnished in connection with or pursuant to any Loan Document, shall prove to have been false or misleading in any material respect when so made, deemed made or furnished;

(b) default shall be made in the payment of any principal of any Loan when and as the same shall become due and payable, whether at the due date thereof or at a date fixed for prepayment thereof or by acceleration thereof or otherwise;

(c) default shall be made in the payment of any interest on any Loan or any Fee or any other amount (other than an amount referred to in (b) above) due under any Loan Document, when and as the same shall become due and payable, and such default shall continue unremedied for a period of three Business Days;

(d) default shall be made in the due observance or performance by Holdings, the Borrower or any Subsidiary of any covenant, condition or agreement contained in (i) Section 5.01(a) (with respect to the Borrower or Holdings) or 5.08 or in Article 6 or (ii) Section 5.04(a), 5.04(b) or 5.05 and, in the case of clause (ii) such default shall continue unremedied for a period of 15 days;

(e) default shall be made in the due observance or performance by Holdings, the Borrower or any Subsidiary of any covenant, condition or agreement contained in any Loan Document (other than those specified in (b), (c) or (d) above) and such default shall continue unremedied for a period of 30 consecutive days after the earlier of (i) notice thereof from the Administrative Agent to the Borrower (which notice shall also be given at the request of any Lender) or (ii) knowledge thereof of Holdings or the Borrower;

(f)(i) Holdings, the Borrower or any Subsidiary shall fail to pay any principal or interest, regardless of amount, due in respect of any Material Indebtedness and such failure shall continue after the applicable grace period and/or (ii) any other event or condition occurs that results in any Material Indebtedness becoming due prior to its scheduled maturity or that enables or permits (after the applicable grace period) the holder or holders of any Material Indebtedness or any trustee or agent on its or their behalf to cause any Material Indebtedness to become due, or to require the prepayment, repurchase, redemption or defeasance thereof, prior to its scheduled maturity; *provided* that this clause (ii) shall not apply to (A) secured Indebtedness that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Indebtedness or (B) obligations under any Hedging Agreement that becomes due as a result of a "**Termination Event**" as defined in clauses (i), (ii) or (iii) of Section 5(b) of the ISDA 2002 Master Agreement;

(g) an involuntary proceeding shall be commenced or an involuntary petition shall be filed in a court of competent jurisdiction seeking (i) relief in respect of Holdings, the Borrower or any Subsidiary (other than an Inactive Subsidiary), or of a substantial part of the property or assets of Holdings, the Borrower or a Subsidiary (other than an Inactive Subsidiary), under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any Subsidiary (other than an Inactive Subsidiary) or for a substantial part of the property or assets of Holdings, the Borrower or a Subsidiary or (iii) the winding-up or liquidation of Holdings, the Borrower or any Subsidiary (other than an Inactive Subsidiary); and such proceeding or petition shall continue undismissed for 60 days or an order or decree approving or ordering any of the foregoing shall be entered;

(h) Holdings, the Borrower or any Subsidiary (other than an Inactive Subsidiary) shall (i) voluntarily commence any proceeding or file any petition seeking relief under Title 11 of the United States Code, as now constituted or hereafter amended, or any other Federal, state or foreign bankruptcy, insolvency, receivership or similar law, (ii) consent to the institution of, or fail to contest in a timely and appropriate manner, any proceeding or the filing of any petition described in (g) above, (iii) apply for or consent to the appointment of a receiver, trustee, custodian, sequestrator, conservator or similar official for Holdings, the Borrower or any Subsidiary (other than an Inactive Subsidiary) or for a substantial part of the property or assets of Holdings, the Borrower or any Subsidiary (other than an Inactive Subsidiary), (iv) file an answer admitting the material allegations of a petition filed against it in any such proceeding, (v) make a general assignment for the benefit of creditors, (vi) become unable, admit in writing its inability or fail generally to pay its debts as they become due or (vii) take any corporate action for the purpose of effecting any of the foregoing;

(i) one or more judgments shall be rendered against Holdings, the Borrower, any Subsidiary or any combination thereof and the same shall remain undischarged for a period of 45 consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon assets or properties of Holdings, the Borrower or any Subsidiary to enforce any such judgment and such judgment either (i) is for the payment of money in an aggregate amount in excess of $25,000,000 (to the extent not covered by insurance) or (ii) is for injunctive relief and could reasonably be expected to result in a Material Adverse Effect; *provided* that if Holdings, the Borrower or the relevant Subsidiary shall not have received notice or been served in connection with the legal proceeding or proceedings resulting in any such judgment, such 45-consecutive-day period shall be measured from the date on which Holdings, the Borrower or the relevant Subsidiary has knowledge of such judgment;

(j) an ERISA Event shall have occurred that, in the reasonable opinion of the Required Lenders, when taken together with all other such ERISA Events, could reasonably be expected to result in a Material Adverse Effect;

(k) any Guarantee under the Subsidiary Guaranty or the Holdings Guaranty for any reason shall cease to be in full force and effect (other than in accordance with its terms), or any Guarantor shall deny in writing that it has any further liability under the Subsidiary Guaranty or the Holdings Guaranty, as the case may be (other than as a result of the discharge of such Guarantor in accordance with the terms of the Loan Documents);

(l) any security interest purported to be created by any Security Document shall cease to be, or shall be asserted by the Borrower or any other Loan Party not to be, a valid, perfected, first priority (except as otherwise expressly provided in this Agreement, the Intercreditor Agreements or such Security Document) security interest in the securities, assets or properties covered thereby;

(m) the Indebtedness under the Subordinated Notes or any other subordinated Indebtedness of Holdings and its Subsidiaries constituting Material Indebtedness shall cease (or any Loan Party or an Affiliate of any Loan Party shall so assert), for any reason, to be validly subordinated to the Obligations as provided in the Subordinated Note Documents or the agreements evidencing such other subordinated Indebtedness; or

(n) there shall have occurred a Change in Control;

then, and in every such event (other than an event with respect to Holdings or the Borrower described in paragraph (g) or (h) above), and at any time thereafter during the continuance of such event, the Administrative Agent may, and at the request of the Required Lenders shall, by notice to the Borrower, take either or both of the following actions, at the same or different times: (i) terminate forthwith the Commitments and (ii) declare the Loans then outstanding to be forthwith due and payable in whole or in part, whereupon the principal of the Loans so declared to be due and payable, together with accrued interest thereon and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall become forthwith due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding; and in any event with respect to Holdings or the Borrower described in paragraph (g) or (h) above, the Commitments shall automatically terminate and the principal of the Loans then outstanding, together with accrued interest thereon and all other liabilities of the Borrower accrued hereunder and under any other Loan Document, shall automatically become due and payable, without presentment, demand, protest or any other notice of any kind, all of which are hereby expressly waived by the Borrower, anything contained herein or in any other Loan Document to the contrary notwithstanding.

Section 7.02. *Application of Proceeds.* (a) After the exercise of remedies provided for in Section 7.01 (or after the Loans have automatically become immediately due and payable as set forth in the final paragraph of Section 7.01), any amounts received on account of the Obligations (including from proceeds of any sale or other disposition of all or any part of the Collateral) shall be applied by the Administrative Agent in the following order of priorities:

first, to pay any amounts (including fees, charges and disbursements of counsel to the Administrative Agent) then due and payable to the Administrative Agent in its capacity as such pursuant to Sections 3.05 and 9.05;

second, to pay ratably all interest (including Post-Petition Interest (as defined in the Security Agreement)) on the Obligations, until payment in full of all such interest and fees shall have been made;

third, to pay the unpaid principal of the Obligations ratably, until payment in full of the principal of all Obligations shall have been made;

fourth, to pay all other Obligations ratably, until payment in full of all such other Obligations shall have been made; and

finally, to pay to the Borrower or the relevant Loan Party, or as a court of competent jurisdiction may direct, any surplus then remaining (including from the proceeds of the Collateral owned by it);

provided that Collateral owned by a Subsidiary Guarantor and any proceeds thereof shall be applied pursuant to the foregoing clauses *first*, *second*, *third* and *fourth* only to the extent permitted by the limitation in Section 2(i) of its Subsidiary Guaranty. The Administrative Agent may make such distributions hereunder in cash or in kind or, on a ratable basis, in any combination thereof.

(a) In making the payments and allocations required by this Section, the Administrative Agent will be entitled to rely on information from (i) its own records for information as to the Administrative Agent and the Lenders (the "**Lender Parties**"), their Obligations and actions taken by them, (ii) any Lender Party for information as to its Obligations and actions taken by it, to the extent that the Administrative Agent has not obtained such information from its own records, and (iii) the Borrower, to the extent that the Administrative Agent has not obtained information from the foregoing sources. All distributions made by the Administrative Agent pursuant to this Section 7.02 shall be final (except in the event of manifest error) and the Administrative Agent shall have no duty to inquire as to the application by any Lender Party of any amount distributed to it.

ARTICLE 8

THE ADMINISTRATIVE AGENT AND THE COLLATERAL TRUSTEE; ETC.

Each Lender hereby irrevocably appoints the Administrative Agent and the Collateral Trustee (for purposes of this Article 8, the Administrative Agent and the Collateral Trustee are referred to collectively as the "**Agents**") its agent and authorizes the Agents to take such actions on its behalf and to exercise such powers as are delegated to such Agent by the terms of the Loan Documents, together with such actions and powers as are reasonably incidental thereto. Without limiting the generality of the foregoing, the Agents are hereby expressly authorized to (i) execute any and all documents (including releases) with respect to the Collateral and the rights of the Secured Parties with respect thereto, as contemplated by and in accordance with the provisions of this Agreement and the Security Documents and (ii) negotiate, enforce or the settle any claim, action or proceeding affecting the Lenders in their capacity as such, at the direction of the Required Lenders, which negotiation, enforcement or settlement will be binding upon each Lender.

The institution serving as the Administrative Agent hereunder and/or as the Collateral Trustee shall have the same rights and powers in its capacity as a Lender as any other Lender and may exercise the same as though it were not an Agent, and such bank and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with Holdings, the Borrower or any Subsidiary or other Affiliate thereof as if it were not an Agent hereunder.

Neither Agent shall have any duties or obligations except those expressly set forth in the Loan Documents. Without limiting the generality of the foregoing, (a) neither Agent shall be subject to any fiduciary or other implied duties, regardless of whether a Default has occurred and is continuing, (b) neither Agent shall have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated hereby that such Agent is instructed in writing to exercise by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.08), and (c) except as expressly set forth in the Loan Documents, neither Agent shall have any duty to disclose, nor shall it be liable for the failure to disclose, any information relating to Holdings, the Borrower or any of the Subsidiaries that is communicated to or obtained by the bank serving as Administrative Agent and/or Collateral Trustee or any of its Affiliates in any capacity. Neither Agent shall be liable for any action taken or not taken by it with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.08) or in the absence of its own gross negligence or willful misconduct. Neither Agent shall be deemed to have knowledge of any Default unless and until written notice thereof is given to such Agent by Holdings, the Borrower or a Lender, and neither Agent shall be responsible for or have any duty to ascertain or inquire into (i) any statement,

warranty or representation made in or in connection with any Loan Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Loan Document, (iv) the validity, enforceability, effectiveness or genuineness of any Loan Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article 4 or elsewhere in any Loan Document, other than to confirm receipt of items expressly required to be delivered to such Agent.

Each Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. Each Agent may also rely upon any statement made to it orally or by telephone and believed by it to have been made by the proper Person, and shall not incur any liability for relying thereon. Each Agent may consult with legal counsel (who may be counsel for the Borrower), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountants or experts.

Each Agent may perform any and all its duties and exercise its rights and powers by or through any one or more sub-agents appointed by it. Each Agent and any such sub-agent may perform any and all its duties and exercise its rights and powers by or through their respective Related Parties. The exculpatory provisions of the preceding paragraphs shall apply to any such sub-agent and to the Related Parties of each Agent and any such sub-agent, and shall apply to their respective activities in connection with the syndication of the Term Facility as well as activities as Agent.

Subject to the appointment and acceptance of a successor Administrative Agent as provided below, the Administrative Agent may resign at any time by notifying the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right, with the consent of Borrower, to appoint a successor. If no successor shall have been so appointed by the Required Lenders and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of its resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent which shall be (x) a bank with an office in New York, New York, or an Affiliate of any such bank or (y) a nationally recognized financial institution that is organized under the laws of the United States or any state or district thereof. Upon the acceptance of its appointment as Administrative Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrower to a successor Administrative Agent shall be the same as those

payable to its predecessor unless otherwise agreed between the Borrower and such successor. After the Administrative Agent's resignation hereunder, the provisions of this Article and Section 9.05 shall continue in effect for the benefit of such retiring Administrative Agent, its sub-agents and their respective Related Parties in respect of any actions taken or omitted to be taken by any of them while acting as Administrative Agent.

Each Lender acknowledges that it has, independently and without reliance upon the Agents or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Agents or any other Lender and based on such documents and information as it shall from time to time deem appropriate, continue to make its own decisions in taking or not taking action under or based upon this Agreement or any other Loan Document, any related agreement or any document furnished hereunder or thereunder.

Notwithstanding any other provision of this Agreement or any provision of any other Loan Document, each of the Joint Bookrunners and Joint Lead Arrangers, the Syndication Agent and the Documentation Agent are named as such for recognition purposes only, and in their respective capacities as such shall have no duties, responsibilities or liabilities with respect to this Agreement or any other Loan Document; it being understood and agreed that each of the Joint Bookrunners and Joint Lead Arrangers, the Syndication Agent and the Documentation Agent shall be entitled to all indemnification and reimbursement rights in favor of the Agents provided herein and in the other Loan Documents. Without limitation of the foregoing, neither the Joint Bookrunners and Joint Lead Arrangers, the Syndication Agent nor the Documentation Agent in their respective capacities as such shall, by reason of this Agreement or any other Loan Document, have any fiduciary relationship in respect of any Lender, Loan Party or any other Person.

ARTICLE 9
MISCELLANEOUS

Section 9.01. *Notices; Electronic Communications.* Notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail or sent by fax, as follows:

(a) if to the Borrower or Holdings, to it at Spectrum Brands Inc., 601 Rayovac Drive, Madison, Wisconsin 53711-2497, Attention of David Lumley, Fax No. 608-288-4485, with a copy to Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10019, Attention: Eric Goodison Esq., Fax No. 212-757-3990;

(b) if to the Administrative Agent, to Credit Suisse AG, Agency Manager, One Madison Avenue, New York, NY 10010, Fax No. 212-322-2291, Email: agency.loanops@credit-suisse.com; and

(c) if to a Lender, to it at its address (or fax number) set forth on Schedule 2.01 or in the Assignment and Acceptance pursuant to which such Lender shall have become a party hereto.

All notices and other communications given to any party hereto in accordance with the provisions of this Agreement shall be deemed to have been given on the date of receipt if delivered by hand or overnight courier service or sent by fax or on the date five Business Days after dispatch by certified or registered mail if mailed, in each case delivered, sent or mailed (properly addressed) to such party as provided in this Section 9.01 or in accordance with the latest unrevoked direction from such party given in accordance with this Section 9.01. As agreed to among Holdings, the Borrower, the Administrative Agent and the applicable Lenders from time to time, notices and other communications may also be delivered by e-mail to the e-mail address of a representative of the applicable Person provided from time to time by such Person.

The Borrower hereby agrees, unless directed otherwise by the Administrative Agent or unless the electronic mail address referred to below has not been provided by the Administrative Agent to the Borrower, that it will, or will cause its Subsidiaries to, provide to the Administrative Agent all information, documents and other materials that it is obligated to furnish to the Administrative Agent pursuant to the Loan Documents or to the Lenders under Article 5, including all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) is or relates to a Borrowing Request or a notice pursuant to Section 2.10, (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default or Event of Default under this Agreement or any other Loan Document or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any Borrowing or other extension of credit hereunder (all such non-excluded communications being referred to herein collectively as "**Communications**"), by transmitting the Communications in an electronic/soft medium that is properly identified in a format acceptable to the Administrative Agent to an electronic mail address as directed by the Administrative Agent. In addition, the Borrower agrees, and agrees to cause its Subsidiaries, to continue to provide the Communications to the Administrative Agent or the Lenders, as the case may be, in the manner specified in the Loan Documents but only to the extent requested by the Administrative Agent.

The Borrower hereby acknowledges that (a) the Administrative Agent will make available to the Lenders materials and/or information provided by or on behalf of the Borrower hereunder (collectively, the "**Borrower Materials**") by posting the Borrower Materials on Intralinks or another similar electronic system (the "**Platform**") and (b) certain of the Lenders may be "public-side" Lenders (i.e., Lenders that do not wish to receive material non-public information with respect to the Borrower or its securities) (each, a "**Public Lender**"). The Borrower hereby agrees that (w) all Borrower Materials that are to be made available to Public Lenders shall be clearly and conspicuously marked "PUBLIC" which, at a minimum, shall mean that the word "PUBLIC" shall appear prominently on the first page thereof; (x) by marking Borrower Materials "PUBLIC," the Borrower shall be deemed to have authorized the Administrative Agent and the Lenders to treat such Borrower Materials as not containing any material non-public information with respect to the Borrower or its securities for purposes of United States federal and state securities laws (*provided*, *however*, that to the extent such Borrower Materials constitute Information, they shall be treated as set forth in Section 9.16); (y) all Borrower Materials marked "PUBLIC" are permitted to be made available through a portion of the Platform designated as "Public Investor;" and (z) the Administrative Agent shall be entitled to treat any Borrower Materials that are not marked "PUBLIC" as being suitable only for posting on a portion of the Platform not marked as "Public Investor". Notwithstanding the foregoing, the following Borrower Materials shall be marked "PUBLIC", unless the Borrower notifies the Administrative Agent promptly that any such document contains material non-public information: the Loan Documents.

Each Public Lender agrees to cause at least one individual at or on behalf of such Public Lender to at all times have selected the "Private Side Information" or similar designation on the content declaration screen of the Platform in order to enable such Public Lender or its delegate, in accordance with such Public Lender's compliance procedures and applicable law, including United States Federal and state securities laws, to make reference to Communications that are not made available through the "Public Side Information" portion of the Platform and that may contain material non-public information with respect to the Borrower or its securities for purposes of United States Federal or state securities laws.

THE PLATFORM IS PROVIDED "AS IS" AND "AS AVAILABLE". NEITHER THE ADMINISTRATIVE AGENT NOR ANY OF ITS RELATED PARTIES WARRANTS THE ACCURACY OR COMPLETENESS OF THE COMMUNICATIONS OR THE ADEQUACY OF THE PLATFORM AND EACH EXPRESSLY DISCLAIMS LIABILITY FOR ERRORS OR OMISSIONS IN THE COMMUNICATIONS. NO WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR STATUTORY, INCLUDING ANY WARRANTY OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, NON-INFRINGEMENT OF THIRD PARTY RIGHTS OR FREEDOM FROM VIRUSES OR OTHER CODE DEFECTS IS MADE BY THE ADMINISTRATIVE AGENT OR ANY OF ITS RELATED PARTIES IN CONNECTION WITH THE COMMUNICATIONS OR THE PLATFORM. IN

NO EVENT SHALL THE ADMINISTRATIVE AGENT OR ANY OF ITS RELATED PARTIES HAVE ANY LIABILITY TO ANY LOAN PARTY, ANY LENDER OR ANY OTHER PERSON FOR DAMAGES OF ANY KIND, WHETHER OR NOT BASED ON STRICT LIABILITY AND INCLUDING DIRECT OR INDIRECT, SPECIAL, INCIDENTAL OR CONSEQUENTIAL DAMAGES, LOSSES OR EXPENSES (WHETHER IN TORT, CONTRACT OR OTHERWISE) ARISING OUT OF ANY LOAN PARTY'S OR THE ADMINISTRATIVE AGENT'S TRANSMISSION OF COMMUNICATIONS THROUGH THE INTERNET, EXCEPT TO THE EXTENT THE LIABILITY OF ANY SUCH PERSON IS FOUND IN A FINAL RULING BY A COURT OF COMPETENT JURISDICTION TO HAVE RESULTED PRIMARILY FROM SUCH PERSON'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT.

The Administrative Agent agrees that the receipt of the Communications by the Administrative Agent at its e-mail address set forth above shall constitute effective delivery of the Communications to the Administrative Agent for purposes of the Loan Documents. Each Lender agrees that receipt of notice to it (as provided in the next sentence) specifying that the Communications have been posted to the Platform shall constitute effective delivery of the Communications to such Lender for purposes of the Loan Documents. Each Lender agrees to notify the Administrative Agent in writing (including by electronic communication) from time to time of such Lender's e-mail address to which the foregoing notice may be sent by electronic transmission and that the foregoing notice may be sent to such e-mail address.

It is understood and agreed that the Administrative Agent may, in its discretion, elect to not deliver to any Lender that is a Permitted Investor, and limit the access of any such Lender to, any Communications or other information that do not consist of Borrower Materials.

Section 9.02. *Survival of Agreement.* Nothing herein shall prejudice the right of the Administrative Agent or any Lender to give any notice or other communication pursuant to any Loan Document in any other manner specified in such Loan Document. All covenants, agreements, representations and warranties made by the Borrower or Holdings herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement or any other Loan Document shall be considered to have been relied upon by the Lenders and shall survive the making by the Lenders of the Loans, regardless of any investigation made by the Lenders or on their behalf, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any Fee or any other amount payable under this Agreement or any other Loan Document is outstanding and unpaid and so long as the Commitments have not been terminated. The provisions of Sections 2.14, 2.16, 2.20 and 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of the Commitments, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent, the Collateral Trustee or any Lender.

Section 9.03. *Binding Effect.* This Agreement shall become effective when it shall have been executed by the Borrower, Holdings and the Administrative Agent and when the Administrative Agent shall have received counterparts hereof which, when taken together, bear the signatures of each of the other parties hereto.

Section 9.04. *Successors and Assigns.* (a) Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the permitted successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Borrower, Holdings, the Administrative Agent, the Collateral Trustee or the Lenders that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

(a) Each Lender may assign to one or more Eligible Assignees all or a portion of its interests, rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it), with notice to the Borrower by the Administrative Agent (failure to provide or delay in providing such notice shall not invalidate such assignment) and, unless the assignee is a Lender, an Affiliate of a Lender or a Related Fund of a Lender, with the prior written consent of the Administrative Agent (not to be unreasonably withheld or delayed); *provided*, *however*, that (i) the amount of the Commitment or Loans of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered to the Administrative Agent) shall be in an integral multiple of, and not less than, $1,000,000 (or, if less, the entire remaining amount of such Lender's Commitment or Loans of the relevant Class); *provided* that simultaneous assignments by two or more Related Funds shall be combined for purposes of determining whether the minimum assignment requirement is met, (ii) the parties to each assignment shall (A) execute and deliver to the Administrative Agent an Assignment and Acceptance via an electronic settlement system acceptable to the Administrative Agent or (B) if previously agreed with the Administrative Agent, manually execute and deliver to the Administrative Agent an Assignment and Acceptance, and, in each case, shall pay to the Administrative Agent a processing and recordation fee of $3,500 (which fee may be waived or reduced in the sole discretion of the Administrative Agent), (iii) the assignee, if it shall not be a Lender, shall deliver to the Administrative Agent an Administrative Questionnaire (in which the assignee shall designate one or more credit contacts to whom all syndicate-level information (which may contain material non-public information about the Loan Parties and their Related Parties or their respective securities) will be made available and who may receive such information in accordance with the assignee's compliance procedures and applicable laws, including Federal and state securities laws) and all applicable tax forms and (iv) the aggregate principal

amount of Loans held by Holdings, its Affiliates and the Permitted Investors in their capacity as Lenders shall not exceed 20% of the outstanding principal amount of Loans outstanding at any time. Upon acceptance and recording pursuant to paragraph (e) of this Section 9.04, from and after the effective date specified in each Assignment and Acceptance, (A) the assignee thereunder shall be a party hereto and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement and (B) the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all or the remaining portion of an assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto but shall continue to be entitled to the benefits of Sections 2.14, 2.16, 2.20 and 9.05).

(b) By executing and delivering an Assignment and Acceptance, the assigning Lender thereunder and the assignee thereunder shall be deemed to confirm to and agree with each other and the other parties hereto as follows: (i) such assigning Lender warrants that it is the legal and beneficial owner of the interest being assigned thereby free and clear of any adverse claim and that its Term Loan Commitment and the outstanding balances of its Loans without giving effect to assignments thereof which have not become effective, are as set forth in such Assignment and Acceptance, (ii) except as set forth in (i) above, such assigning Lender makes no representation or warranty and assumes no responsibility with respect to any statements, warranties or representations made in or in connection with this Agreement, or the execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto, or the financial condition of the Borrower or any Subsidiary or the performance or observance by the Borrower or any Subsidiary of any of its obligations under this Agreement, any other Loan Document or any other instrument or document furnished pursuant hereto; (iii) such assignee represents and warrants that it is an Eligible Assignee legally authorized to enter into such Assignment and Acceptance; (iv) such assignee confirms that it has received a copy of this Agreement, together with copies of the most recent financial statements referred to in Section 3.05(a) or delivered pursuant to Section 5.04 and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into such Assignment and Acceptance; (v) such assignee will independently and without reliance upon the Administrative Agent, the Collateral Trustee, such assigning Lender or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under this Agreement; (vi) such assignee appoints and authorizes the Administrative Agent and the Collateral Trustee to take such action as agent on its behalf and to exercise such powers under this Agreement as are delegated to the Administrative Agent and the Collateral Trustee, respectively, by the terms hereof, together with

such powers as are reasonably incidental thereto; and (vii) such assignee agrees that it will perform in accordance with their terms all the obligations which by the terms of this Agreement are required to be performed by it as a Lender.

(c) The Administrative Agent, acting for this purpose as an agent of the Borrower, shall maintain at one of its offices in The City of New York a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitment of, and principal amount of the Loans owing to, each Lender pursuant to the terms hereof from time to time (the "**Register**"). The entries in the Register shall be conclusive and the Borrower, the Administrative Agent, the Collateral Trustee and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower, the Collateral Trustee and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Upon its receipt of, and consent to, a duly completed Assignment and Acceptance executed by an assigning Lender and an assignee, an Administrative Questionnaire completed in respect of the assignee (unless the assignee shall already be a Lender hereunder), the processing and recordation fee referred to in paragraph (b) above, if applicable, and the written consent of the Administrative Agent to such assignment and any applicable tax forms, the Administrative Agent shall promptly (i) accept such Assignment and Acceptance and (ii) record the information contained therein in the Register. No assignment shall be effective unless it has been recorded in the Register as provided in this paragraph (e).

(e) Each Lender may without the consent of the Borrower or the Administrative Agent sell participations to one or more banks or other Persons in all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans owing to it); *provided*, *however*, that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations, (iii) the participating banks or other Persons shall be entitled to the benefit of the cost protection provisions contained in Sections 2.14 and 2.16 to the same extent as if they were Lenders (but, with respect to any particular participant, to no greater extent than the Lender that sold the participation to such participant) and (iv) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement, and such Lender shall retain the sole right to enforce the obligations of the Borrower relating to the Loans and to approve any amendment, modification or waiver of any provision of this Agreement (other than amendments, modifications or waivers decreasing any fees payable to such participating bank or Person hereunder or the amount of principal of or the rate at which interest is payable on

the Loans in which such participating bank or Person has an interest, extending any scheduled principal payment date or date fixed for the payment of interest on the Loans in which such participating bank or Person has an interest, increasing or extending the Commitments in which such participating bank or Person has an interest or releasing any Guarantor (other than in connection with the sale of such Guarantor in a transaction permitted by Section 6.05) or all or substantially all of the Collateral). Each Person holding a participation pursuant to this Section 9.04(f) shall be entitled to the benefits of Section 2.20 with respect to its interest in the Commitments and the Loans outstanding from time to time as if such participant were a Lender; *provided* that such Person shall have complied with the requirements of Section 2.20 including, without limitation, Section 2.20(e). To the extent permitted by law, each participating bank or other Person also shall be entitled to the benefits of Section 9.06 as though it were a Lender, *provided* that such participating bank or other Person agrees to be subject to Section 2.18 as though it were a Lender.

(f) Any Lender or participant may, in connection with any assignment or participation or proposed assignment or participation pursuant to this Section 9.04, disclose to the assignee or participant or proposed assignee or participant any information relating to the Borrower furnished to such Lender by or on behalf of the Borrower; *provided* that, prior to any such disclosure of information designated by the Borrower as confidential, each such assignee or participant or proposed assignee or participant shall execute an agreement whereby such assignee or participant shall agree (subject to customary exceptions) to preserve the confidentiality of such confidential information on terms no less restrictive than those applicable to the Lenders pursuant to Section 9.16.

(g) Any Lender may at any time assign all or any portion of its rights under this Agreement to secure extensions of credit to such Lender or in support of obligations owed by such Lender; *provided* that no such assignment shall release a Lender from any of its obligations hereunder or substitute any such assignee for such Lender as a party hereto.

(h) Notwithstanding anything to the contrary contained herein, any Lender (a "**Granting Lender**") may grant to a special purpose funding vehicle (an "**SPV**"), identified as such in writing from time to time by the Granting Lender to the Administrative Agent and the Borrower, the option to provide to the Borrower all or any part of any Loan that such Granting Lender would otherwise be obligated to make to the Borrower pursuant to this Agreement; *provided* that (i) nothing herein shall constitute a commitment by any SPV to make any Loan and (ii) if an SPV elects not to exercise such option or otherwise fails to provide all or any part of such Loan, the Granting Lender shall be obligated to make such Loan pursuant to the terms hereof. The making of a Loan by an SPV hereunder shall utilize the Commitment of the Granting Lender to the same extent, and as if, such Loan were made by such Granting Lender. Each party hereto hereby agrees that no SPV shall be liable for any indemnity or similar payment obligation under

this Agreement (all liability for which shall remain with the Granting Lender). In furtherance of the foregoing, each party hereto hereby agrees (which agreement shall survive the termination of this Agreement) that, prior to the date that is one year and one day after the payment in full of all outstanding commercial paper or other senior indebtedness of any SPV, it will not institute against, or join any other Person in instituting against, such SPV any bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings under the laws of the United States or any State thereof. In addition, notwithstanding anything to the contrary contained in this Section 9.04, any SPV may (i) with notice to, but without the prior written consent of, the Borrower and the Administrative Agent and without paying any processing fee therefor, assign all or a portion of its interests in any Loans to the Granting Lender or to any financial institutions (consented to by the Borrower and Administrative Agent) providing liquidity and/or credit support to or for the account of such SPV to support the funding or maintenance of Loans and (ii) disclose on a confidential basis any non-public information relating to its Loans to any rating agency, commercial paper dealer or provider of any surety, guarantee or credit or liquidity enhancement to such SPV.

(i) Neither Holdings nor the Borrower shall assign or delegate any of its rights or duties hereunder without the prior written consent of the Administrative Agent and each Lender, and any attempted assignment without such consent shall be null and void.

Section 9.05. *Expenses; Indemnity.* (a) The Borrower and Holdings agree, jointly and severally, to pay all out-of-pocket expenses incurred by the Administrative Agent and the Collateral Trustee in connection with the syndication of the Term Facility and the preparation and administration of this Agreement and the other Loan Documents or in connection with any amendments, modifications or waivers of the provisions hereof or thereof or incurred by the Administrative Agent, the Collateral Trustee or the Lenders in connection with the enforcement or protection of its rights in connection with this Agreement and the other Loan Documents or in connection with the Loans made hereunder, including the fees, charges and disbursements of Davis Polk & Wardwell LLP, counsel for the Administrative Agent, Thompson Hine, LLP, counsel for the Collateral Trustee and no more than one counsel in each jurisdiction where Collateral is located), and, in connection with any such enforcement or protection, the fees, charges and disbursements of any other counsel for the Administrative Agent or the Collateral Trustee and no more than one counsel for all Lenders.

(a) The Borrower and Holdings agree, jointly and severally, to indemnify the Administrative Agent, the Collateral Trustee, each Lender and each Related Party of any of the foregoing Persons (each such Person being called an "**Indemnitee**") against, and to hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses, including reasonable counsel fees, charges and disbursements, incurred by or asserted against any Indemnitee arising out of, in any way connected with, or as a result of (i) the

execution or delivery of this Agreement or any other Loan Document or any agreement or instrument contemplated thereby, the performance by the parties thereto of their respective obligations thereunder or the consummation of the Transactions and the other transactions contemplated thereby (including the syndication of the Term Facility), (ii) the use of the proceeds of the Loans, (iii) any claim, litigation, investigation or proceeding relating to any of the foregoing, whether or not any Indemnitee is a party thereto (and regardless of whether such matter is initiated by a third party or by the Borrower, any other Loan Party or any of their respective Affiliates), or (iv) any actual or alleged presence or Release of Hazardous Materials on any property currently or formerly owned or operated by the Borrower or any of the Subsidiaries, or any Environmental Liability related in any way to the Borrower or the Subsidiaries; *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee.

(b) To the extent that Holdings and the Borrower fail to pay any amount required to be paid by them to the Administrative Agent or the Collateral Trustee under paragraph (a) or (b) of this Section, each Lender severally agrees to pay to the Administrative Agent or the Collateral Trustee, as the case may be, such Lender's pro rata share (determined as of the time that the applicable unreimbursed expense or indemnity payment is sought) of such unpaid amount; *provided* that the unreimbursed expense or indemnified loss, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent or the Collateral Trustee in its capacity as such. For purposes hereof, a Lender's "pro rata share" shall be determined based upon its share of the sum of outstanding Loans and unused Commitments at the time.

(c) To the extent permitted by applicable law, neither Holdings nor the Borrower shall assert, and each hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of, this Agreement or any agreement or instrument contemplated hereby, the Transactions, any Loan or the use of the proceeds thereof.

(d) The provisions of this Section 9.05 shall remain operative and in full force and effect regardless of the expiration of the term of this Agreement, the consummation of the transactions contemplated hereby, the repayment of any of the Loans, the expiration of the Commitments, the invalidity or unenforceability of any term or provision of this Agreement or any other Loan Document, or any investigation made by or on behalf of the Administrative Agent, the Collateral Trustee or any Lender. All amounts due under this Section 9.05 shall be payable on written demand therefor.

Section 9.06. *Right of Setoff.* If an Event of Default shall have occurred and be continuing, each Lender is hereby authorized at any time and from time to time, except to the extent prohibited by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower or Holdings against any of and all the obligations of the Borrower or Holdings now or hereafter existing under this Agreement and other Loan Documents held by such Lender, irrespective of whether or not such Lender shall have made any demand under this Agreement or such other Loan Document and although such obligations may be unmatured. The rights of each Lender under this Section 9.06 are in addition to other rights and remedies (including other rights of setoff) which such Lender may have.

Section 9.07. *Applicable Law.* THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (OTHER THAN AS EXPRESSLY SET FORTH IN OTHER LOAN DOCUMENTS) SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

Section 9.08. *Waivers; Amendment.* (a) No failure or delay of the Administrative Agent, the Collateral Trustee or any Lender in exercising any power or right hereunder or under any other Loan Document shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Administrative Agent, the Collateral Trustee, and the Lenders hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or any other Loan Document or consent to any departure by the Borrower or any other Loan Party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on the Borrower or Holdings in any case shall entitle the Borrower or Holdings to any other or further notice or demand in similar or other circumstances.

(a) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Borrower, Holdings and the Required Lenders; *provided, however*, that no such agreement shall (i) decrease the principal amount of, or extend the maturity of or any scheduled principal payment date or date for the payment of any interest on any Loan, or waive or excuse any such payment or any part thereof, or decrease the rate of interest (other than default interest) on any Loan, without the prior written consent of each Lender directly adversely affected thereby, (ii) increase or extend the Commitment of any Lender without the prior written consent of such Lender or decrease or extend the date for payment of any Fees of any Agent without the prior written consent of such Agent, (iii) amend or

modify the pro rata requirements of Section 2.17 (other than in connection with loan buy-back offers that are made to all Lenders on a pro rata basis, in which case payments and Commitment reductions with respect to tendering Lenders will be permitted on terms acceptable to the Borrower, Holdings and the Required Lenders) and Section 2.18, the provisions of Section 9.04(j) or the provisions of this Section or release any Guarantor (other than in connection with the sale of such Guarantor in a transaction permitted by Section 6.04(m)) or all or substantially all of the Collateral, without the prior written consent of each Lender, (iv) change the provisions of any Loan Document in a manner that by its terms adversely affects the rights in respect of payments due to Lenders holding Loans of one Class differently from the rights of Lenders holding Loans of any other Class without the prior written consent of Lenders holding a majority in interest of the outstanding Loans and unused Commitments of each adversely affected Class, (v) modify the protections afforded to an SPV pursuant to the provisions of Section 9.04(i) without the written consent of such SPV or (vi) reduce the percentage contained in the definition of the term "Required Lenders" without the prior written consent of each Lender (it being understood that with the consent of the Required Lenders, additional extensions of credit pursuant to this Agreement may be included in the determination of the Required Lenders on substantially the same basis as the Term Loan Commitments on the date hereof); *provided further* that no such agreement shall amend, modify or otherwise affect the rights or duties of the Administrative Agent or the Collateral Trustee hereunder or under any other Loan Document without the prior written consent of the Administrative Agent or the Collateral Trustee.

(b) The Administrative Agent and the Borrower may amend any Loan Document to correct administrative errors or omissions, or to effect administrative changes that are not adverse to any Lender. Notwithstanding anything to the contrary contained herein, such amendment shall become effective without any further consent of any other party to such Loan Document.

Section 9.09. *Interest Rate Limitation.* Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which are treated as interest on such Loan under applicable law (collectively the "**Charges**"), shall exceed the maximum lawful rate (the "**Maximum Rate**") which may be contracted for, charged, taken, received or reserved by the Lender holding such Loan or participation in accordance with applicable law, the rate of interest payable in respect of such Loan or participation hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan or participation but were not payable as a result of the operation of this Section 9.09 shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or participations or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Effective Rate to the date of repayment, shall have been received by such Lender.

Section 9.10. *Entire Agreement.* This Agreement, the Fee Letter and the other Loan Documents constitute the entire contract between the parties relative to the subject matter hereof. Any other previous agreement among the parties with respect to the subject matter hereof is superseded by this Agreement and the other Loan Documents. Nothing in this Agreement or in the other Loan Documents, expressed or implied, is intended to confer upon any Person (other than the parties hereto and thereto, their respective successors and assigns permitted hereunder and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent, the Collateral Trustee and the Lenders) any rights, remedies, obligations or liabilities under or by reason of this Agreement or the other Loan Documents.

Section 9.11. *WAIVER OF JURY TRIAL.* EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.11.

Section 9.12. *Severability.* In the event any one or more of the provisions contained in this Agreement or in any other Loan Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

Section 9.13. *Counterparts.* This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract, and shall become effective as provided in Section 9.03. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

Section 9.14. *Headings.* Article and Section headings and the Table of Contents used herein are for convenience of reference only, are not part of this Agreement and are not to affect the construction of, or to be taken into consideration in interpreting, this Agreement.

Section 9.15. *Jurisdiction; Consent to Service of Process.* (a) Each of Holdings and the Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in the Borough of Manhattan in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Loan Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Administrative Agent, the Collateral Trustee or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or the other Loan Documents against the Borrower, Holdings or their respective properties in the courts of any jurisdiction.

(a) Each of Holdings and the Borrower hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Loan Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(b) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.01. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

Section 9.16. *Confidentiality.* Each of the Administrative Agent and the Lenders agrees (and the Collateral Trustee shall agree pursuant to the Collateral Trust Agreement) to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its and its Affiliates' officers, directors, employees and agents, including accountants, legal counsel

and other advisors (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority or quasi-regulatory authority (such as the National Association of Insurance Commissioners), (c) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (d) in connection with the exercise of any remedies hereunder or under the other Loan Documents or any suit, action or proceeding relating to the enforcement of its rights hereunder or thereunder, (e) subject to an agreement containing provisions substantially the same as those of this Section 9.16, to (i) any actual or prospective assignee of or participant in any of its rights or obligations under this Agreement and the other Loan Documents or (ii) any actual or prospective counterparty (or its advisors) to any swap or derivative transaction relating to the Borrower or any Subsidiary or any of their respective obligations, (f) with the consent of the Borrower or (g) to the extent such Information becomes publicly available other than as a result of a breach of this Section 9.16. For the purposes of this Section, "**Information**" shall mean all information received from the Borrower or Holdings and related to the Borrower or Holdings or their business, other than any such information that was available to the Administrative Agent, the Collateral Trustee or any Lender on a nonconfidential basis prior to its disclosure by the Borrower or Holdings. Any Person required to maintain the confidentiality of Information as provided in this Section 9.16 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such Information as such Person would accord its own confidential information.

Section 9.17. *Lender Action.* Each Lender agrees that it shall not in its capacity as Lender hereunder take or institute any actions or proceedings, judicial or otherwise, for any right or remedy against any Loan Party or any other obligor under any of the Loan Documents (including the exercise of any right of setoff, rights on account of any banker's lien or similar claim or other rights of self-help), or institute any actions or proceedings, or otherwise commence any remedial procedures, with respect to any Collateral or any other property of any such Loan Party, unless expressly provided for herein or in any other Loan Document, without the prior written consent of the Administrative Agent. The provisions of this Section 9.17 are for the sole benefit of the Lenders and shall not afford any right to, or constitute a defense available to, any Loan Party.

Section 9.18. *USA PATRIOT Act Notice.* Each Lender and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies Holdings and the Borrower that pursuant to the requirements of the USA PATRIOT Act, it is required to obtain, verify and record information that identifies Holdings and the Borrower, which information includes the name and address of Holdings and the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify Holdings and the Borrower in accordance with the USA PATRIOT Act.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SPECTRUM BRANDS, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Senior Vice President,
Secretary and General Counsel

SB/RH HOLDINGS, LLC

By: /s/ Lisa R. Carstarphen
Name: Lisa Carstarphen
Title: Vice President and Secretary

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
individually and
as Administrative Agent

By: /s/ John D. Toronto
Name: John D. Toronto
Title: Director

By: /s/ Vipul Dhadda
Name: Vipul Dhadda
Title: Associate

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as
Lender

By: /s/ John D. Toronto
Name: John D. Toronto
Title: Director

By: /s/ Vipul Dhadda
Name: Vipul Dhadda
Title: Associate

Exhibit 10.13

EXECUTION COPY

SUBSIDIARY GUARANTY

SUBSIDIARY GUARANTY, dated as of June 16, 2010 (this "**Guaranty**"), made by the Subsidiaries of Spectrum Brands, Inc. (the "**Borrower**") listed on the signature pages hereof and the Additional Subsidiary Guarantors described herein (the Subsidiaries so listed and the Additional Subsidiary Guarantors being, collectively, the "**Subsidiary Guarantors**" and, individually, "**Subsidiary Guarantor**"), in favor of CREDIT SUISSE AG, as administrative agent (in such capacity, including any successor thereto, the "**Administrative Agent**") for the lenders (the "**Term Lenders**") from time to time party to that certain Term Loan Credit Agreement dated as of June 16, 2010 (as further amended, supplemented or otherwise modified from time to time, the "**Term Loan Credit Agreement**") among the Borrower, SB/RH Holdings, LLC ("**Holdings**"), the Term Lenders and the Administrative Agent.

W I T N E S S E T H:

WHEREAS, the Borrower has entered into the Term Loan Credit Agreement pursuant to which the Borrower will borrow funds for the purposes set forth therein;

WHEREAS, each Subsidiary Guarantor will derive substantial direct and indirect benefit from the transactions contemplated by the Term Loan Credit Agreement; and

WHEREAS, the Term Lenders are not willing to make loans under the Term Loan Credit Agreement unless the Borrower's obligations under the Loan Documents are guaranteed by the Subsidiary Guarantors;

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

SECTION 1. *Defined Terms.* (a) Unless otherwise defined herein, terms defined in the Term Loan Credit Agreement and used herein shall have the meanings given to them in the Term Loan Credit Agreement.

(b) The following terms shall have the following meanings:

"**Contingent Obligation**" shall mean, at any time, any Obligation (or portion thereof) that is contingent in nature at such time, including any Obligation that is any contingent indemnification, expense reimbursement or other obligation (including any guarantee) in respect of which no assertion of liability (whether oral or written) and no claim or demand for payment (whether oral or written) has been made.

"**Guarantee**" shall mean, with respect to each Subsidiary Guarantor, its guarantee of the Obligations under Section 2 hereof or Section 1 of a Guaranty Supplement.

"**Guaranteed Parties**" shall mean the holders from time to time of the Obligations, including the Administrative Agent.

"**Guaranty Supplement**" shall mean a Guaranty Supplement, substantially in the form of Annex A, signed and delivered to the Administrative Agent for purposes of adding a Subsidiary as a party hereto pursuant to Section 8.

"**Non-Contingent Obligation**" shall mean at any time any Obligation (or portion thereof) that is not a Contingent Obligation at such time.

"**Release Conditions**" shall mean the following conditions for terminating the Guarantee of each Subsidiary Guarantor:

(i) all Non-Contingent Obligations shall have been paid in full in cash; and

(ii) no Contingent Obligation (other than contingent indemnification and expense reimbursement obligations as to which no claim shall have been asserted) shall remain outstanding.

(c) *Rules of Construction.* The rules of construction specified in Section 1.02 of the Term Loan Credit Agreement also apply to this Guaranty.

SECTION 2. *Guarantees.* (a) Each Subsidiary Guarantor unconditionally guarantees the full and punctual payment of each Obligation when due (whether at stated maturity, upon acceleration or otherwise). If the Borrower fails to pay any Obligation punctually when due, each Subsidiary Guarantor agrees that it will forthwith on demand pay the amount not so paid at the place and in the manner specified in the relevant Loan Document.

(b) *Guarantees Unconditional*. To the fullest extent permitted by applicable law, the obligations of each Subsidiary Guarantor under its Guarantee shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(i) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower, any other Guarantor or any other Person under any Loan Document, by operation of law or otherwise;

(ii) any modification or amendment of or supplement to any Loan Document;

(iii) any release, impairment, non-perfection or invalidity of any direct or indirect security for any obligation of the Borrower, any other Guarantor or any other Person under any Loan Document;

(iv) any change in the corporate existence, structure or ownership of the Borrower, any other Guarantor or any other Person or any of their respective subsidiaries, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower, any other Guarantor or any other Person or any of their assets or any resulting release or discharge of any obligation of the Borrower, any other Guarantor or any other Person under any Loan Document;

(v) the existence of any claim, set-off or other right that such Subsidiary Guarantor may have at any time against the Borrower, any other Guarantor, any Guaranteed Party or any other Person, whether in connection with the Loan Documents or any unrelated transactions, *provided* that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(vi) any invalidity or unenforceability relating to or against the Borrower, any other Guarantor or any other Person for any reason of any Loan Document, or any provision of applicable law or regulation purporting to prohibit the payment of any Obligation by the Borrower, any other Guarantor or any other Person; or

(vii) any other act or omission to act or delay of any kind by the Borrower, any other Guarantor, any other party to any Loan Document, any Guaranteed Party or any other Person, or any other circumstance whatsoever that might, but for the provisions of this clause (vii), constitute a legal or equitable discharge of or defense to any obligation of any Subsidiary Guarantor hereunder (except the defense of payment of the Obligations).

(c) *Release of Guarantees*. (i) All the Guarantees of the Subsidiary Guarantors will be released when all the Release Conditions are satisfied. If at any time any payment of an Obligation is rescinded or must be otherwise restored or returned upon the insolvency or receivership of the Borrower or otherwise, the Guarantees shall be reinstated with respect thereto as though such payment had been due but not made at such time.

(ii) If all the capital stock of a Subsidiary Guarantor or all the assets of a Subsidiary Guarantor are sold to a Person other than Holdings or one of its subsidiaries in a transaction permitted by the Term Loan Credit Agreement (any such sale, a "**Sale of Subsidiary Guarantor**"), the Administrative Agent shall release such Subsidiary Guarantor from its Guarantee; *provided* that, if such sale will result in a mandatory prepayment of the Term Loans pursuant to Section 2.13 of the Term Loan Credit Agreement, arrangements satisfactory to the Administrative Agent shall have been made to apply the Net Cash Proceeds thereof to the extent necessary under the Term Loan Credit Agreement. Such release shall not require the consent of any Guaranteed Party, and the Administrative Agent shall be fully protected in relying on a certificate of the Borrower as to whether any particular sale constitutes a Sale of Subsidiary Guarantor.

(iii) In addition to any release permitted by subsections (i) and (ii), the Administrative Agent may release any Guarantee of a Subsidiary Guarantor with the prior written consent of all the Term Lenders.

(iv) The Administrative Agent will, at the Borrower's expense, execute and deliver to such Subsidiary Guarantor such documents as the Borrower shall reasonably request to evidence the release of any Subsidiary Guarantor from its guarantee hereunder pursuant to this Section 2(c).

(d) *Waiver by Subsidiary Guarantors*. Each Subsidiary Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower, any other Guarantor or any other Person.

(e) *Subrogation*. A Subsidiary Guarantor that makes a payment with respect to an Obligation hereunder shall be subrogated to the rights of the payee against the Borrower with respect to such payment; *provided* that no Subsidiary Guarantor shall enforce any payment by way of subrogation against the Borrower, or by reason of contribution against any other guarantor of such Obligation, until all the Release Conditions have been satisfied.

(f) *Stay of Acceleration*. If acceleration of the time for payment of any Obligation by the Borrower is stayed by reason of the insolvency or receivership of the Borrower or otherwise, all Obligations otherwise subject to acceleration under the terms of any Loan Document shall nonetheless be payable by the Subsidiary Guarantors hereunder forthwith on demand by the Administrative Agent.

(g) *Right of Set-Off*. If any Obligation is not paid promptly when due, each of the Guaranteed Parties and their respective Affiliates is authorized, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Guaranteed Party or Affiliate to or for the credit or the account of any Subsidiary Guarantor against the obligations of such Subsidiary Guarantor under its Guarantee, irrespective of whether or not such Guaranteed Party shall have made any demand thereunder and although such obligations may be unmatured. The rights of each Guaranteed Party under this subsection are in addition to all other rights and remedies (including other rights of set-off) that such Guaranteed Party may have.

(h) *Continuing Guarantee*. Each Guarantee of any Subsidiary Guarantor is a continuing guarantee, shall be binding on the relevant Subsidiary Guarantor and its successors and assigns, and shall be enforceable by the Administrative Agent or the Guaranteed Parties. If all or part of any Guaranteed Party's interest in any Obligation is assigned or otherwise transferred, the transferor's rights under each Guarantee, to the extent applicable to the obligation so transferred, shall automatically be transferred with such obligation.

(i) *Limitation on Obligations of Subsidiary Guarantor.* The obligations of each Subsidiary Guarantor under its Guarantee shall be limited to an aggregate amount equal to the largest amount that would not render such Guarantee subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of applicable law.

SECTION 3. *Right of Contribution*. Each Subsidiary Guarantor hereby agrees that to the extent that a Subsidiary Guarantor shall have paid more than its proportionate share of any payment made hereunder, such Subsidiary Guarantor shall be entitled to seek and receive contribution from and against any other Guarantor which has not paid its proportionate share of such payment. The provisions of this Section 3 shall in no respect limit the obligations and liabilities of any Subsidiary Guarantor to the Administrative Agent and the Term Lenders, and each Subsidiary Guarantor shall remain liable to the Administrative Agent and the Term Lenders for the full amount guaranteed by such Subsidiary Guarantor hereunder.

SECTION 4. *General Representations and Warranties.* Each Subsidiary Guarantor represents and warrants that:

(a) Such Subsidiary Guarantor is duly organized, validly existing and in good standing under the laws of the jurisdiction identified as its jurisdiction of organization in the Perfection Certificate (as defined in the Security Agreement).

(b) The execution and delivery of this Guaranty by such Subsidiary Guarantor and the performance by it of its obligations under the Guaranty as supplemented hereby are within its corporate or other powers, have been duly authorized by all necessary corporate or other action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene, or constitute a default under, any provision of applicable law or regulation or of its Organizational Documents, or of any agreement, judgment, injunction, order, decree or other instrument binding upon it or result in the creation or imposition of any Lien (except a Transaction Lien) on any of its assets.

(c) This Guaranty constitutes a valid and binding agreement of such Subsidiary Guarantor, enforceable in accordance with its terms, except as limited by (i) applicable bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting creditors' rights generally and (ii) general principles of equity.

SECTION 5. *Covenants.* Each Subsidiary Guarantor covenants and agrees that, so long as the Release Conditions have not been satisfied or such Subsidiary Guarantor has not been otherwise released pursuant to Section 2(c), such Subsidiary Guarantor will perform and observe, and cause each of its Subsidiaries to perform and observe, all of the terms, covenants and agreements set forth in the Loan Documents on its or their part to be performed or observed or that Holdings or the Borrower has agreed to cause such Subsidiary Guarantor or such Subsidiaries to perform or observe.

SECTION 6. *Application of Proceeds.* The Administrative Agent shall apply any proceeds of the Guarantees set forth herein in payment of the Obligations. The Administrative Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Guaranty and the Term Loan Credit Agreement and may do so at such intervals as may be agreed upon by the Borrower and the Administrative Agent, or, if an Event of Default shall have occurred and be continuing, at any time at the Administrative Agent's election. Subject to the foregoing, the Administrative Agent shall apply such proceeds in the order of priorities set out in Section 7.02 of the Term Loan Credit Agreement.

SECTION 7. *General Provisions Concerning the Administrative Agent*.

(a) The provisions of Article 8 of the Term Loan Credit Agreement shall inure to the benefit of the Administrative Agent, and shall be binding upon all Subsidiary Guarantors and all Guaranteed Parties, in connection with this Guaranty and the other Loan Documents. Without limiting the generality of the foregoing, (i) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing, (ii) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly

contemplated by the Loan Documents that the Administrative Agent is required in writing to exercise by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.08 of the Term Loan Credit Agreement), and (iii) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for any failure to disclose, any information relating to any Subsidiary Guarantor that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall be deemed not to have knowledge of any Event of Default unless and until written notice thereof is given to the Administrative Agent by Holdings, the Borrower or a Guaranteed Party.

(b) *Sub-Agents and Related Parties*. The Administrative Agent may perform any of its duties and exercise any of its rights and powers through one or more sub-agents appointed by it. The Administrative Agent and any such sub-agent may perform any of its duties and exercise any of its rights and powers through its Related Parties. The exculpatory provisions of this Section shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent.

(c) *Information as to Obligations and Actions by Guaranteed Parties.* For all purposes of the Loan Documents, including determining the amounts of the Obligations and whether an Obligation is a Contingent Obligation or not, or whether any action has been taken under any Loan Document, the Administrative Agent will be entitled to rely on information from (i) its own records for information as to the Guaranteed Parties, their Obligations and actions taken by them, (ii) any Guaranteed Party for information as to its Obligations and actions taken by it, to the extent that the Administrative Agent has not obtained such information from its own records, and (iii) the Borrower, to the extent that the Administrative Agent has not obtained information from the foregoing sources.

(d) *Refusal to Act*. The Administrative Agent may refuse to act on any notice, consent, direction or instruction from any Guaranteed Parties or any agent, trustee or similar representative thereof that, in the Administrative Agent's opinion, (i) is contrary to law or the provisions of any Loan Document, (ii) may expose the Administrative Agent to liability (unless the Administrative Agent shall have been indemnified, to its reasonable satisfaction, for such liability by the Guaranteed Parties that gave such notice, consent, direction or instruction) or (iii) is unduly prejudicial to Guaranteed Parties not joining in such notice, consent, direction or instruction.

SECTION 8. *Additional Subsidiary Guarantors.* Any Subsidiary may become a party hereto by signing and delivering to the Administrative Agent a Guaranty Supplement, whereupon such Subsidiary shall become a "Subsidiary Guarantor" as defined herein.

SECTION 9. *Notices.* Each notice, request or other communication given to any party hereunder shall be given in accordance with Section 9.01 of the Term Loan Credit Agreement, and in the case of any such notice, request or other communication to a Subsidiary Guarantor, shall be given to it in care of the Borrower.

SECTION 10. *No Implied Waivers; Remedies Not Exclusive.* No failure by the Administrative Agent or any Guaranteed Party to exercise, and no delay in exercising and no course of dealing with respect to, any right or remedy under any Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise by the Administrative Agent or any Guaranteed Party of any right or remedy under any Loan Document preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies specified in the Loan Documents are cumulative and are not exclusive of any other rights or remedies provided by law.

SECTION 11. *Successors and Assigns.* This Guaranty is for the benefit of the Administrative Agent and the Guaranteed Parties. If all or any part of any Guaranteed Party's interest in any Obligation is assigned or otherwise transferred, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall be automatically transferred with such obligation. This Guaranty shall be binding on the Subsidiary Guarantors and their respective successors and assigns.

SECTION 12. *Amendments and Waivers.* Neither this Guaranty nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Administrative Agent, with the consent of such Term Lenders as are required to consent thereto under Section 9.08 of the Term Loan Credit Agreement. No such waiver, amendment or modification shall be binding upon any Subsidiary Guarantor, except with its written consent.

SECTION 13. *Applicable Law*. THIS GUARANTY SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 14. *Waiver of Jury Trial*. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY OR ANY OTHER LOAN DOCUMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTY AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 14.

SECTION 15. *Jurisdiction; Consent to Service of Process*. (a) Each Subsidiary Guarantor hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in the Borough of Manhattan in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guaranty or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action

or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guaranty shall affect any right that the Administrative Agent or any other Guaranteed Party may otherwise have to bring any action or proceeding relating to this Guaranty or the other Loan Documents against such Subsidiary Guarantor or its properties in the courts of any jurisdiction.

(b) Each Subsidiary Guarantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guaranty or any other Loan Document in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Guaranty irrevocably consents to service of process in the manner provided for notices in Section 9.01 of the Term Loan Credit Agreement. Nothing in this Guaranty will affect the right of any party to this Guaranty to serve process in any other manner permitted by law.

SECTION 16. *Severability.* In the event any one or more of the provisions contained in this Guaranty should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, each of the undersigned has caused this Guaranty to be duly executed as of the date first above written.

SUBSIDIARY GUARANTORS:

RUSSELL HOBBS, INC.,
APN HOLDING COMPANY, INC.,
APPLICA AMERICAS, INC.,
APPLICA CONSUMER PRODUCTS, INC.,
APPLICA MEXICO HOLDINGS, INC.,
HOME CREATIONS DIRECT, LTD.,
HP DELAWARE, INC.,
HPG LLC,
SALTON HOLDINGS, INC.,
TOASTMASTER INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa Carstarphen
Title: Vice President and Secretary

[Signature Page for Subsidiary Guaranty]

DB ONLINE, LLC,
ROVCAL, INC.,
SPECTRUM JUNGLE LABS CORPORATION,
SPECTRUM NEPTUNE US HOLDCO CORPORATION,
TETRA HOLDING (US), INC.,
UNITED PET GROUP, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Secretary

ROV HOLDING, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Secretary

SCHULTZ COMPANY,
UNITED INDUSTRIES CORPORATION

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Assistant Secretary

Accepted and agreed:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as
Administrative Agent

By: /s/ John D. Toronto
Name: John D. Toronto
Title: Director

By: /s/ Vipul Dhadda
Name: Vipul Dhadda
Title: Associate

Exhibit 10.14

EXECUTION COPY

HOLDINGS GUARANTY

HOLDINGS GUARANTY, dated as of June 16, 2010 (this "**Guaranty**"), made by SB/RH Holdings, LLC, a Delaware limited liability company ("**Holdings**"), in favor of CREDIT SUISSE AG, as administrative agent (in such capacity, including any successor thereto, the "**Administrative Agent**") for the lenders (the "**Term Lenders**") from time to time party to that certain Term Loan Credit Agreement dated as of June 16, 2010 (as further amended, supplemented or otherwise modified from time to time, the "**Term Loan Credit Agreement**") among Spectrum Brands, Inc. (the "**Borrower**") , Holdings, the Term Lenders and the Administrative Agent.

W I T N E S S E T H:

WHEREAS, the Borrower has entered into the Term Loan Credit Agreement pursuant to which the Borrower will borrow funds for the purposes set forth therein;

WHEREAS, Holdings will derive substantial direct and indirect benefit from the transactions contemplated by the Term Loan Credit Agreement; and

WHEREAS, the Term Lenders are not willing to make loans under the Term Loan Credit Agreement unless the Borrower's obligations under the Loan Documents are guaranteed by Holdings;

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

SECTION 1. *Defined Terms*. (a) Unless otherwise defined herein, terms defined in the Term Loan Credit Agreement and used herein shall have the meanings given to them in the Term Loan Credit Agreement.

(b) The following terms shall have the following meanings:

"**Contingent Obligation**" shall mean, at any time, any Obligation (or portion thereof) that is contingent in nature at such time, including any Obligation that is any contingent indemnification, expense reimbursement or other obligation (including any guarantee) in respect of which no assertion of liability (whether oral or written) and no claim or demand for payment (whether oral or written) has been made.

"**Guarantee**" shall mean Holdings' guarantee of the Obligations under Section 2 hereof.

"**Guaranteed Parties**" shall mean the holders from time to time of the Obligations, including the Administrative Agent.

"**Non-Contingent Obligation**" shall mean at any time any Obligation (or portion thereof) that is not a Contingent Obligation at such time.

"**Release Conditions**" shall mean the following conditions for terminating the Guarantee:

(i) all Non-Contingent Obligations shall have been paid in full in cash; and

(ii) no Contingent Obligation (other than contingent indemnification and expense reimbursement obligations as to which no claim shall have been asserted) shall remain outstanding.

(c) *Rules of Construction.* The rules of construction specified in Section 1.02 of the Term Loan Credit Agreement also apply to this Guaranty.

SECTION 2. *Guarantee. (a)* Holdings unconditionally guarantees the full and punctual payment of each Obligation when due (whether at stated maturity, upon acceleration or otherwise). If the Borrower fails to pay any Obligation punctually when due, Holdings agrees that it will forthwith on demand pay the amount not so paid at the place and in the manner specified in the relevant Loan Document.

(b) *Guarantee Unconditional*. To the fullest extent permitted by applicable law, the obligations of Holdings under the Guarantee shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(i) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower, any other Guarantor or any other Person under any Loan Document, by operation of law or otherwise;

(ii) any modification or amendment of or supplement to any Loan Document;

(iii) any release, impairment, non-perfection or invalidity of any direct or indirect security for any obligation of the Borrower, any other Guarantor or any other Person under any Loan Document;

(iv) any change in the corporate existence, structure or ownership of the Borrower, any other Guarantor or any other Person or any of their respective subsidiaries, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower, any other Guarantor or any other Person or any of their assets or any resulting release or discharge of any obligation of the Borrower, any other Guarantor or any other Person under any Loan Document;

(v) the existence of any claim, set-off or other right that Holdings may have at any time against the Borrower, any other Guarantor, any Guaranteed Party or any other Person, whether in connection with the Loan Documents or any unrelated transactions, *provided* that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(vi) any invalidity or unenforceability relating to or against the Borrower, any other Guarantor or any other Person for any reason of any Loan Document, or any provision of applicable law or regulation purporting to prohibit the payment of any Obligation by the Borrower, any other Guarantor or any other Person; or

(vii) any other act or omission to act or delay of any kind by the Borrower, any other Guarantor, any other party to any Loan Document, any Guaranteed Party or any other Person, or any other circumstance whatsoever that might, but for the provisions of this clause (vii), constitute a legal or equitable discharge of or defense to any obligation of Holdings hereunder (except the defense of payment of the Obligations).

(c) *Release of Guarantee*. (i) The Guarantee will be released when all the Release Conditions are satisfied. If at any time any payment of an Obligation is rescinded or must be otherwise restored or returned upon the insolvency or receivership of the Borrower or otherwise, the Guarantee shall be reinstated with respect thereto as though such payment had been due but not made at such time.

(ii) In addition to any release permitted by subsection (i), the Administrative Agent may release the Guarantee with the prior written consent of all the Term Lenders.

(iii) The Administrative Agent will, at the Borrower's expense, execute and deliver to Holdings such documents as the Borrower shall reasonably request to evidence the release of Holdings from the guarantee hereunder pursuant to this Section 2(c).

(d) *Waiver by Holdings*. Holdings irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower, any other Guarantor or any other Person.

(e) *Subrogation*. Any payment made by Holdings with respect to an Obligation hereunder shall be subrogated to the rights of the payee against the Borrower with respect to such payment; *provided* that Holdings shall not enforce any payment by way of subrogation against the Borrower, or by reason of contribution against any other guarantor of such Obligation, until all the Release Conditions have been satisfied.

(f) *Stay of Acceleration*. If acceleration of the time for payment of any Obligation by the Borrower is stayed by reason of the insolvency or receivership of the Borrower or otherwise, all Obligations otherwise subject to acceleration under the terms of any Loan Document shall nonetheless be payable by Holdings hereunder forthwith on demand by the Administrative Agent.

(g) *Right of Set-Off*. If any Obligation is not paid promptly when due, each of the Guaranteed Parties and their respective Affiliates is authorized, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Guaranteed Party or Affiliate to or for the credit or the account of Holdings against the obligations of Holdings under the Guarantee, irrespective of whether or not such Guaranteed Party shall have made any demand thereunder and although such obligations may be unmatured. The rights of each Guaranteed Party under this subsection are in addition to all other rights and remedies (including other rights of set-off) that such Guaranteed Party may have.

(h) *Continuing Guarantee*. The Guarantee is a continuing guarantee, shall be binding on Holdings and its successors and assigns, and shall be enforceable by the Administrative Agent or the Guaranteed Parties. If all or part of any Guaranteed Party's interest in any Obligation is assigned or otherwise transferred, the transferor's rights under the Guarantee, to the extent applicable to the obligation so transferred, shall automatically be transferred with such obligation.

SECTION 3. *Right of Contribution.* Holdings hereby agrees that to the extent it shall have paid more than its proportionate share of any payment made under this Guaranty and the guaranties of the other Guarantors, Holdings shall be entitled to seek and receive contribution from and against any other Guarantor which has not paid its proportionate share of such payment. The provisions of this Section 3 shall in no respect limit the obligations and liabilities of Holdings to the Administrative Agent and the Term Lenders, and Holdings shall remain liable to the Administrative Agent and the Term Lenders for the full amount guaranteed by it hereunder.

SECTION 4. *General Representations and Warranties.* Holdings represents and warrants that:

(a) It is duly organized, validly existing and in good standing under the laws of Delaware.

(b) The execution and delivery of this Guaranty by Holdings and the performance by it of its obligations under the Guaranty as supplemented hereby are within its limited liability company powers, have been duly authorized by all necessary limited liability company action, require no action by or in respect of, or filing with, any governmental body, agency or official and do not contravene, or constitute a default under, any provision of applicable law or regulation or of its Organizational Documents, or of any agreement, judgment, injunction, order, decree or other instrument binding upon it or result in the creation or imposition of any Lien (except a Transaction Lien) on any of its assets.

(c) This Guaranty constitutes a valid and binding agreement of Holdings, enforceable in accordance with its terms, except as limited by (i) applicable bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting creditors' rights generally and (ii) general principles of equity.

SECTION 5. *Covenants.* Holdings covenants and agrees that, so long as the Release Conditions have not been satisfied or Holdings has not been otherwise released pursuant to Section 2(c), Holdings will perform and observe, and cause each of its Subsidiaries to perform and observe, all of the terms, covenants and agreements set forth in the Loan Documents on its or their part to be performed or observed.

SECTION 6. *Application of Proceeds*. The Administrative Agent shall apply any proceeds of the Guarantee set forth herein in payment of the Obligations. The Administrative Agent shall have absolute discretion as to the time of application of any such proceeds, moneys or balances in accordance with this Guaranty and the Term Loan Credit Agreement and may do so at such intervals as may be agreed upon by the Borrower and the Administrative Agent, or, if an Event of Default shall have occurred and be continuing, at any time at the Administrative Agent's election. Subject to the foregoing, the Administrative Agent shall apply such proceeds in the order of priorities set out in Section 7.02 of the Term Loan Credit Agreement.

SECTION 7. *General Provisions Concerning the Administrative Agent*.

(a) The provisions of Article 8 of the Term Loan Credit Agreement shall inure to the benefit of the Administrative Agent, and shall be binding upon Holdings and all Guaranteed Parties, in connection with this Guaranty and the other Loan Documents. Without limiting the generality of the foregoing, (i) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing, (ii) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Loan Documents that the Administrative Agent is required in writing to exercise by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.08 of the Term Loan Credit Agreement), and (iii) except as expressly set forth in the Loan Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for any failure to disclose, any information relating to Holdings that is communicated to or obtained by the bank serving as Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall be deemed not to have knowledge of any Event of Default unless and until written notice thereof is given to the Administrative Agent by Holdings, the Borrower or a Guaranteed Party.

(b) *Sub-Agents and Related Parties*. The Administrative Agent may perform any of its duties and exercise any of its rights and powers through one or more sub-agents appointed by it. The Administrative Agent and any such sub-agent may perform any of its duties and exercise any of its rights and powers through its Related Parties. The exculpatory provisions of this Section shall apply to any such sub-agent and to the Related Parties of the Administrative Agent and any such sub-agent.

(c) *Information as to Obligations and Actions by Guaranteed Parties.* For all purposes of the Loan Documents, including determining the amounts of the Obligations and whether an Obligation is a Contingent Obligation or not, or whether any action has been taken under any Loan Document, the Administrative Agent will be entitled to rely on information from (i) its own records for information as to the Guaranteed Parties, their Obligations and actions taken by them, (ii) any Guaranteed Party for information as to its Obligations and actions taken by it, to the extent that the Administrative Agent has not obtained such information from its own records, and (iii) the Borrower, to the extent that the Administrative Agent has not obtained information from the foregoing sources.

(d) *Refusal to Act*. The Administrative Agent may refuse to act on any notice, consent, direction or instruction from any Guaranteed Parties or any agent, trustee or similar representative thereof that, in the Administrative Agent's opinion, (i) is contrary to law or the provisions of any Loan Document, (ii) may expose the Administrative Agent to liability (unless the Administrative Agent shall have been indemnified, to its reasonable satisfaction, for such liability by the Guaranteed Parties that gave such notice, consent, direction or instruction) or (iii) is unduly prejudicial to Guaranteed Parties not joining in such notice, consent, direction or instruction.

SECTION 8. *Notices.* Each notice, request or other communication given to any party hereunder shall be given in accordance with Section 9.01 of the Term Loan Credit Agreement.

SECTION 9. *No Implied Waivers; Remedies Not Exclusive*. No failure by the Administrative Agent or any Guaranteed Party to exercise, and no delay in exercising and no course of dealing with respect to, any right or remedy under any Loan Document shall operate as a waiver thereof; nor shall any single or partial exercise by the Administrative Agent or any Guaranteed Party of any right or remedy under any Loan Document preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies specified in the Loan Documents are cumulative and are not exclusive of any other rights or remedies provided by law.

SECTION 10. *Successors and Assigns*. This Guaranty is for the benefit of the Administrative Agent and the Guaranteed Parties. If all or any part of any Guaranteed Party's interest in any Obligation is assigned or otherwise transferred, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall be automatically transferred with such obligation. This Guaranty shall be binding on Holdings and its successors and assigns.

SECTION 11. *Amendments and Waivers*. Neither this Guaranty nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Administrative Agent, with the consent of such Term Lenders as are required to consent thereto under Section 9.08 of the Term Loan Credit Agreement. No such waiver, amendment or modification shall be binding upon Holdings, except with its written consent.

SECTION 12. *Applicable Law.* THIS GUARANTY SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

SECTION 13. *Waiver of Jury Trial*. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS GUARANTY OR ANY OTHER LOAN DOCUMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS GUARANTY AND THE OTHER LOAN DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 13.

SECTION 14. *Jurisdiction; Consent to Service of Process.* (a) Holdings hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in the Borough of Manhattan in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Guaranty or any other Loan Document, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding

shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Guaranty shall affect any right that the Administrative Agent or any other Guaranteed Party may otherwise have to bring any action or proceeding relating to this Guaranty or the other Loan Documents against Holdings or its properties in the courts of any jurisdiction.

(b) Holdings hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Guaranty or any other Loan Document in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Guaranty irrevocably consents to service of process in the manner provided for notices in Section 9.01 of the Term Loan Credit Agreement. Nothing in this Guaranty will affect the right of any party to this Guaranty to serve process in any other manner permitted by law.

SECTION 15. *Severability.* In the event any one or more of the provisions contained in this Guaranty should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, each of the undersigned has caused this Guaranty to be duly executed as of the date first above written.

SB/RH HOLDINGS, LLC

By: /s/ Lisa R. Carstarphen
Name: Lisa Carstarphen
Title: Vice President and Secretary

[Signature Page for Holdings Guaranty]

Accepted and agreed:

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as
Administrative Agent

By: /s/ John D. Toronto
Name: John D. Toronto
Title: Director

By: /s/ Vipul Dhadda
Name: Vipul Dhadda
Title: Associate

Exhibit 10.15

EXECUTION COPY

SECURITY AGREEMENT

dated as of

June 16, 2010

among

SPECTRUM BRANDS, INC.,

SB/RH HOLDINGS, LLC,

THE OTHER GRANTORS PARTY HERETO

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Collateral Trustee

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SCHEDULES:

EXHIBITS:

SECURITY AGREEMENT

SECURITY AGREEMENT dated as of June 16, 2010 among SPECTRUM BRANDS, INC., a Delaware corporation (the "**Company**"), SB/RH HOLDINGS, LLC, a Delaware limited liability company ("**Holdings**"), the subsidiaries of the Company listed on the signature pages hereof and the Additional Grantors described herein (the Company, Holdings, the Subsidiaries so listed and the Additional Grantors being, collectively, the "**Grantors**") and WELLS FARGO BANK, NATIONAL ASSOCIATION, as collateral trustee under the Collateral Trust Agreement (in such capacity, including any successor thereto, the "**Collateral Trustee**"), for the benefit of the Secured Parties described herein.

WHEREAS, the Company has entered into the Term Loan Credit Agreement described in Section 1 hereof, pursuant to which the Company will borrow funds for the purposes set forth therein;

WHEREAS, the Company has entered into the Senior Secured Note Indenture described in Section 1 hereof, pursuant to which the Company will issue its 9.50% Senior Secured Notes due 2018 (the "**Senior Secured Notes**");

WHEREAS, the Company is willing to secure (i) its obligations under the Term Loan Credit Agreement and under the Senior Secured Notes and the Senior Secured Note Indenture and (ii) certain other obligations, by granting Liens on its assets to the Collateral Trustee as provided in the Security Documents;

WHEREAS, Holdings has guaranteed the foregoing obligations of the Company pursuant to the Holdings Term Loan Guaranty and the Holdings Senior Secured Notes Guaranty and is willing to secure its guarantee thereof by granting Liens on its assets to the Collateral Trustee as provided in the Security Documents;

WHEREAS, the Company has caused each of its Domestic Subsidiaries to guarantee the foregoing obligations of the Company pursuant to the Subsidiary Term Loan Guaranties and the Subsidiary Senior Secured Note Guaranties (subsidiaries that are party to such guaranties are collectively the "**Subsidiary Guarantors**" and, together with Holdings, the "**Guarantors**") and is willing to cause each such Domestic Subsidiary to secure its guarantee thereof by granting Liens on its assets to the Collateral Trustee as provided in the Security Documents;

WHEREAS, each Grantor will derive substantial direct and indirect benefit from the transactions contemplated by the Term Loan Credit Agreement and the Senior Secured Note Indenture;

WHEREAS, the Term Lenders are not willing to make loans under the Term Loan Credit Agreement and the Senior Noteholders are not willing to purchase the Senior Secured Notes, unless (i) the foregoing obligations of the Company are secured and guaranteed as described above and (ii) each guarantee thereof is secured by Liens on assets of the relevant Guarantor as provided in the Security Documents;

WHEREAS, the Company, the Grantors, the Term Loan Agent, the Senior Indenture Trustee and the Collateral Trustee have entered into that certain Collateral Trust Agreement dated as of June 16, 2010 (as it may be amended, modified, supplemented, restated or replaced from time to time, the "**Collateral Trust Agreement**"), pursuant to which the Collateral Trustee has been appointed by the Term Loan Agent on behalf of the Term Lenders and the Senior Indenture Trustee on behalf of the Senior Noteholders, and the Collateral Trustee has agreed, to hold and administer the Liens granted pursuant to the Security Documents for the ratable benefit of all of the Secured Parties on a *pari passu* basis;

WHEREAS, the Grantors want to be able from time to time, as contemplated by the Collateral Trust Agreement, to cause other obligations of the Company to be secured hereunder on a *pari passu* basis; and

WHEREAS, upon any foreclosure or other enforcement of the Security Documents, the net proceeds of the relevant Collateral are to be received by or paid over to the Collateral Trustee and applied as provided in the Collateral Trust Agreement;

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

SECTION 1. *Definitions.*

(a) *Terms Defined in Collateral Trust Agreement*. As used herein, each of the following terms shall have the meaning specified in the Collateral Trust Agreement:

Term

Additional Authorized Representative
Additional Secured Debt Facility
Affiliate
Authorized Representative
Bankruptcy Proceeding
Class
Governmental Authority

Term
Holdings Senior Secured Note Guaranty
Holdings Term Loan Guaranty
Lien
Notice of Actionable Default
Permitted Investments
Person
Refinance
Required Secured Parties
Secured Debt Agreement
Secured Debt Documents
Secured Parties
Senior Noteholders
Senior Secured Note Documents
Senior Secured Note Secured Parties
Subsidiary Senior Secured Note Guaranties
Subsidiary Term Loan Guaranties
Term Lender
Term Loan Documents
Term Loan Secured Parties
Term Loans
Transaction Liens

(b) *Terms Defined in UCC*. As used herein, each of the following terms shall have the meaning specified in the UCC:

Term	UCC
Account	9-102
Authenticate	9-102
Certificated Security	8-102
Chattel Paper	9-102
Commercial Tort Claim	9-102
Commodity Account	9-102
Commodity Customer	9-102
Deposit Account	9-102
Document	9-102
Entitlement Holder	8-102
Equipment	9-102
Financial Asset	8-102 & 103
General Intangibles	9-102
Instrument	9-102
Inventory	9-102
Investment Property	9-102

Term	UCC
Letter-of-Credit Right	9-102
Record	9-102
Securities Account	8-501
Securities Intermediary	8-102
Security	8-102 & 103
Security Entitlement	8-102
Supporting Obligation	9-102
Uncertificated Security	8-102

(c) *Additional Definitions*. The following additional terms, as used herein, shall have the following meanings:

"**ABL Agent**" shall have the meaning assigned to such term in the ABL Intercreditor Agreement.

"**ABL Credit Agreement**" shall mean that certain Loan and Security Agreement dated as of June 16, 2010, among the Company and certain of its Subsidiaries, as borrowers, Holdings and certain Subsidiaries, as guarantors, the lenders party thereto, and Bank of America, N.A., as administrative agent, as the same may be amended, supplemented, modified or Refinanced from time to time in accordance with the terms of the ABL Intercreditor Agreement.

"**ABL Intercreditor Agreement**" shall have the meaning assigned to such term in Section 28.

"**Actionable Default**" shall mean the occurrence of any of the following:

(a) an "Event of Default" under and as defined in the Term Loan Credit Agreement;

(b) an "Event of Default" under and as defined in the Senior Secured Note Indenture; or

(c) any event or condition which, under the terms of any Additional Secured Debt Facility, causes, or permits (after giving effect to any applicable grace periods) holders of the Additional Secured Obligations with respect to such Additional Secured Debt Facility to cause, such Additional Secured Obligations to become immediately due and payable;

provided that, upon delivery of a Notice of Actionable Default, the Collateral Trustee may assume that an Actionable Default shall be deemed to be continuing unless the Notice of Actionable Default delivered with respect thereto shall have been withdrawn in a written notice delivered to the Collateral Trustee by the Term

Loan Agent, the Senior Indenture Trustee or the Additional Authorized Representative, as applicable, prior to the first date on which the Collateral Trustee commences the exercise of any remedy with respect to the Collateral following the receipt of such Notice of Actionable Default.

"**Additional Grantor**" shall mean each Subsidiary that shall, at any time after the date hereof, become a "Grantor" pursuant to Section 20.

"**Additional Secured Obligations**" shall mean all obligations of any of the Grantors from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including any Post-Petition Interest) on the indebtedness for borrowed money outstanding under each Additional Secured Debt Facility, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any Bankruptcy Proceeding with respect to any Grantor, regardless of whether allowed or allowable in such proceeding), of the Grantors under the Additional Secured Debt Documents owing to the Additional Secured Parties (in their capacity as such). For the avoidance of doubt, as of the date hereof, there are no Additional Secured Obligations outstanding.

"**Agreement**" shall mean this Agreement, as amended, restated or modified from time to time in accordance with the terms of this Agreement, the Collateral Trust Agreement and the ABL Intercreditor Agreement.

"**Cash Collateral Account**" shall have the meaning assigned to such term in Section 8.

"**Cash Distributions**" shall mean dividends, interest and other distributions and payments (including proceeds of liquidation, sale or other disposition) made or received in cash upon or with respect to any Collateral.

"**Closing Date**" shall mean the date on which the initial loans are made under the Term Loan Credit Agreement and the initial notes are issued under the Senior Secured Note Indenture, which date is June 16, 2010.

"**Collateral**" shall mean all property, whether now owned or hereafter acquired, on which a Lien is granted or purports to be granted to the Collateral Trustee pursuant to the Security Documents. When used with respect to a specific Grantor, the term "Collateral" shall mean all its property on which such a Lien is granted or purports to be granted.

"**Collateral Accounts**" shall mean the Cash Collateral Accounts, the Controlled Deposit Accounts and the Controlled Securities Accounts, which for the avoidance of doubt shall exclude any Exempted Deposit Accounts.

"**Collateral Trust Agreement**" shall have the meaning assigned to such term in the recitals.

"**Collateral Trustee**" shall have the meaning assigned to such term in the introductory statement.

"**Control**" shall have the meaning specified in UCC Section 8-106, 9-104, 9-105, 9-106 or 9-107, as may be applicable to the relevant Collateral.

"**Controlled Deposit Account**" shall mean a Deposit Account (i) that is subject to a Deposit Account Control Agreement or (ii) as to which the Collateral Trustee is the Depositary Bank's "customer" (as defined in UCC Section 4-104).

"**Controlled Securities Account**" shall mean a Securities Account that (i) is maintained in the name of a Grantor at an office of a Securities Intermediary located in the United States and (ii) together with all Financial Assets credited thereto and all related Security Entitlements, is subject to a Securities Account Control Agreement.

"**Copyright License**" shall mean any agreement now or hereafter in existence granting to any Grantor, or pursuant to which any Grantor grants to any other Person, any right to use, copy, reproduce, distribute, prepare derivative works, display or publish any records or other materials on which a Copyright is in existence or may come into existence, including any exclusive Copyright license agreement identified in Schedule 1 to any Copyright Security Agreement.

"**Copyrights**" shall mean all the following: (i) all copyrights under the laws of the United States or any other country (whether or not the underlying works of authorship have been published), all registrations and recordings thereof, all copyrightable works of authorship (whether or not published), and all applications for copyrights under the laws of the United States or any other country, including registrations, recordings and applications in the U.S. Copyright Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, including those described in Schedule 1 to any Copyright Security Agreement, (ii) all renewals of any of the foregoing, (iii) all claims for, and rights to sue for, past or future infringements of any of the foregoing and (iv) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

"**Copyright Security Agreement**" shall mean a Copyright Security Agreement, substantially in the form of Exhibit B (with any changes that the Collateral Trustee and the Company shall have approved), executed and delivered by a Grantor in favor of the Collateral Trustee for the benefit of the Secured Parties.

"**Deposit Account Control Agreement"** shall mean, (x) a Deposit Account Control Agreement substantially in the form of Exhibit H (with any changes that the Collateral Trustee and the Company shall have approved) and (y) with respect to any Deposit Account of any Grantor other than a Term Priority Cash Collateral Account, so long as the ABL Credit Agreement remains in effect, a Deposit Account Control Agreement (as defined in the ABL Credit Agreement) (with any changes that the Collateral Trustee and the Company shall have approved), in either case (A) providing that the relevant Depositary Bank will comply with instructions originated by the Collateral Trustee or the ABL Agent, as applicable, directing disposition of the funds in such Deposit Account, without further consent by such Grantor and (B) subordinating to the Lien of the secured parties described therein all claims of the Depositary Bank to such Controlled Deposit Account (except its right to deduct its normal operating charges and any uncollected funds previously credited thereto).

"**Depositary Bank**" shall mean a bank at which a Controlled Deposit Account is maintained.

"**Domestic Subsidiaries**" shall mean all Subsidiaries incorporated or organized under the laws of the United States, any State thereof or the District of Columbia.

"**Equity Interests**" shall mean shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity interests in any Person, and any option, warrant or other right entitling the holder thereof to purchase or otherwise acquire any such equity interest.

"**Excluded Assets**" shall mean:

(a) voting Equity Interests in any Foreign Subsidiary, to the extent (but only to the extent) required to prevent the Collateral from including more than 65% of all voting Equity Interests in such Foreign Subsidiary;

(b) any interest in a joint venture or non-wholly owned Subsidiary to the extent and for so long as the attachments of security interest created hereby therein would violate any joint venture agreement, organizational documents, shareholders agreement or equivalent agreement relating to such joint venture or Subsidiary;

(c) any rights of any Grantor in any contract, license, right or other agreement if under the terms thereof, or any applicable law with respect thereto, the valid grant of a security interest therein to the Collateral Trustee is prohibited and such prohibition has not been waived or the consent of the other party to such contract or license has not been obtained or, under applicable law, such prohibition cannot be waived; *provided*, *however*, that "Excluded Assets" shall not be interpreted (A) to apply to any contract or license to the extent the applicable prohibition is ineffective or unenforceable under the UCC (including Sections 9-406 through 9-409) or any other applicable law, or (B) so as to limit, impair or otherwise affect the Collateral Trustee's unconditional continuing security interest in and Lien upon any rights or interests of such Grantor in or to moneys due or to become due under any such contract or license (including any accounts);

(d) any intent-to-use U.S. trademark application to the extent that, and solely during the period in which, grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark application or the mark that is the subject of such application under applicable federal law;

(e) motor vehicles the perfection of a security interest in which is excluded from the UCC in the relevant jurisdiction;

(f) any Equipment or other property which is subject to a Lien permitted by (x) Section 6.02(l) of the Term Loan Credit Agreement, securing indebtedness permitted by clause (f) or (g) of Section 6.01 of the Term Loan Credit Agreement, (y) by clause (20) of the definition of "Permitted Liens" under the Senior Secured Note Indenture securing indebtedness permitted by Section 4.06(b)(4) of the Senior Secured Note Indenture and (z) any comparable provision of any Additional Secured Debt Facility, where the terms of such indebtedness (or of the Lien securing such indebtedness) prohibit the existence of a junior Lien on the applicable property; *provided*, that immediately upon the ineffectiveness, lapse or termination of any such restriction, such property will cease to be an Excluded Asset;

(g) any Exempted Deposit Account; and

(h) other property that the Applicable Authorized Representative may determine from time to time that the cost of obtaining a Lien thereon exceeds the benefits of obtaining such a Lien.

"**Exempted Deposit Account**" shall mean a Deposit Account, the balance of which consists exclusively of (a) withheld income taxes and federal, state, local and foreign employment taxes in such amounts as are required in the reasonable judgment of the Company to be paid to the U.S. Internal Revenue Service or any successor agency thereto or any other applicable Governmental Authority within the following three (3) months with respect to employees of any Grantor and (b) amounts required to be paid over to an employee benefit plan pursuant to DOL Reg. Sec. 2510.3-102 or any Foreign Plan (as defined in the Term Loan Credit Agreement) on behalf of or for the benefit of employees of one or more Grantors.

"**Foreign Subsidiary**" shall mean any Subsidiary that is not a Domestic Subsidiary.

"**Grantors**" shall have the meaning assigned to such term in the introductory statement.

"**Guarantors**" shall have the meaning assigned to such term in the recitals.

"**Holdings**" shall have the meaning assigned to such term in the introductory statement.

"**Intellectual Property**" shall mean all intellectual and similar property of any Grantor of every kind and nature now owned or hereafter acquired by any Grantor, including inventions, designs, Patents, Copyrights, Licenses, Trademarks, trade secrets, confidential or proprietary technical and business information, know-how, show-how or other data or information, software and databases and all embodiments or fixations thereof and related documentation, registrations and franchises, and all additions, improvements and accessions to, and books and records describing or used in connection with, any of the foregoing.

"**Intellectual Property Filing**" shall mean (i) with respect to any Patent, Patent License recorded with the U.S. Patent and Trademark Office, Trademark or Trademark License recorded with the U.S. Patent and Trademark Office, the filing of the applicable Patent Security Agreement or Trademark Security Agreement with the U.S. Patent and Trademark Office, together with an appropriately completed recordation form, and (ii) with respect to any Copyright or exclusive Copyright License, the filing of the applicable Copyright Security Agreement with the U.S. Copyright Office, together with an appropriately completed recordation form, in each case sufficient to record the Transaction Lien granted to the Collateral Trustee in such Recordable Intellectual Property.

"**Intellectual Property Security Agreement**" shall mean a Copyright Security Agreement, a Patent Security Agreement or a Trademark Security Agreement.

"**Issuer Control Agreement**" shall mean an Issuer Control Agreement substantially in the form of Exhibit F (with any changes that the Collateral Trustee and the Company shall have approved).

"**License**" shall mean any Patent License, Trademark License, Copyright License or other license or sublicense agreement relating to Intellectual Property to which any Grantor is a party.

"**Mortgage**" shall mean a mortgage or deed of trust in form reasonably satisfactory to the Collateral Trustee in each case creating a Lien on real property in favor of the Collateral Trustee for the benefit of the Secured Parties and with such changes in the form thereof as the Collateral Trustee shall request for the purpose of conforming to local practice for similar instruments in the jurisdiction where such real property is located.

"**Original Grantor**" shall mean any Grantor that grants a Lien on any of its assets hereunder on the Closing Date.

"**own**" refers to the possession of sufficient rights in property to grant a security interest therein as contemplated by UCC Section 9-203, and "**acquire**" refers to the acquisition of any such rights.

"**Patent License**" shall mean any agreement now or hereafter in existence granting to any Grantor, or pursuant to which any Grantor grants to any other Person, any right with respect to any Patent or any invention now or hereafter in existence, whether patentable or not, whether a patent or application for patent is in existence on such invention or not, and whether a patent or application for patent on such invention may come into existence or not, including any exclusive Patent license agreement recorded with the U.S. Patent and Trademark Office identified in Schedule 1 to any Patent Security Agreement.

"**Patents**" shall mean (i) all letters patent and design letters patent of the United States or any other country and all applications for letters patent or design letters patent of the United States or any other country, including applications in the U.S. Patent and Trademark Office or in any similar office or agency of the United States, any State thereof or any other country or any political subdivision thereof, including those described in Schedule 1 to any Patent Security Agreement, (ii) all reissues, divisions, continuations, continuations in part, revisions and extensions of any of the foregoing, (iii) all claims for, and rights to sue for, past or future infringements of any of the foregoing and (iv) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

"**Patent Security Agreement**" shall mean a Patent Security Agreement, substantially in the form of Exhibit C (with any changes that the Collateral Trustee and the Company shall have approved), executed and delivered by a Grantor in favor of the Collateral Trustee for the benefit of the Secured Parties.

"**Perfection Certificate**" shall mean, with respect to any Grantor, a certificate substantially in the form of Exhibit E (with any changes that the Collateral Trustee and the Company shall have approved), completed and supplemented with the schedules contemplated thereby, and signed by an officer of such Grantor.

"**Permitted Liens**" shall mean (i) the Transaction Liens and (ii) any other Liens on the Collateral permitted to be created or assumed or to exist pursuant to each of (A) Section 6.02 of the Term Loan Credit Agreement, (B) Section 4.08 of the Senior Secured Note Indenture and (C) any other Secured Debt Agreement.

"**Personal Property Collateral**" shall mean all property included in the Collateral except Real Property Collateral.

"**Pledged**", when used in conjunction with any type of asset, shall mean at any time an asset of such type that is included (or that creates rights that are included) in the Collateral at such time. For example, "Pledged Equity Interest" shall mean an Equity Interest that is included in the Collateral at such time.

"**Post-Petition Interest**" shall mean any interest and fees that accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of any one or more of the Grantors (or would accrue but for the operation of applicable bankruptcy or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such proceeding.

"**Proceeds**" shall mean all proceeds of, and all other profits, products, rents or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or other realization upon, any Collateral, including all claims of the relevant Grantor against third parties for loss of, damage to or destruction of, or for proceeds payable under, or unearned premiums with respect to, policies of insurance in respect of, any Collateral, and any condemnation or requisition payments with respect to any Collateral.

"**Real Property Collateral**" shall mean all real property included in the Collateral.

"**Recordable Intellectual Property**" shall mean (i) any Patent registered with the U.S. Patent and Trademark Office, and any Patent License recorded in the U.S. Patent and Trademark Office, (ii) any Trademark registered with the U.S. Patent and Trademark Office, and any Trademark License recorded with the U.S. Patent and Trademark Office with respect to a Trademark so registered, (iii) any Copyright registered with the U.S. Copyright Office and any exclusive Copyright License with respect to a Copyright so registered, and all rights in or under any of the foregoing.

"**Secured Obligations**" shall mean (a) the Term Loan Obligations, (b) the Senior Secured Note Obligations, (c) subject to Section 2(b) of the Collateral Trust Agreement, the Additional Secured Obligations and (d) all amounts (including Post-Petition Interest) now or hereafter payable by the Company or any of its Subsidiaries arising under the Security Documents to the Collateral Trustee. For the avoidance of doubt, if the Transaction Liens securing any Class of Secured Obligations are released pursuant to Section 7(a)(iv) of the Collateral Trust Agreement, such obligations shall cease to be Secured Obligations.

"**Securities Account Control Agreement**" shall mean, when used with respect to a Securities Account, a Securities Account Control Agreement substantially in the form of Exhibit G (with any changes that the Collateral Trustee and the Company shall have approved) among the relevant Securities Intermediary, the relevant Grantor and the Collateral Trustee.

"**Security Agreement Supplement**" shall mean a Security Agreement Supplement, substantially in the form of Exhibit A, signed and delivered to the Collateral Trustee for the purpose of adding a Subsidiary as a party hereto pursuant to Section 20 and/or adding additional property to the Collateral.

"**Security Documents**" shall mean this Agreement, the Security Agreement Supplements, the ABL Intercreditor Agreement, the Collateral Trust Agreement, the Deposit Account Control Agreements, the Issuer Control Agreements, the Securities Account Control Agreements, the Mortgages, the Intellectual Property Security Agreements and all other supplemental or additional security agreements, control agreements, mortgages or similar instruments delivered pursuant to the Secured Debt Documents.

"**Senior Indenture Trustee**" shall mean US Bank, National Association, as trustee under the Senior Secured Note Indenture, together with its successors and assigns from time to time.

"**Senior Secured Note Indenture**" shall mean the Indenture dated as of June 16, 2010 among the Company, the Guarantors party thereto and US Bank, National Association, as indenture trustee, as the same may be amended, supplemented, modified or Refinanced from time to time in accordance with the terms of the ABL Intercreditor Agreement.

"**Senior Secured Note Obligations**" shall mean all obligations of any of the Grantors from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including any Post-Petition Interest) on the Senior Secured Notes and any other series of notes outstanding under the Senior Secured Note Indenture, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any Bankruptcy Proceeding with respect to any Grantor, regardless of whether allowed or allowable in such proceeding), of the Grantors under the Senior Secured Note Documents owing to the Senior Secured Note Secured Parties (in their capacity as such); *provided* that the aggregate amount of Senior Secured Note Obligations shall not exceed greater of (x) $750,000,000 and (y) the maximum amount of Indebtedness permitted to be incurred under the Senior Secured Note Indenture by the Term Loan Credit Agreement at any time.

"**Senior Secured Notes**" shall have the meaning assigned to such term in the recitals.

"**Specified Dormant Foreign Subsidiary**" shall mean each of the following Foreign Subsidiaries: Minera Vidaluz S.A. de C.V., Rayovac Foreign Sales Corporation, and Zoephos International N.V., so long as each such Foreign Subsidiary transacts no business and has no operations other than activities required to maintain its existence; provided that no Subsidiary may be a Specified Dormant Foreign Subsidiary if the Borrower or any of its other Subsidiaries provides any credit support thereto or is liable in any respect for the liabilities thereof greater in the aggregate than such Subsidiary's fair market value.

"**Specified Instrument**" shall mean any Instrument with a value greater than or equal to $5,000,000 and any Instrument representing intercompany debt or any global intercompany note.

"**subsidiary**" shall mean, with respect to any Person (herein referred to as the "**parent**"), any corporation, partnership, limited liability company, association or other business entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held by such Person. For purposes of this definition, "**Control**" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. The term "**Controlled**" shall have a correlative meaning.

"**Subsidiary**" shall mean any subsidiary of the Company.

"**Term Loan Agent**" shall mean Credit Suisse AG, Cayman Islands Branch as administrative agent under the Term Loan Credit Agreement, together with its successors and assigns from time to time.

"**Term Loan Credit Agreement**" shall mean the Credit Agreement dated as of June 16, 2010 among the Company, Holdings, the Term Lenders party thereto and Credit Suisse AG, Cayman Islands Branch as administrative agent, as the same may be amended, supplemented, modified or refinanced from time to time in accordance with the terms of the ABL Intercreditor Agreement.

"**Term Loan Obligations**" shall mean all obligations of any of the Grantors from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including any Post-Petition Interest) on the Term Loans and any other loans outstanding under the Term Loan Credit Agreement, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (ii) all other monetary obligations, including fees, costs, expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any Bankruptcy Proceeding with respect to any Grantor, regardless of whether allowed or allowable in such proceeding), of the Grantors under the Term Loan Documents owing to the Term Loan Secured Parties (in their capacity as such); *provided* that the aggregate amount of Term Loan Obligations shall not exceed greater of (x) $850,000,000 and (y) the maximum amount of Indebtedness permitted to be incurred under the Term Loan Credit Agreement by the Secured Note Indenture at any time.

"**Term Priority Cash Collateral Account**" shall mean a deposit account established for the purpose set forth in the definition of "Net Cash Proceeds" in the Term Loan Credit Agreement or any comparable provision in any other Secured Debt Agreement.

"**Trademark License**" shall mean any agreement now or hereafter in existence granting to any Grantor, or pursuant to which any Grantor grants to any other Person, any right to use any Trademark, including any Trademark license agreement recorded with the U.S. Patent and Trademark Office identified in Schedule 1 to any Trademark Security Agreement.

"**Trademarks**" shall mean: (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, brand names, trade dress, prints and labels on which any of

the foregoing have appeared or appear, package and other designs, and all other source or business identifiers, and all general intangibles of like nature, and the rights in any of the foregoing which arise under applicable law, (ii) the goodwill of the business symbolized thereby or associated with each of them, (iii) all registrations and applications in connection therewith, including registrations and applications in the U.S. Patent and Trademark Office or in any similar office or agency of the U.S., any State thereof or any other country or any political subdivision thereof, including those described in Schedule 1 to any Trademark Security Agreement, (iv) all renewals of any of the foregoing, (v) all claims for, and rights to sue for, past or future infringements of any of the foregoing and (vi) all income, royalties, damages and payments now or hereafter due or payable with respect to any of the foregoing, including damages and payments for past or future infringements thereof.

"**Trademark Security Agreement**" shall mean a Trademark Security Agreement, substantially in the form of Exhibit D (with any changes that the Collateral Trustee and the Company shall have approved), executed and delivered by a Grantor in favor of the Collateral Trustee for the benefit of the Secured Parties.

"**UCC**" shall mean the Uniform Commercial Code as in effect from time to time in the State of New York or, when the laws of any other jurisdiction govern the perfection of enforcement of a Transaction Lien, the Uniform Commercial Code of such jurisdiction.

"**United States**" or "**U.S.**" shall mean the United States of America.

(d) *Rules of Construction.* The rules of construction specified in Section 1(c) of the Collateral Trust Agreement also apply to this Agreement.

SECTION 2. *Grant of Transaction Liens.*

(a) The Company and each Guarantor listed on the signature pages hereof, in order to secure the Secured Obligations, grants to the Collateral Trustee for the benefit of the Secured Parties a continuing security interest in all the following property of the Company or such Guarantor, as the case may be, whether now owned or existing or hereafter acquired or arising and regardless of where located:

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all cash and Deposit Accounts;

(iv) all Documents;

(v) all Equipment;

(vi) all General Intangibles (including (x) any Equity Interests in other Persons that do not constitute Investment Property and (y) any Intellectual Property);

(vii) all Instruments;

(viii) all Inventory;

(ix) all Investment Property;

(x) the Commercial Tort Claims described in Schedule 3;

(xi) all Letter-of-Credit Rights;

(xii) all books and records (including customer lists, credit files, computer programs, printouts and other computer materials and records) of such Grantor pertaining to any of its Collateral;

(xiii) such Grantor's ownership interest in (1) its Collateral Accounts, (2) all Financial Assets credited to its Collateral Accounts from time to time and all Security Entitlements in respect thereof, (3) all cash held in its Collateral Accounts from time to time and (4) all other money in the possession of the Collateral Trustee; and

(xiv) all Proceeds of the Collateral described in the foregoing clauses (i) through (xiii);

provided that, not withstanding the foregoing or anything herein to the contrary, in no event shall the Collateral include, or the security interest attach to, any Excluded Assets; *provided*, *however*, the security interests and Liens granted hereunder shall attach to, and the "Collateral" shall automatically include any asset or property of a Grantor that ceases to be an Excluded Asset, without further action by any Grantor or Secured Party.

(b) With respect to each right to payment or performance included in the Collateral from time to time, the Transaction Lien granted therein includes a continuing security interest in (i) any Supporting Obligation that supports such payment or performance and (ii) any Lien that (x) secures such right to payment or performance or (y) secures any such Supporting Obligation.

(c) The Transaction Liens are granted as security only and shall not subject the Collateral Trustee or any other Secured Party to, or transfer or in any way affect or modify, any obligation or liability of any Grantor with respect to any of the Collateral or any transaction in connection therewith.

SECTION 3. *General Representations and Warranties.* Each Grantor represents and warrants that:

(a) Such Grantor is duly organized, validly existing and in good standing under the laws of the jurisdiction identified as its jurisdiction of organization in the Perfection Certificate (except as disclosed in writing to the Collateral Trustee after the Closing Date).

(b) With respect to each Original Grantor, Schedule 1 lists all Equity Interests in Subsidiaries owned by such Grantor as of the Closing Date. Such Grantor holds all such Equity Interests directly (*i.e.*, not through a Subsidiary, a Securities Intermediary or any other Person).

(c) With respect to each Original Grantor, Schedule 2 lists, as of the Closing Date, (i) all Securities owned by such Grantor (except Securities evidencing Equity Interests in Subsidiaries), (ii) all Securities Accounts to which Financial Assets are credited in respect of which such Grantor owns Security Entitlements and (iii) all Specified Instruments owned by such Grantor.

(d) Except as disclosed in writing to the Collateral Trustee, such Grantor owns no Commodity Account in respect of which such Grantor is the Commodity Customer.

(e) All Pledged Equity Interests owned by such Grantor are owned by it free and clear of any Lien other than (i) the Transaction Liens and Liens arising under the ABL Loan Documents and (ii) any nonconsensual Permitted Liens. All shares of capital stock included in such Pledged Equity Interests (including shares of capital stock in respect of which such Grantor owns a Security Entitlement) have been duly authorized and validly issued and are fully paid and non-assessable. None of such Pledged Equity Interests is subject to any option to purchase or similar right of any Person.

(f) Such Grantor has good and marketable title to all its Collateral (subject to exceptions that are, in the aggregate, not material), free and clear of any Lien, except for Permitted Liens.

(g) Such Grantor has not performed any acts that might prevent the Collateral Trustee from enforcing any of the provisions of the Security Documents or that would in any material respect limit the Collateral Trustee in any such enforcement. No financing statement, security agreement, mortgage or similar or equivalent document or instrument covering all or part of the Collateral owned by such Grantor is on file or of record in any jurisdiction in which such

filing or recording would be effective to perfect or record a Lien on such Collateral, except financing statements, mortgages or other similar or equivalent documents with respect to Permitted Liens. After the Closing Date, no Collateral owned by such Grantor will be in the possession or under the Control of any other Person having a claim thereto or security interest therein, other than a Permitted Lien.

(h) The Transaction Liens on all Personal Property Collateral owned by such Grantor (i) have been validly created, (ii) will attach to each item of such Collateral on the Closing Date (or, if such Grantor first obtains rights thereto on a later date, on such later date) and (iii) when so attached, will secure all the Secured Obligations.

(i) When the relevant Mortgages have been duly executed and delivered, the Transaction Liens on all Real Property Collateral owned by such Grantor as of the Closing Date will have been validly created and will secure all the Secured Obligations. When such Mortgages have been duly recorded, such Transaction Liens will rank prior to all other Liens (except Permitted Liens) on such Real Property Collateral.

(j) Such Grantor has delivered a Perfection Certificate to the Collateral Trustee. With respect to each Original Grantor, information set forth therein is correct and complete as of the Closing Date. Within 60 days after the Closing Date, such Original Grantor will furnish to the Collateral Trustee a file search report from each UCC filing office listed in the Perfection Certificate, showing the filing made at such filing office to perfect the Transaction Liens on its Collateral.

(k) When UCC financing statements describing the Collateral as “all personal property” have been filed in the offices specified in the Perfection Certificate, the Transaction Liens will constitute perfected security interests in the Personal Property Collateral owned by such Grantor to the extent that a security interest therein may be perfected by filing pursuant to the UCC, prior to all Liens and rights of others therein except Permitted Liens. When, in addition to the filing of such UCC financing statements, the applicable Intellectual Property Filings have been made with respect to such Grantor’s Recordable Intellectual Property (including any future filings required pursuant to Sections 4(a) and 5(a)), the Transaction Liens will constitute perfected security interests in all right, title and interest of such Grantor in its Recordable Intellectual Property to the extent that security interests therein may be perfected by such filings, prior to all Liens and rights of others therein except Permitted Liens. Except for (i) the filing of such UCC financing statements, (ii) such Intellectual Property Filings and (iii) the due recordation of the Mortgages, no registration, recordation or filing with any governmental body, agency or official is required in connection with the execution or delivery of the Security Documents or is necessary for the validity or enforceability thereof or for the perfection or due recordation of the Transaction Liens.

(l) Such Grantor has taken, and will continue to take, all actions necessary under the UCC to perfect its interest in any Accounts or Chattel Paper purchased or otherwise acquired by it, as against its assignors and creditors of its assignors.

(m) Such Grantor's Collateral is insured to the extent required by the Term Loan Credit Agreement, the Senior Secured Note Indenture and any other Secured Debt Agreement.

(n) To the best of such Grantor's knowledge, all of such Grantor's Inventory has or will have been produced in compliance in all material respects with the applicable requirements of the Fair Labor Standards Act, as amended.

SECTION 4. *Further Assurances; General Covenants.* Each Grantor covenants as follows:

(a) Such Grantor will, from time to time, at the Company's expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper and take any other action (including any Intellectual Property Filing) that from time to time may be necessary or desirable, or that the Collateral Trustee may reasonably request, in order to:

(i) create, preserve, perfect, confirm or validate the Transaction Liens on such Grantor's Collateral;

(ii) in the case of Pledged Deposit Accounts, Pledged Investment Property, Pledged Instruments and Pledged Letter-of-Credit Rights, cause the Collateral Trustee to have Control thereof;

(iii) enable the Collateral Trustee and the other Secured Parties to obtain the full benefits of the Security Documents; or

(iv) enable the Collateral Trustee to exercise and enforce any of its rights, powers and remedies with respect to any of such Grantor's Collateral.

Such Grantor authorizes the Collateral Trustee (or any Authorized Representative) to execute and file such financing statements or continuation statements in such jurisdictions with such descriptions of collateral (including "all assets" or "all personal property" or other words to that effect) and other information set forth therein as is necessary or desirable for the purposes set forth in the preceding sentence. Each Grantor also ratifies its authorization for the

Collateral Trustee (or any Authorized Representative) to file in any such jurisdiction any initial financing statements or amendments thereto if filed prior to the date hereof. The Collateral Trustee (or any Authorized Representative) is further authorized to file with the U.S. Patent and Trademark Office or U.S. Copyright Office (or any successor office or any similar office in any other country) such documents as may be necessary or advisable for the purpose of perfecting, confirming, continuing, enforcing or protecting the security interests granted by each Grantor, without the signature of any Grantor, and naming any Grantor or the Grantors as debtors and the Collateral Trustee as secured party. The Company will pay the costs of, or incidental to, any Intellectual Property Filings and any recording or filing of any financing or continuation statements or other documents recorded or filed pursuant hereto. For the avoidance of doubt, the Collateral Trustee's responsibility for the preparation, filing or recording of any financing statement, continuation statement or other documents as a result of the authorizations set forth in this paragraph shall be limited as set forth in Section 6(b)(iv) of the Collateral Trust Agreement.

(b) Such Grantor will not (i) change its name or organizational form or structure, (ii) change its location (determined as provided in UCC Section 9-307) or (iii) become bound, as provided in UCC Section 9-203(d) or otherwise, by a security agreement entered into by another Person, unless it shall have given the Collateral Trustee at least 10 days' prior written notice thereof and taken all steps necessary to maintain the Transaction Liens in the Collateral of such Grantor.

(c) If any of its Collateral in excess of $10,000,000, individually or in the aggregate at any time outstanding, is in the possession or control of a warehouseman, bailee or agent at any time, such Grantor will (i) notify such warehouseman, bailee or agent of the relevant Transaction Liens, (ii) instruct such warehouseman, bailee or agent to hold all such Collateral for the Collateral Trustee's account subject to the Collateral Trustee's instructions (which, subject to the terms of the ABL Intercreditor Agreement, shall permit such Collateral to be removed by such Grantor in the ordinary course of business until the Collateral Trustee notifies such warehouseman, bailee or agent that an Actionable Default has occurred and is continuing), (iii) cause such warehouseman, bailee or agent to Authenticate a Record acknowledging that it holds possession of such Collateral for the Collateral Trustee's benefit and (iv) make such Authenticated Record available to the Collateral Trustee.

(d) Except for sales of Inventory in the ordinary course of business, such Grantor will not sell, lease, exchange, assign or otherwise dispose of, or grant any option with respect to, any of its Collateral; *provided* that such Grantor may do any of the foregoing unless (i) doing so would violate a covenant in the Term Loan Credit Agreement, the Senior Secured Note Indenture or any other Secured Debt Agreement or (ii) an Actionable Default shall have occurred and be

continuing and either (A) the Collateral Trustee shall have notified such Grantor that its right to do so is terminated, suspended or otherwise limited or (B) the maturity of any or all of the Secured Obligations shall have been accelerated. Concurrently with any sale, exchange, assignment or other disposition (except a sale or disposition to another Grantor or a lease) expressly permitted by the foregoing *proviso*, the Transaction Liens on the assets sold, exchanged, assigned or disposed of (but not in any Proceeds arising from such sale or disposition) will cease immediately without any action by the Collateral Trustee or any other Secured Party. The Collateral Trustee will, at the Company's expense, execute and deliver to the relevant Grantor such documents as such Grantor shall reasonably request to evidence the fact that any asset so sold or disposed of is no longer subject to a Transaction Lien.

(e) Such Grantor will, promptly upon request, provide to the Collateral Trustee all information and evidence concerning such Grantor's Collateral that the Collateral Trustee may reasonably request from time to time to enable it to enforce the provisions of the Security Documents.

(f) Each year, concurrently with the delivery of annual financial statements with respect to the preceding fiscal year pursuant to Section 5.04(a) of the Term Loan Credit Agreement (or a comparable provision in any other Secured Debt Agreement), each of Holdings and the Company shall deliver to the Collateral Trustee a certificate executed by its chief legal officer or its Financial Officer, certifying that all UCC financing statements (including fixture filings, as applicable) or other appropriate filings, recordings or registrations, including all refilings or continuations thereof, have been filed of record in each governmental, municipal or other appropriate office in each jurisdiction identified pursuant to clause (a) of this Section 4 to the extent necessary to protect and perfect the security interests granted hereunder for a period of not less than 18 months after the date of such certificate (except as noted therein with respect to any continuation statements to be filed within such period).

SECTION 5. *Recordable Intellectual Property.* Each Grantor covenants as follows:

(a) On the Closing Date (in the case of an Original Grantor) or the date on which it signs and delivers its first Security Agreement Supplement (in the case of any other Grantor), such Grantor will sign and deliver to the Collateral Trustee Intellectual Property Security Agreements with respect to all Recordable Intellectual Property then owned by it. Within 30 days after each June 30 and December 31 thereafter (starting with December 31, 2010), it will sign and deliver to the Collateral Trustee an appropriate Intellectual Property Security Agreement covering any Recordable Intellectual Property owned by it on such June 30 and December 31 that is not covered by any previous Intellectual Property Security Agreement so signed and delivered by it. In each case, it will promptly after each such June 30 and December 31 make all Intellectual Property Filings necessary to record the Transaction Liens on such Recordable Intellectual Property.

(b) Such Grantor will notify the Collateral Trustee promptly if it knows that any application or registration relating to any Recordable Intellectual Property material to the operation of its business owned or licensed to it may become abandoned or dedicated to the public, or of any material adverse determination or development (including the institution of, or any adverse determination or development in, any proceeding in the U.S. Copyright Office, the U.S. Patent and Trademark Office (other than non-final office actions) or any court) regarding such Grantor's ownership of such Recordable Intellectual Property, its right to register or patent the same, or its right to keep and maintain the same. If any of such Grantor's rights to any Recordable Intellectual Property are infringed, misappropriated or diluted in any material respect by a third party, such Grantor will notify the Collateral Trustee in writing within 30 days after it learns thereof and will, unless such Grantor shall reasonably determine that such action would be of negligible value, economic or otherwise, or is otherwise likely to have an adverse effect on its business promptly sue for infringement, misappropriation or dilution and to recover any and all damages for such infringement, misappropriation or dilution, and take such other actions as such Grantor shall reasonably deem appropriate under the circumstances to protect such Recordable Intellectual Property.

(c) Upon the occurrence and during the continuance of an Actionable Default, each Grantor shall use its reasonable best efforts to obtain all requisite consents or approvals by the licensor of each Copyright License, Patent License or Trademark License material to the operations of its business under which such Grantor is a licensee to effect the assignment of all such Grantor's right, title and interest thereunder to the Collateral Trustee, for the ratable benefit of the Secured Parties, or its designee.

SECTION 6. *Investment Property, Instruments and Letter-of-Credit Rights.* Each Grantor represents, warrants and covenants as follows:

(a) *Certificated Securities.* On the Closing Date (in the case of an Original Grantor) or the date on which it signs and delivers its first Security Agreement Supplement (in the case of any other Grantor), such Grantor will deliver to the Collateral Trustee as Collateral hereunder all certificates representing Pledged Certificated Securities then owned by such Grantor. Thereafter, whenever such Grantor acquires any other certificate representing a Pledged Certificated Security, such Grantor will promptly (and in any case, within 10 Business Days) deliver such certificate to the Collateral Trustee as Collateral hereunder. The provisions of this subsection are subject to the limitation in Section 6(j) in the case of voting Equity Interests in a Foreign Subsidiary.

(b) *Uncertificated Securities*. Within 45 days of the Closing Date (in the case of an Original Grantor) or the date on which it signs and delivers its first Security Agreement Supplement (in the case of any other Grantor), such Grantor will enter into (and cause the relevant issuer to enter into) an Issuer Control Agreement in respect of each Pledged Uncertificated Security then owned by such Grantor, where the issuer of such Uncertificated Security is a Subsidiary of such Grantor (and use commercially reasonable efforts to cause the relevant issuer to enter into an Issuer Control Agreement in respect of each Pledged Uncertificated Security then owned by such Grantor, where the issuer of such Uncertificated Security is not a Subsidiary of such Grantor), and deliver such Issuer Control Agreement to the Collateral Trustee (which shall enter into the same). Thereafter, whenever such Grantor acquires any other Pledged Uncertificated Security, such Grantor will enter into (and cause the relevant issuer to enter into) an Issuer Control Agreement in respect of such Pledged Uncertificated Security, where the issuer of such Uncertificated Security is a Subsidiary of such Grantor (and use commercially reasonable efforts to cause the relevant issuer to enter into an Issuer Control Agreement in respect of each Pledged Uncertificated Security then owned by such Grantor, where the issuer of such Uncertificated Security is a not a Subsidiary of such Grantor), and deliver such Issuer Control Agreement to the Collateral Trustee (which shall enter into the same), and deliver such Issuer Control Agreement to the Collateral Trustee (which shall enter into the same). The provisions of this subsection are subject to the limitation in Section 6(j) in the case of voting Equity Interests in a Foreign Subsidiary.

(c) *Security Entitlements*. Within 45 days of the Closing Date (in the case of an Original Grantor) or on the date on which it signs and delivers its first Security Agreement Supplement (in the case of any other Grantor), such Grantor will, with respect to each Security Entitlement then owned by it, enter into (and cause the relevant Securities Intermediary to enter into) a Securities Account Control Agreement in respect of such Security Entitlement and the Securities Account to which the underlying Financial Asset is credited and will deliver such Securities Account Control Agreement to the Collateral Trustee (which shall enter into the same). Thereafter, whenever such Grantor acquires any other Security Entitlement, such Grantor will, as promptly as practicable, cause the underlying Financial Asset to be credited to a Controlled Securities Account.

(d) *Perfection as to Certificated Securities.* When such Grantor delivers the certificate representing any Pledged Certificated Security owned by it to the Collateral Trustee and complies with Section 6(h) in connection with such delivery, (i) the Transaction Lien on such Pledged Certificated Security will be perfected, subject to no prior Liens or rights of others other than nonconsensual Permitted Liens, (ii) the Collateral Trustee will have Control of such Pledged Certificated Security and (iii) the Collateral Trustee will be a protected purchaser (within the meaning of UCC Section 8-303) thereof.

(e) *Perfection as to Uncertificated Securities*. When such Grantor, the Collateral Trustee and the issuer of any Pledged Uncertificated Security owned by such Grantor enter into an Issuer Control Agreement with respect thereto, (i) the Transaction Lien on such Pledged Uncertificated Security will be perfected, subject to no prior Liens or rights of others other than nonconsensual Permitted Liens, (ii) the Collateral Trustee will have Control of such Pledged Uncertificated Security and (iii) the Collateral Trustee will be a protected purchaser (within the meaning of UCC Section 8-303) thereof.

(f) *Perfection as to Security Entitlements*. So long as the Financial Asset underlying any Security Entitlement owned by such Grantor is credited to a Controlled Securities Account, (i) the Transaction Lien on such Security Entitlement will be perfected, subject to no prior Liens or rights of others other than nonconsensual Permitted Liens (except Liens and rights of the relevant Securities Intermediary that are Permitted Liens), (ii) the Collateral Trustee will have Control of such Security Entitlement and (iii) no action based on an adverse claim to such Security Entitlement or such Financial Asset, whether framed in conversion, replevin, constructive trust, equitable lien or other theory, may be asserted against the Collateral Trustee or any other Secured Party.

(g) *Agreement as to Applicable Jurisdiction*. In respect of all Security Entitlements owned by such Grantor, and all Securities Accounts to which the related Financial Assets are credited, the Securities Intermediary's jurisdiction (determined as provided in UCC Section 8-110(e)) will at all times be located in the United States.

(h) *Delivery of Pledged Certificates*. All certificates representing Pledged Certificated Securities, when delivered to the Collateral Trustee, will be in suitable form for transfer by delivery, or accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance reasonably satisfactory to the Collateral Trustee.

(i) *Communications*. Upon the request of the Collateral Trustee, each Grantor will promptly give to the Collateral Trustee copies of any notices and other communications received by it with respect to (i) Pledged Securities registered in the name of such Grantor or its nominee and (ii) Pledged Security Entitlements as to which such Grantor is the Entitlement Holder.

(j) *Foreign Subsidiaries.* A Grantor will not be obligated to comply with the provisions of this Section at any time with respect to (i) any voting Equity Interest in a Foreign Subsidiary if and to the extent (but only to the extent) that such voting Equity Interest is an Excluded Asset at such time and (ii) any Equity Interest in a Specified Dormant Foreign Subsidiary so long as it meets the requirements contained in the definition of "Specified Dormant Foreign Subsidiary".

(k) *Compliance with Applicable Foreign Laws.* If at any time (i) the Collateral includes any Equity Interest in a Foreign Subsidiary (each such Foreign Subsidiary being referred to herein as a "**First Tier Foreign Subsidiary**") and (ii) either (A) such First Tier Foreign Subsidiary and its subsidiaries represent more than 10% of the Consolidated EBITDA (as defined in the Term Loan Credit Agreement) for the most recent fiscal quarter then ended (occurrence of such event, the "**10% Trigger**") or (B) an Actionable Default has occurred and is continuing, then the applicable Grantor will, upon request of the Collateral Trustee, use its commercially reasonable efforts to take all such action as may be required under the laws of the applicable foreign jurisdictions to ensure that the Transaction Lien on such Collateral ranks prior to all Liens and rights of others therein to the extent permitted by such law.

(l) *Certification of Limited Liability Company and Partnership Interests.* Any limited liability company and any partnership controlled by any Grantor shall either (a) not include in its operative documents any provision that any Equity Interests in such limited liability company or such partnership be a "security" as defined under Article 8 of the UCC, or (b) certificate any Equity Interests in any such limited liability company or such partnership. To the extent an interest in any limited liability company or partnership controlled by any Grantor and pledged hereunder is certificated or becomes certificated, each such certificate shall be delivered to the Collateral Trustee pursuant to Section 6(a) and such Grantor shall fulfill all other requirements under Section 6 applicable in respect thereof.

(m) *Instruments.* (i) On the Closing Date (in the case of an Original Grantor) or the date on which it signs and delivers its first Security Agreement Supplement (in the case of any other Grantor), such Grantor will deliver to the Collateral Trustee as Collateral hereunder all Pledged Specified Instruments then owned by such Grantor. Thereafter, whenever such Grantor acquires any other Pledged Specified Instrument, such Grantor will immediately deliver such Pledged Specified Instrument to the Collateral Trustee as Collateral hereunder. All such Pledged Specified Instruments owned by such Grantor, when delivered to the Collateral Trustee, will be indorsed to the order of the Collateral Trustee, or accompanied by duly executed instruments of assignment, with signatures appropriately guaranteed, all in form and substance satisfactory to the Collateral Trustee. Upon the delivery of any Pledged Specified Instrument owned by such Grantor to the Collateral Trustee, the Transaction Lien on such Collateral will be perfected, subject to no prior Liens or rights of others other than nonconsensual Permitted Liens.

(ii) So long as no Event of Default shall have occurred and be continuing, the Collateral Trustee will, promptly upon request by the relevant Grantor, make appropriate arrangements for making any Pledged

Instrument available to it for purposes of presentation, collection or renewal (any such arrangement to be effected, to the extent deemed appropriate by the Collateral Trustee, against trust receipt or like document).

(n) *Letter-of-Credit Rights*. Each Grantor will use commercially reasonable efforts to obtain from other Persons agreements evidencing Control of the Collateral Trustee over any Collateral that are Letter-of-Credit Rights in excess of $5,000,000 individually where confirmation of the Control of the Collateral Trustee over the particular Letter-of-Credit Rights is required in order to perfect a security interest therein.

SECTION 7. *Deposit Accounts.* Each Grantor represents, warrants and covenants as follows:

(a) Such Grantor will enter into Deposit Account Control Agreements with each bank or other financial institution in which it maintains a Deposit Account (other than any Exempted Deposit Account) within 45 days after the Closing Date. Thereafter, all cash owned by such Grantor will be deposited, upon or promptly after the receipt thereof, in one or more Controlled Deposit Accounts; *provided* that Deposit Accounts with balances of less than $1,000,000 individually on a daily basis or $5,000,000 in the aggregate with respect to all such Deposit Accounts on a daily basis need not be subject to a Deposit Account Control Agreement unless the balances in such Deposit Accounts exceed $1,000,000 individually or $5,000,000 in the aggregate.

(b) In respect of each Controlled Deposit Account, the Depositary Bank's jurisdiction (determined as provided in UCC Section 9-304) will at all times be a jurisdiction in which Article 9 of the UCC is in effect.

(c) So long as the Collateral Trustee has Control of a Controlled Deposit Account, the Transaction Lien on such Controlled Deposit Account will be perfected, subject to no prior Liens or rights of others (except (x) the Depositary Bank's right to deduct its normal operating charges and any uncollected funds previously credited thereto, (y) nonconsensual Permitted Liens and (z) as provided in the ABL Intercreditor Agreement).

SECTION 8. *Cash Collateral Accounts.* If and when required for purposes hereof or of any other Secured Debt Document, the Collateral Trustee will establish with respect to each Grantor an account (its "**Cash Collateral Account**"), in the name and under the exclusive control of the Collateral Trustee, into which all amounts owned by such Grantor that are to be deposited therein pursuant to such Secured Debt Documents shall be deposited from time to time. Funds held in any Cash Collateral Account may, until withdrawn, be invested and reinvested in such Permitted Investments as the relevant Grantor shall request in

writing from time to time; *provided* that if an Actionable Default shall have occurred and be continuing, the Collateral Trustee may select such Permitted Investments. Subject to Section 14, withdrawal of funds on deposit in any Cash Collateral Account shall be permitted if, as and when expressly so provided in or in respect of the applicable provision of the Secured Debt Documents pursuant to which such Cash Collateral Account was required to be established.

SECTION 9. *Commercial Tort Claims.* Each Grantor represents, warrants and covenants as follows:

(a) In the case of an Original Grantor, Schedule 3 accurately describes, with the specificity required to satisfy Official Comment 5 to UCC Section 9-108, each Commercial Tort Claim with respect to which such Original Grantor is the claimant as of the Closing Date (other than any Commercial Tort Claim with a value of less than $5,000,000). In the case of any other Grantor, Schedule 3 to its first Security Agreement Supplement will accurately describe, with the specificity required to satisfy said Official Comment 5, each Commercial Tort Claim with respect to which such Grantor is the claimant as of the date on which it signs and delivers such Security Agreement Supplement.

(b) If any Grantor acquires a Commercial Tort Claim with a value of $5,000,000 or more after the Closing Date (in the case of an Original Grantor) or the date on which it signs and delivers its first Security Agreement Supplement (in the case of any other Grantor), such Grantor will promptly sign and deliver to the Collateral Trustee a Security Agreement Supplement granting a security interest in such Commercial Tort Claim (which shall be described therein with the specificity required to satisfy said Official Comment 5) to the Collateral Trustee for the benefit of the Secured Parties.

SECTION 10. *Transfer of Record Ownership.* At any time when an Actionable Default shall have occurred and be continuing, the Collateral Trustee may (and to the extent that action by it is required, the relevant Grantor, if directed to do so by the Collateral Trustee, will as promptly as practicable) cause each of the Pledged Securities (or any portion thereof specified in such direction) to be transferred of record into the name of the Collateral Trustee or its nominee. Each Grantor will take any and all actions reasonably requested by the Collateral Trustee to facilitate compliance with this Section. If the provisions of this Section are implemented, Section 6(b) shall not thereafter apply to any Pledged Security that is registered in the name of the Collateral Trustee or its nominee. The Collateral Trustee will promptly give to the relevant Grantor copies of any notices and other communications received by the Collateral Trustee with respect to Pledged Securities registered in the name of the Collateral Trustee or its nominee.

SECTION 11. *Right to Vote Securities.* (a) Unless an Actionable Default shall have occurred and be continuing, each Grantor will have the right, from time

to time, to vote and to give consents, ratifications and waivers with respect to any Pledged Security owned by it and the Financial Asset underlying any Pledged Security Entitlement owned by it, and the Collateral Trustee will, upon receiving a written request from such Grantor, deliver to such Grantor or as specified in such request such proxies, powers of attorney, consents, ratifications and waivers in respect of any such Pledged Security that is registered in the name of the Collateral Trustee or its nominee or any such Pledged Security Entitlement as to which the Collateral Trustee or its nominee is the Entitlement Holder, in each case as shall be specified in such request and be in form and substance reasonably satisfactory to the Collateral Trustee.

(b) If an Actionable Default shall have occurred and be continuing, the Collateral Trustee will if it has given the applicable Grantor prior written notice of its intention to exercise such rights (which it will do at the written direction of the Applicable Authorized Representative) have the exclusive right to the extent permitted by law to vote, to give consents, ratifications and waivers and to take any other action with respect to the Pledged Investment Property, the other Pledged Equity Interests and the Financial Assets underlying the Pledged Security Entitlements, with the same force and effect as if the Collateral Trustee were the absolute and sole owner thereof, and each Grantor will take all such action as the Collateral Trustee may reasonably request from time to time to give effect to such right.

SECTION 12. *Certain Cash Distributions.* Cash Distributions with respect to assets held in a Collateral Account shall be deposited and held therein, or withdrawn therefrom, as provided in Section 8. Cash Distributions with respect to any Pledged Equity Interest or Pledged Indebtedness that is not held in a Collateral Account (whether held in the name of a Grantor or in the name of the Collateral Trustee or its nominee) shall be deposited, promptly upon receipt thereof, in a Controlled Deposit Account of the relevant Grantor; *provided* that, if an Actionable Default shall have occurred and be continuing, the Collateral Trustee may deposit, or direct the recipient thereof to deposit, each such Cash Distribution in the relevant Grantor's Cash Collateral Account.

SECTION 13. *Remedies upon Actionable Default.* (a) If an Actionable Default shall have occurred and be continuing, the Collateral Trustee may exercise (or cause its sub-agents to exercise) any or all of the remedies available to it (or to such sub-agents) under the Security Documents.

(b) Without limiting the generality of the foregoing, if an Actionable Default shall have occurred and be continuing, the Collateral Trustee may exercise on behalf of the Secured Parties all the rights of a secured party under the UCC (whether or not in effect in the jurisdiction where such rights are exercised) with respect to any Personal Property Collateral and, in addition, the Collateral Trustee may, without being required to give any notice, except as herein provided

or as may be required by mandatory provisions of law, sell or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any exchange, broker's board or at any of the Collateral Trustee's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as the Collateral Trustee may deem commercially reasonable, irrespective of the impact of any such sales on the market price of the Collateral. To the maximum extent permitted by applicable law, any Secured Party may be the purchaser of any or all of the Collateral at any such sale and (with the consent of the Collateral Trustee, which may be withheld in its discretion) shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply all of any part of the Secured Obligations as a credit on account of the purchase price of any Collateral payable at such sale. Upon any sale of Collateral by the Collateral Trustee (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Collateral Trustee or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid to the Collateral Trustee or such officer or be answerable in any way for the misapplication thereof. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of any Grantor, and each Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay or appraisal that it now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted. The Collateral Trustee shall not be obliged to make any sale of Collateral regardless of notice of sale having been given. The Collateral Trustee may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. To the maximum extent permitted by law, each Grantor hereby waives any claim against any Secured Party arising because the price at which any Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale, even if the Collateral Trustee accepts the first offer received and does not offer such Collateral to more than one offeree. The Collateral Trustee may disclaim any warranty, as to title or as to any other matter, in connection with such sale or other disposition, and its doing so shall not be considered adversely to affect the commercial reasonableness of such sale or other disposition.

(c) If the Collateral Trustee sells any of the Collateral upon credit, the Grantors will be credited only with payment actually made by the purchaser, received by the Collateral Trustee and applied in accordance with Section 14 hereof. In the event the purchaser fails to pay for the Collateral, the Collateral Trustee may resell the same, subject to the same rights and duties set forth herein.

(d) Notice of any such sale or other disposition shall be given to the relevant Grantor(s) as (and if) required by Section 16.

(e) For the purpose of enabling the Collateral Trustee to exercise rights and remedies under this Agreement at such time as the Collateral Trustee shall be lawfully entitled to exercise such rights and remedies, each Grantor hereby grants to the Collateral Trustee an irrevocable license (exercisable without payment of royalty or other compensation to the Grantors), to use, license or sublicense any of the Collateral consisting of Intellectual Property now owned or hereafter acquired by such Grantor, and including in such license access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The use of such license by the Collateral Trustee may be exercised only upon the occurrence and during the continuation of an Actionable Default; *provided*, *however*, that any license, sublicense or other transaction entered into by the Collateral Trustee in accordance herewith shall be binding upon each Grantor notwithstanding any subsequent cure of an Actionable Default.

(f) The foregoing provisions of this Section shall apply to Real Property Collateral only to the extent permitted by applicable law and the provisions of any applicable Mortgage or other document.

SECTION 14. *Application of Proceeds.* (a) If an Actionable Default shall have occurred and be continuing, the Collateral Trustee may apply (i) any cash held in the Collateral Accounts and (ii) the proceeds of any sale or other disposition of all or any part of the Collateral, in the order of priorities set out in Section 4 of the Collateral Trust Agreement.

SECTION 15. *Fees and Expenses; Indemnification.* (a) The Company will promptly following demand (and in any event within three Business Days after the demand therefore) pay to the Collateral Trustee:

(i) the amount of any taxes that the Collateral Trustee may have been required to pay by reason of the Transaction Liens or to free any Collateral from any other Lien thereon;

(ii) the amount of any and all reasonable and documented out-of-pocket expenses, including transfer taxes and reasonable fees and expenses of one counsel and no more than one counsel in each jurisdiction where Collateral is located, that the Collateral Trustee may incur in connection with (x) the administration or enforcement of the Security Documents, including such expenses as are incurred to preserve the value of the Collateral or the validity, perfection, rank or value of any Transaction Lien, (y) the collection, sale or other disposition of any Collateral or (z) the exercise by the Collateral Trustee of any of its rights or powers under the Security Documents;

(iii) the amount of any fees that the Company shall have agreed in writing to pay to the Collateral Trustee and that shall have become due and payable in accordance with such written agreement; and

(iv) the amount required to indemnify the Collateral Trustee for, or hold it harmless and defend it against, any loss, liability or expense (including the reasonable and documented fees and expenses of its counsel and any sub-agents appointed by it hereunder) incurred or suffered by the Collateral Trustee in connection with the Security Documents, except to the extent that such loss, liability or expense arises from the Collateral Trustee's gross negligence or willful misconduct or a breach of any duty that the Collateral Trustee has under this Agreement (after giving effect to Section 17).

Any such amount not paid to the Collateral Trustee within three Business Days after a demand will bear interest for each day thereafter until paid at a rate per annum equal to the sum of 2% plus the rate applicable to ABR Term Loans (as defined in the Term Loan Credit Agreement) for such day.

(b) If any transfer tax, documentary stamp tax or other tax is payable in connection with any transfer or other transaction provided for in the Security Documents, the Company will pay such tax and provide any required tax stamps to the Collateral Trustee or as otherwise required by law.

(c) The Company shall indemnify each of the Secured Parties, their respective affiliates and the respective directors, officers, agents and employees of the foregoing (each an "**Indemnitee**") against, and hold each Indemnitee harmless from, any and all liabilities, losses, damages, costs and expenses of any kind (including reasonable expenses of investigation by engineers, environmental consultants and similar technical personnel and reasonable fees and disbursements of counsel) arising out of, or in connection with any and all Environmental Liabilities (as defined in the Term Loan Credit Agreement); *provided* that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee. Without limiting the generality of the foregoing, each Grantor waives all rights for contribution and all other rights of recovery with respect to liabilities, losses, damages, costs and expenses arising under or related to Environmental Laws (as defined in the Term Loan Credit Agreement) that it might have by statute or otherwise against any Indemnitee.

SECTION 16. *Authority to Administer Collateral*. Each Grantor irrevocably appoints the Collateral Trustee its true and lawful attorney, with full power of substitution, in the name of such Grantor, any Secured Party or otherwise, for the sole use and benefit of the Secured Parties, but at the Company's expense, to the extent permitted by law to exercise, at any time and from time to time while an Actionable Default shall have occurred and be continuing, all or any of the following powers with respect to all or any of such Grantor's Collateral:

(a) to demand, sue for, collect, receive and give acquittance for any and all monies due or to become due upon or by virtue thereof;

(b) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(c) to sell, lease, license or otherwise dispose of the same or the proceeds or avails thereof, as fully and effectually as if the Collateral Trustee were the absolute owner thereof; and

(d) to extend the time of payment of any or all thereof and to make any allowance or other adjustment with reference thereto;

provided that, except in the case of Personal Property Collateral that is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Collateral Trustee will give the relevant Grantor at least ten days' prior written notice of the time and place of any public sale thereof or the time after which any private sale or other intended disposition thereof will be made. Any such notice shall (i) contain the information specified in UCC Section 9-613, (ii) be Authenticated and (iii) be sent to the parties required to be notified pursuant to UCC Section 9-611(c); *provided* that, if the Collateral Trustee fails to comply with this sentence in any respect, its liability for such failure shall be limited to the liability (if any) imposed on it as a matter of law under the UCC.

SECTION 17. *Limitation on Duty in Respect of Collateral.* Beyond the exercise of reasonable care in the custody and preservation thereof, the Collateral Trustee will have no duty as to any Collateral in its possession or control or in the possession or control of any sub-agent or bailee selected by it in good faith or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Collateral Trustee will be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession or control if such Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by the Collateral Trustee in good faith, except to the extent that such liability arises from the Collateral Trustee's gross negligence or willful misconduct.

SECTION 18. *General Provisions Concerning Collateral Trustee.* The provisions of Section 6 of the Collateral Trust Agreement shall inure to the benefit of the Collateral Trustee and shall be binding on each Grantor and each Secured Party.

SECTION 19. *Termination of Transaction Liens; Release of Collateral.* The Transaction Liens granted by each Grantor hereunder shall terminate, be released or be subordinated as set forth in Section 7 of the Collateral Trust Agreement.

SECTION 20. *Additional Grantors.* Any Subsidiary may become a party hereto by signing and delivering to the Collateral Trustee a Security Agreement Supplement, whereupon such Subsidiary shall become a "Grantor" as defined herein.

SECTION 21. *Notices.* Each notice, request or other communication given to any party hereunder shall be given in accordance with Section 9 of the Collateral Trust Agreement, and in the case of any such notice, request or other communication to a Grantor other than the Company, shall be given to it in care of the Company.

SECTION 22. *No Implied Waivers; Remedies Not Exclusive.* No failure by the Collateral Trustee or any Secured Party to exercise, and no delay in exercising and no course of dealing with respect to, any right or remedy under any Security Document shall operate as a waiver thereof; nor shall any single or partial exercise by the Collateral Trustee or any Secured Party of any right or remedy under any Secured Debt Document preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies specified in the Secured Debt Documents are cumulative and are not exclusive of any other rights or remedies provided by law.

SECTION 23. *Successors and Assigns.* This Agreement is for the benefit of the Collateral Trustee and the Secured Parties. If all or any part of any Secured Party's interest in any Secured Obligation is assigned or otherwise transferred, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall be automatically transferred with such obligation. This Agreement shall be binding on the Grantors and their respective successors and assigns.

SECTION 24. *Amendments and Waivers.* Neither this Agreement nor any provision hereof may be waived or amended, modified except pursuant to an agreement or agreements in writing entered into by the Collateral Trustee, with

the consent of such Secured Parties as are required to consent thereto under Section 8(c) of the Collateral Trust Agreement. No such waiver, amendment or modification shall be binding upon any Grantor, except with its written consent.

SECTION 25. *Applicable Law.* THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, EXCEPT AS OTHERWISE REQUIRED BY MANDATORY PROVISIONS OF LAW AND EXCEPT TO THE EXTENT THAT REMEDIES PROVIDED BY THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF NEW YORK ARE GOVERNED BY THE LAWS OF SUCH JURISDICTION.

SECTION 26. *Waiver of Jury Trial.* EACH PARTY HERETO WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER SECURITY DOCUMENT. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 25.

SECTION 27. *Severability.* In the event any one or more of the provisions contained in this Agreement or in any other Security Document should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 28. *ABL Intercreditor Agreement.* Notwithstanding anything herein to the contrary, (i) the liens and security interests granted to the Collateral Trustee pursuant to this Agreement and (ii) the exercise of any right or remedy by the Collateral Trustee hereunder or the application of proceeds (including insurance proceeds and condemnation proceeds) of any Collateral, are subject to the provisions of the Intercreditor Agreement dated as of June 16, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the "**ABL Intercreditor Agreement**"), among the ABL Agent, the Collateral

Trustee, the Company, Holdings and the Subsidiaries of the Company party thereto. In the event of any conflict between the terms of the ABL Intercreditor Agreement and the terms of this Agreement, the terms of the ABL Intercreditor Agreement shall govern.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

SPECTRUM BRANDS, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President, Secretary & General Counsel

DB ONLINE, LLC,
ROVCAL, INC.,
SPECTRUM JUNGLE LABS CORPORATION,
SPECTRUM NEPTUNE US HOLDCO CORPORATION,
TETRA HOLDING (US), INC.,
UNITED PET GROUP, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Secretary

ROV HOLDING, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Secretary

SCHULTZ COMPANY,
UNITED INDUSTRIES CORPORATION

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Assistant Secretary

SB/RH HOLDING, LLC,
RUSSELL HOBBS, INC.,
APN HOLDING COMPANY, INC.,
APPLICA AMERICAS, INC.,
APPLICA CONSUMER PRODUCTS, INC.,
APPLICA MEXICO HOLDINGS, INC.,
HOME CREATIONS DIRECT, LTD.,
HP DELAWARE, INC.,
HPG LLC,
SALTON HOLDINGS, INC.,
TOASTMASTER INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa Carstarphen
Title: Vice President and Secretary

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Collateral Trustee

By: /s/ Elizabeth T. Wagner
Name: Elizabeth T. Wagner
Title: Vice President

Exhibit 10.16

SPECTRUM BRANDS, INC.,
and certain of its domestic subsidiaries as Borrowers,

and certain domestic subsidiaries of Borrowers
party hereto from time to time as Guarantors,

and

SB/RH HOLDINGS, LLC,
as a Guarantor

LOAN AND SECURITY AGREEMENT
Dated as of June 16, 2010
$300,000,000.00

CERTAIN FINANCIAL INSTITUTIONS,
as Lenders,

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

CREDIT SUISSE SECURITIES (USA) LLC and
DEUTSCHE BANK SECURITIES INC.,
as Co-Syndication Agents,

and

SUNTRUST BANK and
HARRIS N.A., as
as Co-Documentation Agents,

and

BANC OF AMERICA SECURITIES LLC,
CREDIT SUISSE SECURITIES (USA) LLC, and
DEUTSCHE BANK SECURITIES INC.,
as Joint Lead Arrangers and Joint Bookrunners

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LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT (this "Agreement") is dated as of June 16, 2010, by and among **SPECTRUM BRANDS, INC.**, a Delaware corporation ("Spectrum"), **RUSSELL HOBBS, INC.**, a Delaware corporation ("Russell Hobbs", and together with Spectrum and the other domestic Subsidiaries listed on the signature pages hereto as Borrowers, and each other wholly-owned, domestic Subsidiary of Spectrum that, in accordance with **Section 10.1.9**, becomes a Borrower hereunder after the Closing Date, collectively, "Borrowers"), **SB/RH HOLDINGS, LLC**, a Delaware limited liability company ("Holdings"), as a Guarantor, certain Domestic Subsidiaries of Borrowers party hereto from time to time as Guarantors (collectively with Holdings, "Guarantors"), the financial institutions party to this Agreement from time to time as lenders (collectively, "Lenders"), **BANK OF AMERICA, N.A.**, a national banking association, in its capacity as collateral agent and administrative agent (together with its successors in such capacity, "Administrative Agent"), **CREDIT SUISSE SECURITIES (USA) LLC** ("Credit Suisse Securities") and **DEUTSCHE BANK SECURITIES INC.** ("Deutsche Bank Securities"), as co-syndication agents (together with their successors in such capacities, the "Co-Syndication Agents"), and **SUNTRUST BANK** and **HARRIS N.A.**, as co-documentation agents (together with their successors in such capacity, "Co-Documentation Agents").

RECITALS:

WHEREAS, Spectrum and Russell Hobbs are parties to an Agreement and Plan of Merger dated as of February 9, 2010 (as amended by Amendment No. 1 dated as of March 1, 2010, Amendment No. 2 dated as of March 26, 2010 and Amendment No. 3 dated as of April 30, 2010, the "Merger Agreement") by and among Spectrum Brands Holdings, Inc. a Delaware corporation formerly known as SB/RH Holdings, Inc. ("Super Holdco"), Grill Merger Corp., a Delaware corporation ("Russell Hobbs Merger Sub"), and Battery Merger Corp., a Delaware corporation ("Spectrum Merger Sub"), pursuant to which Spectrum will engage in a business combination transaction with Russell Hobbs that is implemented by the acquisition by Super Holdco of all of the equity interests of Spectrum and Russell Hobbs as follows: Super Holdco (i) causes Spectrum Merger Sub to be merged with and into Spectrum, with Spectrum surviving as a wholly owned subsidiary of Super Holdco, with the equityholders of Spectrum receiving common equity of Super Holdco as merger consideration (the "Spectrum Merger"), (ii) causes Russell Hobbs Merger Sub to be merged with and into Russell Hobbs, with Russell Hobbs surviving as a wholly owned subsidiary of Super Holdco, with the equityholders of Russell Hobbs receiving common equity of Super Holdco as merger consideration (the "Russell Hobbs Merger" and, together with the Spectrum Merger, the "Mergers") and (iii) immediately following the Mergers, (A) contributes all of the outstanding equity interests of Russell Hobbs (the "Russell Hobbs Contribution") to Spectrum, resulting in Russell Hobbs becoming a wholly owned subsidiary of Spectrum, and (B) contributes all of the outstanding equity interests of Spectrum (the "Spectrum Contribution" and, together with the Mergers and the Russell Hobbs Contribution, the "Hobbs/Spectrum Acquisition") to Holdings, a wholly-owned subsidiary of Super Holdco;

WHEREAS, Borrowers have requested that Lenders provide a revolving credit facility to Borrowers to finance their mutual and collective business enterprise;

WHEREAS, Lenders are willing to provide the credit facility on the terms and conditions set forth in this Agreement;

NOW, THEREFORE, for valuable consideration hereby acknowledged, the parties agree as follows:

SECTION 1. DEFINITIONS; RULES OF CONSTRUCTION

1.1 Definitions. As used herein, the following terms have the meanings set forth below:

ABL Intercreditor Agreement: that certain Intercreditor Agreement dated of even date herewith, by and among Administrative Agent, Term/Notes Agent, and the Obligors party thereto, as the same is amended, modified, restated or supplemented from time to time.

Account: as defined in the UCC, including all rights to payment for goods sold or leased, or for services rendered.

Account Debtor: a Person who is obligated under an Account, Chattel Paper or General Intangible.

Accounts Formula Amount: 85% of the Value of Eligible Accounts.

Acquisition: any acquisition of all or substantially all assets or line of business of a Person, or any acquisition of record or beneficial ownership of all or substantially all (whether by means of a merger, consolidation, or otherwise) Equity Interests (other than directors' qualifying shares) of a Person.

Administrative Agent: as defined in the introductory paragraph to this Agreement.

Affiliate: with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. "Control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting power, by contract or otherwise. "Controlling" and "Controlled" have correlative meanings.

Agent: except as expressly provided in **Section 12** of this Agreement, either Administrative Agent, a Co-Syndication Agent, or Co-Documentation Agent, as applicable.

Agent Indemnitees: Administrative Agent, each Co-Syndication Agent, and Co-Documentation Agent, and each of their respective officers, directors, employees, Affiliates, agents and attorneys.

Agent Professionals: attorneys, accountants, appraisers, auditors, business valuation experts, environmental engineers or consultants, turnaround consultants, and other professionals and experts retained by Administrative Agent.

Agreement Value: for each Hedging Agreement, on any date of determination, the maximum aggregate amount (giving effect to any netting agreements) that Holdings, any Obligor or Subsidiary would be required to pay if such Hedging Agreement were terminated on such date.

Allocable Amount: as defined in **Section 5.12.3**.

Anti-Terrorism Laws: any laws relating to terrorism or money laundering, including the PATRIOT Act.

Applicable Law: all laws, rules, regulations and governmental guidelines applicable to the Person, conduct, transaction, agreement or matter in question, including all applicable statutory law, common law and equitable principles, and all provisions of constitutions, treaties, statutes, rules, regulations, orders and decrees of Governmental Authorities.

Applicable Margin: a percentage equal to 3.75% with respect to Revolver Loans that are LIBOR Loans, and 2.75% with respect to Revolver Loans that are Base Rate Loans, provided that the Applicable Margin shall be increased or (if no Event of Default exists) decreased on a quarterly basis from and after the date that is two Fiscal Quarters after the Closing Date (i.e., January 2, 2011), according to Average

Availability for the immediately preceding Fiscal Quarter (expressed as a percentage of the lesser of the Average Revolver Commitments or the Average Formula Amount), as follows:

Level	Average Availability as a Percentage of the Average Revolver Commitments / Average Formula Amount	Base Rate Loans	LIBOR Loans
I	≥ 66.67%	2.50%	3.50%
II	≥ 33.33 < 66.67%	2.75%	3.75%
III	< 33.33%	3.00%	4.00%

Until the date that is two Fiscal Quarters after the Closing Date, margins shall be determined as if Level II were applicable. Thereafter, the margins shall be subject to increase or decrease upon receipt by Administrative Agent of the Borrowing Base Certificate closest to the end of each Fiscal Quarter, which change shall be effective on the first day of the Fiscal Month following receipt. If, by the first day of a Fiscal Month, any Borrowing Base Certificate closest to the end of the prior Fiscal Quarter required to be delivered hereunder has not been received, then, at the option of Administrative Agent or Required Lenders, the margins shall be determined as if Level III were applicable, from such day until the first day of the Fiscal Month following actual receipt.

Appropriate Notice Office: the office of Administrative Agent located at 200 Glastonbury Boulevard, Glastonbury, Connecticut 06033, Attention: Spectrum Loan Servicing Administrator, Telecopier No. (860) 368-6029.

Approved Fund: any Person (other than a natural person) that is engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in its ordinary course of activities, and is administered or managed by a Lender, an entity that administers or manages a Lender, or an Affiliate of either.

Asset Disposition: a sale, lease, license, consignment, transfer or other disposition of Property of an Obligor (but excluding a termination of rights of an Obligor under any lease or license for which such Obligor is a lessee or licensee, as applicable), other than (i) any sale, transfer or other disposition of Inventory that is obsolete, unmerchantable or otherwise unsaleable in the Ordinary Course of Business; (ii) dispositions of Cash Equivalents in the Ordinary Course of Business; (iii) dispositions between or among Foreign Subsidiaries; (iv) any sale, lease, license, consignment, transfer or other disposition or series of such related transactions having a value not to exceed $3,000,000 in any period of twelve consecutive months most recently ended; (v) sales, transfers and other distributions of equipment (a) in a transaction where such equipment is exchanged for credit against the purchase price of similar replacement equipment or (b) the proceeds of such disposition are reasonably promptly applied to the purchase price of such replacement equipment, (vi) dispositions in the Ordinary Course of Business consisting of abandonment of all of the trademarks, service marks, trade names, copyrights, patents, patent rights, franchises, licenses and other Intellectual Property rights that, in the good faith determination of any Obligor or any Subsidiary, are uneconomical, negligible, obsolete or otherwise not material in the conduct of its business, (vii) dispositions of Equipment or Real Estate formerly leased by any Obligor or its Subsidiaries and acquired by Obligor and sold as an alternative to terminating the lease on such Property, (viii) the sale, transfer or other disposition of all or a portion of the Equity Interests of Rayovac PRC, a wholly-owned indirect Subsidiary and a direct subsidiary of Spectrum Brands Mauritius Limited and (ix) the assignment or other transfer of all rights in and to the mark STA GREEN and any applications and registrations thereof.

Assignment and Acceptance: an assignment agreement between a Lender and Eligible Assignee, in the form of **Exhibit B**.

Availability: (a) the Borrowing Base minus (b) the principal balance of all Revolver Loans.

Availability Reserve: on any date of determination thereof, the sum (without duplication) of (a) the Inventory Reserve; (b) the Rent and Charges Reserve; (c) the LC Reserve; (d) the Bank Product Reserve; (e) all accrued Royalties, whether or not then due and payable by a Borrower; (f) the aggregate amount of liabilities secured by Liens upon Collateral that are senior to Administrative Agent's Liens (but imposition of any such reserve shall not waive an Event of Default arising therefrom); (g) any Environmental Reserve; (h) the Dilution Reserve; and (i) such additional reserves, in such amounts and with respect to such matters, as Administrative Agent in its reasonable discretion may elect to impose from time to time.

Average Availability: for any period, an amount equal to the sum of the actual amount of Availability on each calendar day during such period, as determined by Administrative Agent in its sole and absolute discretion, divided by the number of calendar days in such period.

Average Formula Amount: for any period, an amount equal to the sum of the actual Formula Amount on each calendar day during such period, as determined by Administrative Agent in its reasonable discretion, divided by the number of calendar days in such period.

Average Revolver Commitments: for any period, an amount equal to the sum of the actual amount of the aggregate Revolver Commitments on each calendar day during such period, divided by the number of calendar days in such period.

Bank of America: Bank of America, N.A., a national banking association, and its successors and assigns.

Bank of America Indemnitees: Bank of America and its officers, directors, employees, Affiliates, agents and attorneys.

Bank Product: any of the following products, services or facilities extended to any Obligor or Subsidiary by any Lender or any of its Affiliates: (a) Cash Management Services; (b) products under Hedging Agreements; (c) commercial credit card, purchasing card and merchant card services; and (d) other banking products or services (other than Letters of Credit and leases) as may be requested by any Obligor or Subsidiary.

Bank Product Debt: Debt and other obligations of an Obligor relating to Bank Products.

Bank Product Reserve: the aggregate amount of reserves, if any, established by Administrative Agent from time to time in its reasonable discretion in respect of Secured Bank Product Obligations.

Bankruptcy Code: Title 11 of the United States Code.

BAS: as defined in the introductory paragraph to this Agreement.

Base Rate: for any day, a per annum rate equal to the greatest of (a) the Prime Rate for such day; (b) the Federal Funds Rate for such day, plus 0.50%; or (c) LIBOR for a 30-day interest period as determined on such day, plus 1.0%.

Base Rate Loan: any Loan that bears interest based on the Base Rate.

Base Rate Revolver Loan: a Revolver Loan that bears interest based on the Base Rate.

Board of Governors: the Board of Governors of the Federal Reserve System.

Borrowed Money: with respect to any Obligor, without duplication, its (a) Debt that (i) arises from the lending of money by any Person to such Obligor, (ii) is evidenced by notes, drafts, bonds, debentures, credit documents or similar instruments, (iii) accrues interest or is a type upon which interest charges are customarily paid, or (iv) was issued or assumed as full or partial payment of Property or services (excluding trade accounts payable and accrued obligations incurred in the Ordinary Course of Business); (b) Capital Lease Obligations; (c) reimbursement obligations with respect to letters of credit; and (d) guaranties of any Debt of the foregoing types owing by another Person.

Borrower Agent: as defined in **Section 4.4**.

Borrowers: as defined in the introductory paragraph to this Agreement, including any Person hereafter joined as a Borrower hereunder pursuant to **Section 10.1.9**.

Borrowing: a group of Loans of one Type that are made on the same day or are converted into Loans of one Type on the same day.

Borrowing Base: on any date of determination thereof an amount equal to the difference between (i) the lesser of (a) the aggregate amount of Revolver Commitments on such date and (b) the sum of the Accounts Formula Amount and the Inventory Formula Amount on such date, minus (ii) the Availability Reserve on such date.

Borrowing Base Certificate: a certificate, substantially in the form attached hereto as **Exhibit D** (which form may be modified from time to time consistent with this Agreement), by which Borrowers shall certify to Administrative Agent and Lenders the amount, as of the date of such certificate, of the Borrowing Base (with the calculation shown for each such amount), provided that such certificate shall also set forth the amount (with supporting details of calculation) of Availability.

Business Day: any day other than a Saturday, Sunday or other day on which commercial banks are authorized or required by law to close in New York City, and when used with reference to a LIBOR Loan, the term shall also exclude any day on which dealings in Dollar deposits are not conducted between banks in the London interbank Eurodollar market.

Capital Expenditures: for any period, without duplication, the additions to property, plant and equipment and other capital expenditures of Spectrum and its consolidated Subsidiaries that are (or should be) set forth in a consolidated statement of cash flows of Spectrum for such period prepared in accordance with GAAP, but excluding in each case any such expenditure made to restore, replace or rebuild property to the condition of such property immediately prior to any damage, loss, destruction or condemnation of such property, to the extent such expenditure is made with insurance proceeds, condemnation awards or damage recovery proceeds relating to any such damage, loss, destruction or condemnation.

Capital Lease: any lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

Capital Lease Obligations: with respect to any Person, the obligations of such Person to pay rent or other amounts under any lease of (or other arrangement conveying the right to use) real or personal property, or a combination thereof, which obligations are required to be classified and accounted for as capital leases on a balance sheet of such Person under GAAP, and the amount of such obligations shall be the capitalized amount thereof determined in accordance with GAAP.

Cash Collateral: cash or, so long as no Event of Default exists, Cash Equivalents, and any interest or other income earned thereon, that is delivered to Administrative Agent in accordance with this Agreement by Obligors to Cash Collateralize any Obligations.

Cash Collateral Account: a demand deposit, money market or other account established by Administrative Agent at Bank of America or such other financial institutions as Administrative Agent may select in consultation with Borrowers, which account shall be subject to Administrative Agent's Liens for the benefit of Secured Parties.

Cash Collateralize: the delivery of cash to Administrative Agent, as security for the payment of the Obligations, in an amount equal to (a) with respect to LC Obligations, 105% of the aggregate LC Obligations, (b) with respect to any Secured Bank Product Obligations, Administrative Agent's good faith estimate of the amount due or to become due based upon amounts identified to Administrative Agent by the Secured Bank Product Providers, including all fees and other amounts relating to such Obligations (except to the extent an Availability Reserve has already been established and in effect with respect thereto), and (c) with respect to any asserted Claims against any Obligor, Administrative Agent's good faith estimate of the amount due or to become due that consist of Obligations (except to the extent an Availability Reserve has already been established and in effect with respect thereto). "Cash Collateralization" has a correlative meaning.

Cash Dominion Amount: on any date of determination, the greater of (a) 20% of the lesser of (i) the Formula Amount and (ii) the aggregate Revolver Commitments on such date, and (b) $50,000,000.

Cash Dominion Period: the period commencing on the day that (a) an Event of Default occurs, or (b) Availability is less than the Cash Dominion Amount for five (5) consecutive days and, continuing until the date on which no Event of Default exists and Borrowers have maintained Availability of greater than the Cash Dominion Amount at all times during the immediately preceding period of sixty (60) consecutive Business Days.

Cash Equivalents:

(a) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of issuance thereof;

(b) investments in commercial paper maturing within two hundred and seventy (270) days from the date of issuance thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(c) investments in certificates of deposit, banker's acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, Administrative Agent or any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $750,000,000 and that issues (or the parent of which issues) commercial paper rated at least "Prime 1" (or the then equivalent grade) by Moody's or "A 1" (or the then equivalent grade) by S&P;

(d) fully collateralized repurchase agreements with a term of not more than thirty (30) days for securities described in clause (a) above and entered into with a financial institution satisfying the criteria of clause (c) above;

(e) investments in "money market funds" within the meaning of Rule 2a-7 of the Investment Company Act of 1940, as amended, substantially all of whose assets are invested in investments of the type described in clauses (a) through (d) above; and

(f) other short-term investments utilized by Foreign Subsidiaries in accordance with normal investment practices for cash management in investments of a type analogous to the foregoing.

Cash Management Services: any services provided from time to time by Bank of America or any of its Affiliates or by any other Lender or any of its Affiliates to any Obligor or Subsidiary in connection with operating, collections, payroll, trust, or other depository or disbursement accounts, including automated clearinghouse, e-payable, electronic funds transfer, wire transfer, controlled disbursement, overdraft, depository, information reporting, lockbox and stop payment services.

CERCLA: the Comprehensive Environmental Response Compensation and Liability Act (42 U.S.C. § 9601 et seq.).

Change in Law: the occurrence, after the date hereof, of (a) the adoption of any law, rule, regulation or treaty; (b) any change in any law, rule, regulation or treaty or in the administration, interpretation or application thereof by any Governmental Authority; or (c) the making or issuance of any request, guideline or directive (whether or not having the force of law) by any Governmental Authority to be complied with by any Lender (or, for purposes of **Sections 3.6** and **3.7**, by any lending office of such Lender or by such Lender's holding company).

Change of Control: (a) any "person" or "group" (within the meaning of Rule 13d-5 of the Securities Exchange Act of 1934 as in effect on the date hereof), other than Sponsors, shall own, directly or indirectly, beneficially or of record, shares representing more than (i) 35% of the aggregate ordinary voting power represented by the issued and outstanding capital stock of Super Holdco and (ii) the aggregate ordinary voting power represented by the issued and outstanding capital stock of Super Holdco directly or indirectly owned by Sponsors, (b) a majority of the seats (other than vacant seats) on the board of directors of Super Holdco shall at any time be occupied by persons who were neither (i) nominated by the board of directors of Super Holdco (or any committee thereof with authority to nominate directors) or Sponsors nor (ii) appointed by directors so nominated, (c) any change in control (or similar event, however denominated) shall occur under and as defined in any indenture or agreement in respect of Material Debt, (d) Super Holdco shall cease to directly own, beneficially and of record, 100% of the issued and outstanding Equity Interests of Holdings, or (e) Holdings shall cease to directly own, beneficially and of record, 100% of the issued and outstanding Equity Interests of Spectrum. For the avoidance of doubt, Sponsors' acquisition of 100% of the Equity Interests of Super Holdco, Holdings, any Borrower or any Subsidiary shall not constitute a Change of Control under this Agreement.

Chattel Paper: as defined in the UCC.

Claims: without duplication, all liabilities, obligations, losses, damages, penalties, judgments, proceedings, interest, costs and expenses of any kind (including remedial response costs, reasonable attorneys' fees, charges and disbursements of lead counsel to Administrative Agent in connection with the Loan Documents (currently Parker Hudson Rainer & Dobbs LLP), and no more than one counsel in each jurisdiction where Collateral is located or where any Insolvency Proceeding with respect to an Obligor is pending, and Extraordinary Expenses) at any time (including after Full Payment of the Obligations, resignation or replacement of Administrative Agent, or replacement of any Lender) incurred by or

asserted against any Indemnitee in any way relating to (a) any Loans, Letters of Credit, Loan Documents, or the use thereof or transactions relating thereto, (b) any action taken or omitted to be taken by any Indemnitee in connection with any Loan Documents, (c) the existence or perfection of any Liens, or realization upon any Collateral, (d) exercise of any rights or remedies under any Loan Documents or Applicable Law, or (e) failure by any Obligor to perform or observe any terms of any Loan Document, in each case including all costs and expenses relating to any investigation, litigation, arbitration or other proceeding (including an Insolvency Proceeding or appellate proceedings), whether or not the applicable Indemnitee is a party thereto.

Closing Date: as defined in **Section 6.1**.

Closing Date Availability Condition: the condition precedent that on the Closing Date (a) Availability shall be at least $125,000,000 and (b) the aggregate amount of unrestricted cash of Borrowers and their Subsidiaries shall be at least $40,000,000.

Co-Documentation Agent: as defined in the introductory paragraph to this Agreement.

Co-Syndication Agent: as defined in the introductory paragraph to this Agreement.

Code: the Internal Revenue Code of 1986, as amended from time to time.

Collateral: all Property described in **Section 7.1**, all Property described in any other Security Documents as security for any Obligations, and all other Property that now or hereafter secures (or is intended to secure) any Obligations.

Collateral Trust Agreement: that certain Collateral Trust Agreement dated of even date herewith, by and among Credit Suisse AG, Cayman Islands Branch, as administrative agent under the Senior Term Loan Agreement, U.S. Bank, National Association, as trustee under the Senior Notes Indenture, Collateral Trustee, and the Obligors party thereto, as the same may be amended, modified, restated or supplemented from time to time.

Collateral Trustee: the “Collateral Trustee” as such term is defined in the Collateral Trust Agreement and any Person acting in a similar capacity under any amendment, restatement, supplement or replacement thereof. As of the Closing Date, the Collateral Trustee is Wells Fargo Bank, National Association.

Commitment Increase: as defined in **Section 2.1.8(a)**.

Commitment Increase Effective Date: as defined in **Section 2.1.8(c)**.

Commitment Termination Date: the earliest to occur of (a) the Revolver Termination Date, (b) the date on which Borrowers terminate all of the Revolver Commitments pursuant to **Section 2.1.5(a)**, or (c) the date on which the Revolver Commitments are terminated pursuant to **Section 11.2**.

Compliance Certificate: a certificate, in form and substance satisfactory to Administrative Agent, by which Borrowers certify compliance with **Sections 10.2.3** and **10.3** and calculate the applicable Level for the Applicable Margin.

Consolidated EBITDA: for any period, Consolidated Net Income for such period plus (a) without duplication and to the extent deducted in determining such Consolidated Net Income, the sum of (i) Consolidated Interest Expense for such period, (ii) consolidated income tax expense for such period, (iii) all amounts attributable to depreciation and amortization for such period, (iv) any non-cash charges (other than the write-down of current assets) for such period, (v) non-recurring losses or expenses

(including severance and relocation costs, restructuring charges, integration costs or reserves), including such items related to proposed and completed Permitted Acquisitions, Permitted Asset Disposition and Asset Dispositions and to closure/consolidation of facilities, in an aggregate amount not to exceed $30,000,000 for such period, (vi) restructuring charges related to the Transactions incurred prior to or within thirty six (36) months of the Closing Date, in an aggregate amount not to exceed $30,000,000 and (vii) Transaction Expenses, and minus (b) without duplication (i) all cash payments made during such period on account of reserves, restructuring charges and other non-cash charges added to Consolidated Net Income pursuant to clause (a)(iv) above in a previous period (unless such cash payments would have been permitted to be added to Consolidated Net Income pursuant to clause (a)(v) or clause (a) (vi) in such period) and (ii) to the extent included in determining such Consolidated Net Income, any extraordinary gains and all non-cash items of income for such period, all determined on a consolidated basis in accordance with GAAP; provided that, for purposes of calculating the Fixed Charge Coverage Ratio in connection with determining compliance with Permitted Acquisitions, Permitted Asset Dispositions, Permitted Debt Prepayments or Permitted Distributions for any period, (A) the Consolidated EBITDA of any Person or line of business of such Person acquired by Spectrum or any Subsidiary pursuant to a Permitted Acquisition during such period shall be included on a pro forma basis for such period (assuming the consummation of such acquisition and the incurrence or assumption of any Debt in connection therewith occurred as of the first day of such period) and (B) the Consolidated EBITDA attributable to any Permitted Asset Disposition by Spectrum or any Subsidiary during such period shall be excluded for such period (assuming the consummation of such sale or other disposition and the repayment of any Debt in connection therewith occurred as of the first day of such period). For purposes of determining the Fixed Charge Coverage Ratio as of or for the periods ended on January 3, 2010, and April 4, 2010, Consolidated EBITDA will be deemed to be equal to (i) for the Fiscal Quarter ended January 3, 2010, $117,400,000, and (ii) for the Fiscal Quarter ended April 4, 2010, $90,600,000.

Consolidated Interest Expense: for any period, the sum of (a) interest expense (including imputed interest expense in respect of Capital Lease Obligations of Spectrum and Subsidiaries) for such period, determined on a consolidated basis in accordance with GAAP, plus (b) any interest accrued during such period in respect of Debt of Spectrum and Subsidiaries that is required to be capitalized rather than included in consolidated interest expense for such periods in accordance with GAAP, minus (c) interest income for such period. For purposes of the foregoing, interest expense shall be determined after giving effect to any net payments made or received by Spectrum or any of its Subsidiaries with respect to Hedging Agreements.

Consolidated Net Income: for any period, the net income or loss of Spectrum and Subsidiaries for such period determined on a consolidated basis in accordance with GAAP (adjusted to reflect any charge, tax or expense incurred or accrued by Holdings during such period as though such charge, tax or expense had been incurred by Spectrum, to the extent that Spectrum has made or would be entitled under the Loan Documents to make any payment to or for the account of Holdings in respect thereof); provided that there shall be excluded (a) the income of any Subsidiary (other than a Subsidiary that is an Obligor) to the extent that the declaration or payment of dividends or similar distributions by the Subsidiary of that income is not at the time permitted by operation of the terms of its charter or any agreement, instrument, judgment, decree, statute, rule or governmental regulation applicable to such Subsidiary, (b) the income or loss of any Person accrued prior to the date it becomes a Subsidiary or is merged into or consolidated with Spectrum or any Subsidiary or the date that such Person's assets are acquired by Spectrum or any Subsidiary, (c) the income of any Person (other than a Subsidiary) in which any other Person (other than Spectrum or a wholly-owned Subsidiary or any director holding qualifying shares in accordance with Applicable Law) has a joint interest, except to the extent of the amount of dividends or other distributions actually paid to Spectrum or a wholly-owned Subsidiary by such Person during such period, and (d) any gains or losses attributable to sales of assets out of the Ordinary Course of Business.

Consolidated Net Tangible Assets: as of any date, (a) Consolidated Total Assets minus (b) the sum of (i) all intangible assets, including, without limitation, goodwill, organization costs, patents, trademarks, copyrights, franchises, and research and development costs, and (ii) current liabilities.

Consolidated Total Assets: as of any date, the amount, in accordance with GAAP, set forth under the caption "Total Assets" (or any like caption) on a consolidated balance sheet of Spectrum and Subsidiaries, as of the end of the most recently ended Fiscal Quarter for which internal financial statements are available.

Consolidated Total Debt: as of any date, (i) the aggregate principal amount of the Borrowed Money of Spectrum and consolidated Subsidiaries (excluding guarantees if the guaranteed Borrowed Money is already included), minus (ii) the lesser of (A) $50,000,000 and (B) the aggregate amount of cash and Cash Equivalents included in the cash and cash equivalents amounts listed on the consolidated balance sheet of Spectrum and Subsidiaries as at such date.

Contingent Obligation: any obligation of a Person arising from a guaranty, indemnity or other assurance of payment or performance of any Debt, lease, dividend or other obligation ("primary obligations") of another obligor ("primary obligor") in any manner, whether directly or indirectly, including any obligation of such Person under any (a) guaranty, endorsement, co-making or sale with recourse of an obligation of a primary obligor; (b) obligation to make take-or-pay or similar payments regardless of nonperformance by any other party to an agreement; and (c) arrangement (i) to purchase any primary obligation or security therefor, (ii) to supply funds for the purchase or payment of any primary obligation, (iii) to maintain or assure working capital, equity capital, net worth or solvency of the primary obligor, (iv) to purchase Property or services for the purpose of assuring the ability of the primary obligor to perform a primary obligation, or (v) otherwise to assure or hold harmless the holder of any primary obligation against loss in respect thereof. The amount of any Contingent Obligation shall be deemed to be the stated or determinable amount of the primary obligation (or, if less, the maximum amount for which such Person may be liable under the instrument evidencing the Contingent Obligation) or, if not stated or determinable, the maximum reasonably anticipated liability with respect thereto.

Credit Party: Administrative Agent, a Lender or Issuing Bank; and "Credit Parties" means, collectively, Administrative Agent, Lenders and Issuing Bank.

Credit Suisse Securities: as defined in the introductory paragraph to this Agreement.

Current Asset Collateral: has the meaning ascribed to the term "ABL Priority Collateral" in the ABL Intercreditor Agreement.

CWA: the Clean Water Act (33 U.S.C. §§ 1251 et seq.).

Debt: as applied to any Person, without duplication, (a) all items that would be included as liabilities on a balance sheet in accordance with GAAP, including Capital Lease Obligations, but excluding trade payables incurred and being paid in the Ordinary Course of Business; (b) all Contingent Obligations; (c) all reimbursement obligations in connection with letters of credit issued for the account of such Person; and (d) in the case of a Borrower, the Obligations. The Debt of a Person shall include any recourse Debt of any partnership in which such Person is a general partner or joint venturer, other than to the extent that the instrument or agreement evidencing such Debt expressly limits the liability of such Person in respect thereof.

Default: an event or condition that, with the lapse of time or the giving of notice, or both, would constitute an Event of Default.

Default Rate: for any Obligation (including, to the extent permitted by law, interest not paid when due), 2.0% plus the interest rate otherwise applicable thereto.

Defaulting Lender: any Lender that (a) fails to make any payment or provide funds to Administrative Agent or any Borrower as required hereunder or fails otherwise to perform its obligations under any Loan Document, and such failure is not cured within three (3) Business Days, or (b) is the subject of any Insolvency Proceeding or is under the Control of a Person that is the subject of any Insolvency Proceeding; provided that, a Lender shall not constitute a "Defaulting Lender" hereunder solely as a result of the acquisition or maintenance of an ownership interest in such Lender or its parent company, or of the exercise of control over such Lender or any Person controlling such Lender, by a Governmental Authority or instrumentality thereof.

Deposit Account: as defined in the UCC and includes any bank account with a deposit function.

Deposit Account Control Agreements: the deposit account control agreements to be executed by each institution maintaining a Deposit Account for a Borrower or another Obligor, in favor of Administrative Agent, for the benefit of the Secured Parties, as security for the Obligations of such Borrower or such other Obligor, in each case to the extent required under this Agreement or the other Loan Documents.

Deutsche Bank Securities: as defined in the introductory paragraph to this Agreement.

Dilution Reserve: on any date of determination, a reserve established by Administrative Agent to reflect dilution with respect to the Accounts, as determined by Administrative Agent in its reasonable discretion, at any time as the product of (a) the Eligible Accounts at such time and (b) the excess, if any, of (i) the percentage obtained by dividing (A) the aggregate amount of non-cash reductions in Accounts of Obligors for a period, as determined by Administrative Agent in its reasonable discretion, preceding such time by (B) the total net sales of Obligors for such period over (ii) 5.00%.

Distribution: any declaration or payment of a distribution, interest or dividend on any Equity Interest (other than payment-in-kind); any distribution, advance or repayment of Debt to a holder of Equity Interests; or any purchase, redemption, or other acquisition or retirement for value of any Equity Interest.

Document: as defined in the UCC.

Dollars and the sign $: lawful money of the United States.

Domestic Subsidiary: Any Subsidiary that is not a Foreign Subsidiary.

Dominion Account: a special account established by Borrowers at Bank of America or another bank acceptable to Administrative Agent, over which Administrative Agent has exclusive control for withdrawal purposes.

Electronic Chattel Paper: shall have the meaning given to the term "electronic chattel paper" in the UCC and shall include Chattel Paper stored in an electronic medium.

Eligible Account: an Account owing to a Borrower that arises in the Ordinary Course of Business from the sale of goods or rendition of services, is payable in Dollars and is deemed by Administrative Agent, in its reasonable discretion, to be an Eligible Account. Without limiting the foregoing, no Account shall be an Eligible Account if (a) it is unpaid for more than sixty (60) days after the original due date, or more than ninety (90) days after the original invoice date; provided that in the case of the Accounts owned by (i) Home and Garden, (ii) Tetra and (iii) Jungle Pond, up to $4,000,000 in the

aggregate for all such Accounts shall be considered Eligible Accounts unless such accounts are unpaid for more than sixty (60) days after the original due date, or more than one hundred twenty (120) days after the original invoice date; (b) 50% or more of the aggregate Dollar amount of outstanding Accounts owing by the Account Debtor or a group of Affiliated Account Debtors to all Borrowers at the time of determination are not Eligible Accounts under the foregoing clause; (c) when aggregated with other Accounts owing by the Account Debtor, it exceeds (i) 15% of the aggregate Eligible Accounts (or such higher percentage as Administrative Agent may establish for the Account Debtor from time to time), or (ii) such higher percentages set forth in **Schedule 1.1(b)** with respect to certain Account Debtors specified therein; (d) it does not conform with a covenant or representation herein as to such Accounts; (e) it is owing by a creditor or supplier, or is otherwise subject to a potential offset, counterclaim, dispute, deduction, discount, recoupment, reserve, defense, chargeback, credit or allowance (but ineligibility shall be limited to the amount thereof); (f) an Insolvency Proceeding has been commenced by or against the Account Debtor, unless such Account Debtor has been authorized (pursuant to a court order reasonably satisfactory to Administrative Agent) to and is in fact continuing to pay, in cash, Accounts owed to the applicable Borrower, and Administrative Agent otherwise agrees in its discretion that such Accounts may be deemed Eligible Accounts; or the Account Debtor has failed, has suspended or ceased doing business, is liquidating, dissolving or winding up its affairs, or is not Solvent (except as provided for in the first clause of this subclause (f) with respect to Account Debtors in Insolvency Proceedings); or the applicable Borrower is not able to bring suit or enforce remedies against the Account Debtor through judicial process; (g) the Account Debtor is organized and has its principal offices or assets outside the United States or Puerto Rico unless (i) such Accounts are backed by credit insurance, letters of credit or other credit enhancements acceptable to Administrative Agent in its reasonable discretion or (ii) such Accounts arise from a sale in the United States to an Account Debtor organized or has its principal offices or assets in Canada, and such Accounts are payable in the full amount thereof at a place of payment within the United States; (h) it is owing by a Government Authority (unless the Account Debtor is the United States of America or any department, agency or instrumentality thereof and the Account has been assigned to Administrative Agent in compliance with the Assignment of Claims Act or other Applicable Law); (i) it is not subject to a duly perfected, first priority Lien in favor of Administrative Agent, or is subject to any other Lien (except Permitted Liens; provided that any such Lien is junior to the Liens of Administrative Agent thereon or an appropriate Availability Reserve has been established); (j) the goods giving rise to it have not been delivered to and accepted by the Account Debtor, the services giving rise to it have not been accepted by the Account Debtor, or it otherwise does not represent a final sale; (k) it is evidenced by Chattel Paper or an Instrument of any kind, or has been reduced to judgment; (l) without limiting clause (a) above, the time for its payment has been materially extended without the consent of Administrative Agent, the Account Debtor has made a partial payment, or it arises from a sale on a cash-on-delivery basis; (m) it arises from a sale to an Affiliate, from a sale on a bill-and-hold (unless a proper Availability Reserve has been established), guaranteed sale, sale-or-return, sale-on-approval, consignment, or other repurchase or return basis, or from a sale to a Person for personal, family or household purposes; (n) it represents a progress billing or retainage; (o) it includes a billing for interest, fees or late charges, but ineligibility shall be limited to the extent thereof; or (p) it is subject to potential forfeiture, as reasonably determined by Administrative Agent, in connection with any criminal indictment, proceeding or conviction relating to the violation of any Applicable Law by any Obligor. In calculating delinquent portions of Accounts under clauses (a) and (b), credit balances more than 90 days old (or 120 days with respect to Accounts of Home and Garden, Tetra, and Jungle Pond) will be excluded.

Eligible Assignee: a Person that is (a) a Lender, U.S.-based Affiliate of a Lender or Approved Fund; (b) any other financial institution approved by Administrative Agent and Borrower Agent (which approval by Borrower Agent shall not be unreasonably withheld or delayed, and shall be deemed given if no objection is made within two (2) Business Days after notice of the proposed assignment and provided, that such approval shall not be required during the initial syndication of the Loans until a successful syndication is achieved (as defined in the Fee Letter) or at any time that an Event of Default exists), that is organized under the laws of the United States or any state or district thereof, has total assets in excess

of $5 billion, extends asset-based lending facilities in its ordinary course of business and whose becoming an assignee would not constitute a prohibited transaction under Section 4975 of ERISA or any other Applicable Law; or (c) during any Event of Default, any Person acceptable to Administrative Agent in its reasonable discretion. Notwithstanding the foregoing, (i) "Eligible Assignee" shall not include any Person identified as an excluded entity to the Lead Arrangers on February 8, 2010 without the prior written consent of Borrowers, and (ii) the consent of Borrower Agent and Administrative Agent shall not be required for any assignment between Lenders.

Eligible In-Transit Inventory: Inventory owned by a Borrower that would be Eligible Inventory if it were not subject to a Document and in transit from a foreign location to a location of a Borrower within the United States, and that Administrative Agent, in its reasonable discretion, deems to be Eligible In-Transit Inventory. Without limiting the foregoing, no Inventory shall be Eligible In-Transit Inventory unless it (a) is subject to a negotiable Document showing Administrative Agent (or, with the consent of Administrative Agent, the applicable Borrower) as consignee, which Document is in the possession of Administrative Agent or such other Person as Administrative Agent shall approve; (b) is fully insured in a manner reasonably satisfactory to Administrative Agent; (c) has been identified to the applicable sales contract and title has passed to the applicable Borrower; (d) is not sold by a vendor that has a right to reclaim, divert shipment of, repossess, stop delivery, claim any reservation of title or otherwise assert Lien rights against the Inventory, or with respect to whom any Borrower is in default of any obligations; (e) is subject to purchase orders and other sale documentation reasonably satisfactory to Administrative Agent; (f) is shipped by a common carrier that is not affiliated with the vendor; and (g) is being handled by a customs broker, freight-forwarder or other handler that has delivered a Lien Waiver or an appropriate Rent and Charges Reserve has been established.

Eligible Inventory: Inventory owned by a Borrower that Administrative Agent, in its reasonable discretion, deems to be Eligible Inventory. Without limiting the foregoing, no Inventory shall be Eligible Inventory unless it (a) is (i) finished goods or raw materials, and (ii) not work-in-process, packaging or shipping materials, labels, samples, display items, bags, replacement parts or manufacturing supplies, other than raw materials for such finished goods and work-in-process consisting of unpackaged finished batteries that, in each case, satisfy the criteria set forth in the following clauses as reasonably determined by Administrative Agent; (b) is not held on consignment, nor subject to any deposit or downpayment; (c) is in new (unless considered used for sale in the Ordinary Course of Business) and saleable condition and is not damaged, defective, shopworn or otherwise unfit for sale; (d) is not slow-moving, obsolete or unmerchantable, and does not constitute returned or repossessed goods (unless and to the extent that the aggregate Value of returned Inventory does not exceed $7,500,000 and such returned Inventory otherwise satisfies the criteria necessary to constitute Eligible Inventory); (e) meets all standards imposed by any Governmental Authority, does not constitute hazardous materials under any Environmental Law and is not subject to potential forfeiture, as reasonably determined by Administrative Agent, in connection with any criminal indictment, proceeding or conviction relating to the violation of any Applicable Law by any Obligor; (f) conforms with the covenants and representations herein as to such Inventory, including, without limitation, that such Inventory is insured in accordance with **Section 8.6.2(a)**; (g) is subject to Administrative Agent's duly perfected, first priority Lien, and no other Lien (other than Permitted Liens that are junior to the Liens of Administrative Agent thereon or an appropriate Availability Reserve has been established); (h) is within the continental United States, is not in transit except between locations of Borrowers, and is not consigned to any Person; (i) is not subject to any warehouse receipt or negotiable Document; (j) is not subject to any License or other arrangement that restricts such Borrower's or Administrative Agent's right to dispose of such Inventory, unless Administrative Agent has received an appropriate Lien Waiver which, among other things, permits Administrative Agent to sell such licensed Inventory without violating or infringing the License; and (k) is not located on leased premises or in the possession of a warehouseman, processor, repairman, mechanic, shipper, freight forwarder or other Person, unless the lessor or such Person has delivered a Lien Waiver or an appropriate Rent and Charges Reserve has been established.

Enforcement Action: any action to enforce any of the Obligations (other than Secured Bank Product Obligations) or Loan Documents or to realize upon any Collateral (whether by judicial action, self-help, notification of Account Debtors, exercise of setoff or recoupment, or otherwise).

Environmental Laws: all Applicable Laws (including all programs, permits and guidance promulgated by regulatory agencies to the extent having the force of law), relating to public health (but excluding occupational safety and health, to the extent regulated by OSHA or similar foreign Governmental Authority) or the protection or pollution of the environment, including CERCLA, RCRA and CWA.

Environmental Liability: all liabilities, obligations, damages, losses, claims, actions, suits, judgments, orders, fines, penalties, fees, expenses and costs (including administrative oversight costs, natural resource damages and remediation costs), whether contingent or otherwise, arising out of or relating to (a) compliance or non compliance with any Environmental Law, (b) the generation, use, handling, transportation, storage, treatment or disposal of any Hazardous Materials, (c) exposure to any Hazardous Materials, (d) the Release of any Hazardous Materials or (e) any contract, agreement or other consensual arrangement pursuant to which liability is assumed or imposed with respect to any of the foregoing.

Environmental Notice: a notice (whether written or oral) from any Governmental Authority or any other Person of possible or alleged noncompliance with or liability under any Environmental Laws, including any complaints, citations, demands or request from any Governmental Authority or any other Person for correction or remediation of any asserted violation of any Environmental Laws or any investigations concerning any asserted violation of any Environmental Laws.

Environmental Release: a release as defined in CERCLA or under any other Environmental Law.

Environmental Reserve: reserves established by Administrative Agent from time to time with respect to environmental matters, which reserve shall be set at zero on the Closing Date.

Equipment: as defined in the UCC, including all machinery, apparatus, equipment, fittings, furniture, fixtures, motor vehicles and other tangible personal Property (other than Inventory), and all parts, accessories and special tools therefor, and accessions thereto.

Equity Interest: shares of capital stock, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or other equity interests in any Person, and any option, warrant or other right entitling the holder thereof to purchase or otherwise acquire any such equity interest.

ERISA: the Employee Retirement Income Security Act of 1974 and all rules and regulations from time to time promulgated thereunder.

ERISA Affiliate: any trade or business (whether or not incorporated) that, together with any Borrower, is treated as a single employer under Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

ERISA Event: (a) a Reportable Event with respect to a Pension Plan; (b) the occurrence of a material liability with respect to a withdrawal by any Obligor or ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations that is treated as such a withdrawal under Section 4062(e) of ERISA with respect to a Pension Plan; (c) the incurrence of a material liability with respect to either (i) the complete or partial withdrawal by any Obligor or ERISA Affiliate from a Multiemployer Plan, or (ii) the receipt by an Obligor or ERISA Affiliate of notification with respect to

withdrawal liability for a Multiemployer Plan or that a Multiemployer Plan is insolvent (within the meaning of Section 4245 of ERISA) or in "reorganization" (within the meaning of Title IV of ERISA); (d) the receipt by any Obligor or any ERISA Affiliate from the PBGC or a plan administrator of any notice of an intent to terminate any Plan or Plans or to appoint a trustee to administer any Plan or Multiemployer Plan or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) any Obligor or ERISA Affiliate fails to satisfy the minimum funding standard (as contemplated in Section 412 and 430 of the Code or Section 303 or 304 of ERISA) with respect to any Pension Plan or Multiemployer Plan, or requests a minimum funding waiver; or (f) the imposition of any material liability under Title IV of ERISA, with respect to the termination of any Pension Plan or withdrawal by any Obligor or any ERISA Affiliate from any Multiemployer Plan, upon any Obligor or ERISA Affiliate.

Event of Default: as defined in **Section 11.1**.

Excluded Assets: means:

(a) voting Equity Interests in any Foreign Subsidiary, to the extent (but only to the extent) required to prevent the Collateral from including more than 65% of all voting Equity Interests in such Foreign Subsidiary;

(b) any interest in a joint venture or non-wholly owned Subsidiary to the extent and for so long as the attachments of security interest created hereby therein would violate any joint venture agreement, Organic Documents, shareholders agreement or equivalent agreement relating to such joint venture or Subsidiary;

(c) any rights of an Obligor in any contract, license, right or other agreement if under the terms thereof, or any Applicable Law with respect thereto, the valid grant of a security interest therein to Administrative Agent is prohibited and such prohibition has not been waived or the consent of the other party to such contract or license has not been obtained or, under Applicable Law, such prohibition cannot be waived, provided however that the "Excluded Assets" shall not be interpreted (i) to apply to any contract, license, right or other agreement to the extent the applicable prohibition is ineffective or unenforceable under the UCC (including Sections 9-406 through 9-409 or any other Applicable Law), or (ii) so as to limit, impair or otherwise affect Administrative Agent's unconditional continuing security interest in and Lien upon any rights or interests of such Obligor in or to moneys due or to become due under any such contract, license, right or other agreement (including any Accounts);

(d) any intent-to-use trademark application to the extent that, and solely during the period in which, the grant of a security interest therein to Administration Agent would impair the validity or enforceability of such intent-to-use trademark application or the trademark that is the subject of such application under federal law;

(e) motor vehicles the perfection of a security interest in which is excluded from the UCC in the relevant jurisdiction;

(f) any Equipment or Real Estate that is subject to, or secured by, Debt or a Capital Lease permitted under clause (f) or (g) of **Section 10.2.1**, provided that the terms of such indebtedness (or of the Lien securing such indebtedness) prohibit the existence of a junior Lien on the applicable property and that, immediately upon the ineffectiveness, lapse or termination of any such restriction, such property will cease to be an Excluded Asset;

(g) any Exempted Deposit Account; and

(h) other Property with respect to which Administrative Agent may determine from time to time that the cost of obtaining a Lien thereon exceeds the benefits of obtaining such a Lien.

Excluded Tax: with respect to any Recipient, (a) income or franchise Taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such Recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits Taxes imposed by the United States of America or any similar Tax imposed by any other jurisdiction described in clause (a) above, (c) any withholding tax that (i) is imposed on amounts payable to such Recipient at the time such Recipient becomes a party to this Agreement (other than, for purposes of this clause (c)(i), an assignee pursuant to **Section 12.11** and, in such case, only to the extent that such assignee receives its interests, rights and obligations under this Agreement pursuant to **Section 12.11**), (ii) is imposed on amounts payable to such Recipient at the time such Recipient designates a new Lending Office or (iii) is attributable to such Recipient's failure or inability (other than as a result of a Change in Law) to comply with **Section 5.11**, except, in cases described in clauses (i) and (ii), to the extent that such Recipient (or its assignor, if any) was entitled, at the time of such assignment or designation of a new Lending Office, to receive additional amounts from the Borrower with respect to such withholding Tax pursuant to **Section 5.10.1**.

Exempted Deposit Account: a Deposit Account the balance of which consists exclusively of (a) withheld income taxes and federal, state, local and foreign employment taxes in such amounts as are required in the reasonable judgment of any Borrower to be paid to the IRS or any other applicable Governmental Authority within the following three (3) months with respect to employees of any Obligor and (b) amounts required to be paid over to an employee benefit plan pursuant to DOL Reg. Sec. 2510.3-102 or any Foreign Plan on behalf of or for the benefit of employees of one or more Obligors.

Exempted Disaster Disbursement Account: each checking and/or disbursement account of Spectrum and Subsidiaries established solely for the purpose of emergency disbursements in the event of a system failure, a natural disaster or similar event.

Exempted Disbursement Account: each checking and/or disbursement account of Spectrum and Subsidiaries for their general corporate purposes, including for the purpose of paying their trade payables and other operating expenses.

Existing Credit Agreement: means that certain Credit Agreement dated as of August 28, 2009, among Spectrum, certain Subsidiaries of Spectrum party thereto, General Electric Capital Corporation, in its capacity as administrative agent, co-collateral agent, swingline lender, and supplemental loan lender, Bank of America, in its capacity as co-collateral agent and L/C Issuer (as defined therein), RBS Asset Finance, Inc., through its division RBS Business Capital, as syndication agent, and the Existing Lenders, as the same may be amended, restated, modified, or supplemented from time to time prior to the Closing Date.

Existing Credit Documents: means the Existing Credit Agreement and all other instruments, agreements and other documents executed and delivered thereunder or in connection therewith.

Existing Credit Facilities: the credit facilities of Spectrum, Russell Hobbs and their respective subsidiaries that are listed on **Schedule 1.1(c)**.

Existing Lenders: means the "Lenders" under and as defined in the Existing Credit Agreement.

Existing Letters of Credit: as defined in **Section 2.2.4**.

Extraordinary Expenses: without duplication, all costs, expenses or advances that Administrative Agent may incur during a Default or Event of Default, or during the pendency of an Insolvency Proceeding of an Obligor, including those relating to (a) except as provided in **Section 10.1.1**, any audit, inspection, repossession, storage, repair, appraisal, insurance, manufacture, preparation or advertising for sale, sale, collection, or other preservation of or realization upon any Collateral; (b) any action, arbitration or other proceeding (whether instituted by or against Administrative Agent, any Lender, any Obligor, any representative of creditors of an Obligor or any other Person) in any way relating to any Collateral (including the validity, perfection, priority or avoidability of Administrative Agent's Liens with respect to any Collateral), Loan Documents, Letters of Credit or Obligations, including any lender liability or other Claims; (c) the exercise, protection or enforcement of any rights or remedies of Administrative Agent in, or the monitoring of, any Insolvency Proceeding; (d) settlement or satisfaction of any taxes, charges or Liens with respect to any Collateral; (e) any Enforcement Action; (f) negotiation and documentation of any modification, waiver, workout, restructuring or forbearance with respect to any Loan Documents or Obligations; and (g) Protective Advances. Such costs, expenses and advances include transfer fees, storage fees, insurance costs, permit fees, utility reservation and standby fees, legal fees (limited to the fees, charges and disbursements of lead counsel to Administrative Agent in connection with the Loan Documents (currently Parker Hudson Rainer & Dobbs LLP), and no more than one counsel in each jurisdiction where Collateral is located or where any Insolvency Proceeding with respect to any Obligor is pending and, in connection with any Enforcement Action, the fees, charges and disbursements of any other counsel to Administrative Agent and counsels to Lenders), appraisal fees, brokers' fees and commissions, auctioneers' fees and commissions, accountants' fees, environmental study fees, wages and salaries paid to employees of any Obligor or independent contractors in liquidating any Collateral, and travel expenses, but excluding compensation paid to employees (including inside legal counsel who are employees) of any Agent or any Lender.

Factoring Documents: collectively, any factoring agreement or accounts receivable purchase agreement, service agreement and all other related documents and instruments entered into among, or executed by, Spectrum or any Subsidiary, a Qualified Account Debtor and/or a Qualified Factor in connection with the relevant Qualified Factoring Program, on terms and conditions generally consistent with similar arrangements established by such Qualified Account Debtor for its other suppliers in the same or similar business as Spectrum or such Subsidiary under such Qualified Factoring Program or otherwise reasonably satisfactory to Administrative Agent, in each case of the foregoing, as amended, supplemented or otherwise modified from time to time in a manner not materially adverse to the interests of the Lenders.

Factoring Transaction Assets: in connection with any Permitted Factoring Transaction, Accounts owing by the applicable Account Debtor, together with all proceeds thereof (including "proceeds" as defined in the UCC) and all rights of the seller of such Accounts to enforce such rights to reimbursement constituting such Accounts.

Federal Funds Rate: (a) the weighted average of interest rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers on the applicable Business Day (or on the preceding Business Day, if the applicable day is not a Business Day), as published by the Federal Reserve Bank of New York on the next Business Day; or (b) if no such rate is published on the next Business Day, the average rate (rounded up, if necessary, to the nearest 1/8 of 1%) charged to Bank of America on the applicable day on such transactions, as determined by Administrative Agent.

Fee Letter: the fee letter agreement among Administrative Agent, Lead Arrangers and Borrowers.

Financial Covenant Trigger Event: any date on which Availability is less than the greater of (i) 15% of the lesser of (A) the Formula Amount on such date or (B) the aggregate Revolver Commitments on such date, or (ii) $40,000,000.

Financial Covenant Trigger Event Deactivation Date: following the occurrence of a Financial Covenant Trigger Event, the date on which (a) Availability calculated for the immediately preceding consecutive 60-day period (such period to begin after the Closing Date) is equal to or greater than the greater of (i) 15% of the lesser of (A) the Formula Amount on such date or (B) the aggregate Revolver Commitments, or (ii) $40,000,000, (b) no Default or Event of Default exists, and (c) Availability on such date is equal to or greater than the greater of (i) 15% of the lesser of (A) the Formula Amount on such date or (B) the aggregate Revolver Commitments, or (ii) $40,000,000.

Financial Officer: of any Person, the chief financial officer, principal accounting officer, treasurer or controller of such Person.

Fiscal Month: as defined in the definition of "Fiscal Quarter". The first day of each Fiscal Month beginning after the Closing Date through the Fiscal Month ending on or about September 30, 2011 is listed on **Schedule 1.1(e)**.

Fiscal Quarter: each period of three (3) consecutive fiscal months consisting of, in turn, four, four and five calendar weeks (each such fiscal month of a fiscal quarter, a "Fiscal Month"), with the first such quarter as a Fiscal Year commencing on October 1.

Fiscal Year: the fiscal year of Spectrum and Subsidiaries for accounting and tax purposes, ending on September 30 of each year.

Fixed Charge Coverage Ratio: the ratio, determined on a consolidated basis for Borrowers and Subsidiaries for any applicable fiscal period, of (a) Consolidated EBITDA minus Capital Expenditures (except those financed with Borrowed Money other than Revolver Loans) and cash taxes paid, to (b) Fixed Charges.

Fixed Charges: for any period, the sum of Consolidated Interest Expense (other than payment-in-kind), scheduled principal payments made or required to be made on Borrowed Money, and Distributions made (other than a Distribution made by a subsidiary to a Borrower).

FLSA: the Fair Labor Standards Act of 1938.

Foreign Lender: any Lender that is not a United States person within the meaning of Section 7701(a)(3) of the Code.

Foreign Plan: any employee defined benefit pension plan or arrangement (a) maintained or contributed to by any Borrower or any subsidiary of a Borrower that is not subject to the laws of the United States; or (b) mandated by a government other than the United States for employees of any Borrower or any subsidiary of a Borrower.

Foreign Subsidiary: a Subsidiary that is a "controlled foreign corporation" under Section 957 of the Code.

Formula Amount: on any date of determination thereof an amount equal to (a) the sum of the Accounts Formula Amount on such date plus (b) the Inventory Formula Amount on such date, minus (c) the Availability Reserve (excluding the LC Reserve) on such date.

Full Payment: with respect to any Obligations (other than any indemnification not due and payable when all of the Obligations have been paid in full and the Revolver Commitments have been terminated), (a) the full and indefeasible cash payment thereof, including any interest, fees and other charges accruing during an Insolvency Proceeding (whether or not allowed in the proceeding); (b) if such Obligations are LC Obligations or inchoate or contingent in nature as described in clauses (b) and (c) of

the definition of "Cash Collateralize," Cash Collateralization thereof (or delivery of a standby letter of credit acceptable to Administrative Agent in its reasonable discretion, in the amount of required Cash Collateral); and (c) a release of any Claims of Obligors against Administrative Agent, Lenders and Issuing Bank arising on or before the payment date. No Loans shall be deemed to have been paid in full until all Revolver Commitments related to such Loans have expired or been terminated.

GAAP: generally accepted accounting principles in effect in the United States of America in effect from time to time.

General Intangibles: as defined in the UCC, including choses in action, causes of action, company or other business records, inventions, blueprints, designs, patents, patent applications, trademarks, trademark applications, trade names, trade secrets, service marks, goodwill, brand names, copyrights, registrations, licenses, franchises, customer lists, permits, tax refund claims, computer programs, operational manuals, internet addresses and domain names, insurance refunds and premium rebates, all rights to indemnification, and all other intangible Property of any kind.

Goods: as defined in the UCC.

Governmental Approvals: all authorizations, consents, approvals, licenses and exemptions of, registrations and filings with, and required reports to, all Governmental Authorities.

Governmental Authority: any federal, state, municipal, foreign or other governmental department, agency, commission, board, bureau, court, tribunal, instrumentality, political subdivision, or other entity or officer exercising executive, legislative, judicial, regulatory or administrative functions for or pertaining to any government or court, in each case whether associated with the United States, a state, district or territory thereof, or a foreign entity or government.

Government Official: as defined in **Section 9.1.27**.

Guaranteed Obligations: all obligations guaranteed by a Guarantor pursuant to its respective Guaranty.

Guarantor Payment: as defined in **Section 5.12.3**.

Guarantors: as defined in the introductory paragraph to this Agreement and each other Person who guarantees payment or performance of any Obligations, whether pursuant to **Section 10.1.9** or otherwise.

Guaranty: each guaranty agreement now or hereafter executed by a Guarantor in favor of Administrative Agent and Lenders.

Hazardous Materials: (a) any petroleum products or byproducts and all other hydrocarbons, coal ash, radon gas, asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls, chlorofluorocarbons and all other ozone-depleting substances and (b) any chemical, material, substance or waste that is prohibited, limited or regulated by or pursuant to any Environmental Law.

Hedging Agreement: any interest rate protection agreement, foreign currency exchange agreement, commodity price protection agreement or other interest or currency exchange rate or commodity price hedging arrangement, excluding spot foreign exchange transactions.

Hobbs/Spectrum Acquisition: as defined in the recitals to this Agreement.

Holdings: as defined in the introductory paragraph to this Agreement.

Inactive Subsidiary: any Subsidiary that (a) does not conduct any business operations, (b) when taken together with all other Subsidiaries so designated, does not have assets with a fair market value in the aggregate in excess of 1.50% of the Consolidated Net Tangible Assets and (c) does not have any Debt outstanding.

Increasing Lender: as defined in **Section 2.1.8(c)**.

Indemnified Taxes: Taxes other than Excluded Taxes.

Indemnitees: Agent Indemnitees, Lender Indemnitees, Issuing Bank Indemnitees and Bank of America Indemnitees.

Insolvency Proceeding: any case or proceeding commenced by or against a Person under any state, federal or foreign law for, or any agreement of such Person to, (a) the entry of an order for relief under the Bankruptcy Code, or any other insolvency, debtor relief, bankruptcy, receivership, debt adjustment law; (b) the appointment of a receiver, trustee, liquidator, administrator, conservator or other custodian for such Person or any part of its Property; (c) an assignment or trust mortgage for the benefit of creditors; or (d) the liquidation, dissolution, or winding up of the affairs of such Person.

Instrument: as defined in the UCC.

Insurance Assignment: each collateral assignment of insurance pursuant to which an Obligor assigns to Administrative Agent, for the benefit of Secured Parties, such Obligor's rights under key man life, business interruption, or other insurance policies as Administrative Agent deems appropriate, as security for the Obligations.

Intellectual Property: all intellectual and similar Property of a Person, including inventions, designs, patents, copyrights, trademarks, service marks, trade names, trade secrets, confidential or proprietary information, customer lists, know-how, software and databases; all embodiments or fixations thereof and all related documentation, applications, registrations and franchises; all licenses or other rights to use any of the foregoing; and all books and records relating to the foregoing.

Intellectual Property Claim: any claim or assertion (whether in writing, by suit or otherwise) that Spectrum's or any Subsidiary's ownership, use, marketing, sale or distribution of any Inventory, Equipment, Intellectual Property or other Property violates another Person's Intellectual Property.

Intercompany Loan: a debt owed at any time by an Obligor to another Obligor, whether resulting from an extension of credit or otherwise, whether secured or unsecured, and irrespective of the currency in which such debt is owed.

Intercreditor Agreements: the ABL Intercreditor Agreement and the Collateral Trust Agreement.

Interest Period: as defined in **Section 3.1.3**.

Inventory: as defined in the UCC, including all Goods intended for sale, lease, display or demonstration; all work in process; and all raw materials, and other materials and supplies of any kind that are or could be used in connection with the manufacture, printing, packing, shipping, advertising, sale, lease or furnishing of such Goods, or otherwise used or consumed in an Obligor's business (but excluding Equipment).

Inventory Formula Amount: the sum of (a) the lesser of (i) 80% of the Value of Eligible Inventory, or (ii) 85% of the NOLV Percentage of the Value of Eligible Inventory, plus (b) the lesser of (i) $30,000,000 or (ii) the lesser of (x) 80% of the Value of Eligible In-Transit Inventory or (y) 85% of the NOLV Percentage of the Value of Eligible In-Transit Inventory.

Inventory Reserve: without duplication of any other reserves or items that are otherwise addressed or excluded through eligibility criteria, reserves established by Administrative Agent to reflect factors that may negatively impact the Value of Inventory, including change in salability, obsolescence, seasonality, theft, shrinkage, imbalance, change in composition or mix, markdowns and vendor chargebacks.

Investment: any Acquisition or any advance or capital contribution to or other investment in a Person.

Investment Property: as defined in the UCC.

IRS: the United States Internal Revenue Service or any successor agency thereto.

Issuing Bank: Bank of America or an Affiliate of Bank of America.

Issuing Bank Indemnitees: Issuing Bank and its officers, directors, employees, Affiliates, agents and attorneys.

LC Application: an application by Borrower Agent to Issuing Bank for issuance of a Letter of Credit, in form and substance satisfactory to Issuing Bank.

LC Conditions: the following conditions necessary for issuance of a Letter of Credit: (a) each of the conditions set forth in **Section 6.1** (with respect to Letters of Credit to be issued on the Closing Date) or **Section 6.2** (with respect to Letters of Credit to be issued after the Closing Date) has been and continues to be satisfied, including the absence of any Default or Event of Default; (b) after giving effect to such issuance, total LC Obligations do not exceed the Letter of Credit Subline, no Overadvance exists and, if no Revolver Loans are outstanding, the LC Obligations do not exceed the Borrowing Base (without giving effect to the LC Reserve for purposes of this calculation); (c) such Letter of Credit has an expiration date that is (i) no more than three hundred sixty-five (365) days from the date of issuance in the case of standby Letters of Credit, and (ii) no more than one hundred and fifty (150) days from the date of issuance in the case of documentary Letters of Credit and, in either event, such expiration date is at least thirty (30) Business Days prior to the last Business Day of the Revolver Termination Date unless Borrowers shall Cash Collateralize such Letter of Credit or otherwise agreed by Administrative Agent in its discretion; and (d) the form of the proposed Letter of Credit is satisfactory to Administrative Agent and Issuing Bank in their reasonable discretion, provides for sight drafts only and does not contain any language that automatically increases the amount available to be drawn under the Letter of Credit.

LC Documents: all documents, instruments and agreements (including LC Requests and LC Applications) delivered by Borrowers or any other Person to Issuing Bank in connection with the issuance, amendment or renewal of, or payment under, any Letter of Credit.

LC Obligations: on any date, an amount equal to the sum of (without duplication) (a) all amounts then due and payable by any Obligor on such date by reason of any payment that is made by Issuing Bank under a Letter of Credit issued pursuant to this Agreement and that has not been repaid to Issuing Bank (after giving effect to reimbursement by means of a Borrowing of a Revolving Loan pursuant to **Section 2.2.2(a)**), plus (b) the aggregate Undrawn Amount of all Letters of Credit which are issued pursuant to this Agreement for the account of a Borrower and which are then outstanding or for which an LC Application has been delivered to and accepted by Issuing Bank, plus (c) all fees which are then due or to become due and payable by Borrowers with respect to outstanding Letters of Credit issued pursuant to this Agreement; provided, however, when used (A) as a component of the term LC Obligations as used in the definition of Cash Collateralize, and (B) in the definition of Revolver Exposure, the term LC Obligations shall not be deemed to include amounts described in clause (c) above.

LC Request: a request for issuance of a Letter of Credit, to be provided by Borrower Agent to Issuing Bank, in the form from time to time in use by Issuing Bank.

LC Reserve: a reserve with respect to Borrowers in the amount of the LC Obligations (excluding any portion thereof that Borrowers shall Cash Collateralize).

Lead Arrangers: collectively, BAS, Credit Suisse Securities, and Deutsche Bank Securities.

Lender Indemnitees: Lenders and their officers, directors, employees, Affiliates, agents and attorneys.

Lenders: as defined in the introductory paragraph to this Agreement, including Administrative Agent in its capacity as a provider of Swingline Loans, and any other Person who hereafter becomes a "Lender" pursuant to an Assignment and Acceptance.

Lending Office: the office designated as such by the applicable Lender at the time it becomes party to this Agreement or thereafter by notice to Administrative Agent and Borrower Agent.

Letter of Credit: any standby or documentary letter of credit issued by Issuing Bank for the account of a Borrower, or any indemnity, guarantee, exposure transmittal memorandum or similar form of credit support issued by Administrative Agent or Issuing Bank for the benefit of a Borrower in connection with this Agreement.

Letter of Credit Subline: $65,000,000, including the Existing Letters of Credit.

LIBOR: for any Interest Period with respect to a LIBOR Loan, the per annum rate of interest (rounded up, if necessary, to the nearest 1/8th of 1%), determined by Administrative Agent at approximately 11:00 a.m. (London time) two (2) Business Days prior to the commencement of such Interest Period, for a term comparable to such Interest Period, equal to (a) the British Bankers Association LIBOR Rate ("BBA LIBOR"), as published by Reuters (or other commercially available source designated by Administrative Agent); or (b) if BBA LIBOR is not ascertainable pursuant to the foregoing provisions of this definition, LIBOR shall be the interest rate per annum determined by Administrative Agent to be the average of the rates per annum at which deposits in Dollars are offered by Administrative Agent for such relevant Interest Period to major banks in the London interbank market in London, England at approximately 11:00 a.m. (London time) on the date that is two (2) Business Days prior to the beginning of such Interest Period. If the Board of Governors imposes a Reserve Percentage with respect to LIBOR deposits, then LIBOR shall be the foregoing rate, divided by one (1) minus the Reserve Percentage.

LIBOR Loan: each set of LIBOR Revolver Loans having a common length and commencement of Interest Period.

LIBOR Revolver Loan: a Revolver Loan that bears interest based on LIBOR.

License: any license or agreement under which an Obligor is authorized to use Intellectual Property in connection with any manufacture, marketing, distribution or disposition of Collateral, any use of Property or any other conduct of its business.

Licensor: any Person from whom an Obligor obtains the right to use any Intellectual Property.

Lien: with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

Lien Waiver: an agreement, in form and substance reasonably satisfactory to Administrative Agent, by which (a) for any Collateral located on leased premises, the lessor waives or subordinates any Lien it may have on such Collateral, and agrees to permit Administrative Agent to enter upon the premises and remove such Collateral or to use the premises to store or dispose of such Collateral; (b) for any Collateral held by a warehouseman or processor, such Person waives or subordinates any Lien it may have on such Collateral, and agrees to hold any Documents in its possession relating to such Collateral as agent for Administrative Agent, and agrees to permit Administrative Agent to enter upon the premises and remove such Collateral or to use the premises to store or dispose of such Collateral; (c) for any Collateral held by a shipper, customs broker or freight forwarder, such Person waives or subordinates any Lien it may have on such Collateral, agrees to hold any Documents in its possession relating to such Collateral as agent for Administrative Agent, and agrees to deliver such Collateral to Administrative Agent upon reasonable request; (d) for any Collateral held by a repairman, mechanic or bailee, such Person acknowledges Administrative Agent's Lien, waives or subordinates any Lien it may have on the Collateral and permit Administrative Agent to enter upon such premises and remove such Collateral or to use the premises to store or dispose of the Inventory; and (e) for any Collateral subject to a Licensor's Intellectual Property rights, the Licensor grants to Administrative Agent the right, vis-à-vis such Licensor, to enforce Administrative Agent's Liens with respect to the Collateral, including the right to dispose of it with the benefit of the Intellectual Property, whether or not a default exists under any applicable License.

Loan: a Revolver Loan.

Loan Account: the loan account established by each Lender on its books pursuant to **Section 5.9**.

Loan Documents: this Agreement, Other Agreements and Security Documents.

Loan Year: each twelve (12) month period commencing on the Closing Date and on each anniversary of the Closing Date.

Margin Stock: as defined in Regulation U of the Board of Governors.

Material Adverse Effect: (a) a materially adverse effect on the business, assets, liabilities, operations, financial condition, operating results of Spectrum and Subsidiaries, taken as a whole, (b) a material impairment of the ability of Spectrum or any other Obligor to perform any of its obligations under any Loan Document to which it is or will be a party, or (c) a material impairment of the rights and remedies of or benefits available to the Lenders under any Loan Document.

Material Contract: any agreement or arrangement to which Spectrum or a Subsidiary is a party (other than the Loan Documents) (a) that is deemed to be a material contract under any securities law applicable to such Obligor, including the Securities Act of 1933; (b) for which breach, termination, nonperformance or failure to renew could reasonably be expected to have a Material Adverse Effect; or (c) that relates to Subordinated Debt or Material Debt.

Material Debt: Debt (other than the Loans) or obligations in respect of one or more Hedging Agreements, of any one or more of Obligors or their Subsidiaries, in each case, in an aggregate principal amount exceeding $25,000,000. For purposes of determining Material Debt, the "principal amount" of the obligations of any Obligor or any of its Subsidiaries in respect of any Hedging Agreement at any time shall be the Agreement Value of such Hedging Agreement at such time.

Maximum Increase Amount: an amount equal to (a) $100,000,000 less (b) the amount of any additional Senior Term Loan Debt incurred after the Closing Date that arises from Spectrum's election to use all or any portion of the $100,000,000 Commitment Increase under the Senior Term Loan Agreement rather than under this Agreement.

Maximum Indenture Cap: on any date, an amount equal to the sum of Obligations that Borrowers would be permitted to incur under this Agreement on such date under the PIK Indenture without causing a breach or violation of the PIK Indenture as in effect on the Closing Date.

Maximum Revolver Facility Amount: on any date, an amount equal to the lesser of (a) the Revolver Facility Amount, and (b) the Maximum Indenture Cap.

Merger Agreement: as defined in the recitals to this Agreement.

Merger Outside Date: August 12, 2010.

Mergers: as defined in the recitals to this Agreement.

Moody's: Moody's Investors Service, Inc., and its successors.

Mortgage: the mortgages, deeds of trust, modifications and other security documents delivered pursuant to **Section 6.1(c)** or pursuant to **Section 7.3**, each substantially in the form of **Exhibit I** hereto.

Mortgaged Properties: initially, the owned Real Estate of Obligors specified on **Schedule 1.1(d)**, and shall include each other parcel of owned Real Estate and improvements thereto with respect to which a Mortgage is granted pursuant to **Section 7.3** of this Agreement after the Closing Date.

Multiemployer Plan: any employee benefit plan of the type described in Section 4001(a)(3) of ERISA, to which any Obligor or ERISA Affiliate makes or is obligated to make contributions, or during the preceding five plan years, has made or been obligated to make contributions.

Net Proceeds: with respect to any Asset Disposition, the cash proceeds (including (x) cash proceeds subsequently received (as and when received) in respect of noncash consideration initially received, (y) in the case of a casualty, insurance proceeds and (z) in the case of a condemnation or similar event, condemnation awards and similar payments), net of (i) selling expenses (including reasonable broker's fees or commissions, legal fees, transfer and similar taxes and Spectrum's good faith estimate of income taxes paid or payable in connection with such sale), (ii) amounts provided as a reserve, in accordance with GAAP, against any liabilities under any indemnification obligations or purchase price adjustment associated with such Asset Disposition (provided that, to the extent and at the time any such amounts are released from such reserve, such amounts shall constitute Net Proceeds) and (iii) the principal amount, premium or penalty, if any, interest and other amounts on any Borrowed Money which is secured by the asset sold in such Asset Disposition and which is required to be repaid with such proceeds (other than (x) any such Debt assumed by the purchaser of such asset, (y) Debt under the Loan Documents and (z) Debt under the Senior Secured Note Documents); provided, however, that, in connection with a Permitted Asset Disposition of Non-Current Asset Collateral, if (A) Borrower Agent shall deliver a certificate of a Senior Officer to Administrative Agent at the time of receipt thereof setting forth its intent to reinvest such proceeds in productive assets of a kind then used or usable in the business of Spectrum and Subsidiaries within the time period specified in this definition and (B) no Default or Event of Default shall have occurred and shall be continuing, in each case, at the time such proceeds are received by the applicable Obligor, such proceeds shall not constitute Net Proceeds except to the extent not so used (1) within three hundred and sixty-five (365) days following the receipt of such proceeds, at which time such proceeds shall be deemed to be Net Proceeds or (2) if Spectrum or the relevant Subsidiary enters into a legally binding commitment to reinvest such Net Proceeds within three hundred and sixty-five (365) days following the receipt thereof, within one hundred and eighty (180) days following the date of such legally binding commitment.

New Lender: as defined in **Section 2.1.8(c)**.

NOLV Percentage: the net orderly liquidation Value of Inventory, expressed as a percentage, expected to be realized at an orderly, negotiated sale held within a reasonable period of time, net of all liquidation costs and expenses, as determined from the most recent appraisal of Borrowers' Inventory with respect to each product type as referenced in the appraisal performed by an appraiser and on terms satisfactory to Administrative Agent.

Non-Current Asset Collateral: Collateral (other than the Current Asset Collateral) securing obligations in respect of the Non-Revolving Pari Passu Debt (and any guarantees in respect thereof).

Non-Revolving Pari Passu Debt: Debt under the Senior Term Loan Agreement and the Senior Secured Notes Indenture.

Non-Revolving Pari Passu Lenders: the Senior Term Loan Lenders and the Senior Secured Noteholders.

Notes: each Revolver Note or other promissory note executed by a Borrower to evidence any Obligations.

Notice of Borrowing: a Notice of Borrowing to be provided by Borrower Agent to request a Borrowing of Revolver Loans, in form reasonably satisfactory to Administrative Agent.

Notice of Conversion/Continuation: a Notice of Conversion/Continuation to be provided by Borrower Agent to request a conversion or continuation of any Loans as LIBOR Loans, in form reasonably satisfactory to Administrative Agent.

Noticed Hedge: Secured Bank Product Obligations arising under a Hedging Agreement.

Obligations: all (a) principal of and premium, if any, on the Loans, (b) LC Obligations and other obligations of Obligors with respect to Letters of Credit, (c) interest, expenses, fees and other sums payable by Obligors under Loan Documents, (d) obligations of Obligors under any indemnity for Claims, (e) Extraordinary Expenses, (f) Secured Bank Product Obligations, and (g) other Debts, obligations and liabilities of any kind owing by Obligors pursuant to the Loan Documents, whether now existing or hereafter arising, whether evidenced by a note or other writing, whether allowed in any Insolvency Proceeding, whether arising from an extension of credit, issuance of a letter of credit, acceptance, loan, guaranty, indemnification or otherwise, and whether direct or indirect, absolute or contingent, due or to become due, primary or secondary, or joint or several.

Obligor: each Borrower, Guarantor, or other Person that is at any time liable for the payment of the whole or any part of the Obligations or that has granted in favor of Administrative Agent a Lien upon any of any of such Person's assets to secure payment of any of the Obligations.

Ordinary Course of Business: the ordinary course of business of any Obligor or any subsidiary of an Obligor undertaken in good faith (and not for the purpose of evading any provision of this Agreement or any other Loan Document).

Organic Documents: with respect to any Person, its charter, certificate or articles of incorporation, bylaws, articles of organization, limited liability agreement, operating agreement, members agreement, shareholders agreement, partnership agreement, certificate of partnership, certificate of formation, voting trust agreement, or similar agreement or instrument governing the formation or operation of such Person.

OSHA: the Occupational Safety and Hazard Act of 1970.

Other Agreement: each Note, each LC Document, the Fee Letter, each Lien Waiver, the Intercreditor Agreements, Borrowing Base Certificate, Compliance Certificate, or other document, instrument or agreement (other than this Agreement or a Security Document) now or hereafter delivered by an Obligor to Administrative Agent or a Lender in connection with any transactions relating hereto.

Other Taxes: all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made under any Loan Document or from the execution, delivery, registration or enforcement of, or otherwise with respect to, any Loan Document.

Overadvance: as defined in **Section 2.1.6**.

Overadvance Loan: a Base Rate Revolver Loan made when an Overadvance exists or is caused by the funding thereof.

Participant: as defined in **Section 13.2**.

Patent Security Agreement: each patent security agreement pursuant to which an Obligor grants to Administrative Agent, for the benefit of Secured Parties, a Lien on such Obligor's interests in patents and patent applications, as security for the Obligations.

PATRIOT Act: the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Pub. L. No. 107-56, 115 Stat. 272 (2001).

Payment Intangible: shall have the meaning given to the term "payment intangible" in the UCC.

Payment Item: each check, draft or other item of payment payable to an Obligor, including those constituting proceeds of any Collateral.

PBGC: the Pension Benefit Guaranty Corporation.

Pension Plan: any employee pension benefit plan (as such term is defined in Section 3(2) of ERISA), other than a Multiemployer Plan, that is subject to Title IV of ERISA and is sponsored or maintained by any Obligor or ERISA Affiliate or to which the Obligor or ERISA Affiliate contributes or has an obligation to contribute, or in the case of a multiple employer or other plan described in Section 4064(a) of ERISA, has made contributions at any time during the preceding five plan years.

Perfection Certificate: the Perfection Certificate substantially in the form of **Exhibit J** to this Agreement.

Permitted Acquisition: any Acquisition so long as:

(a)(i) Such Acquisition was not preceded by an unsolicited tender offer for such Equity Interests by, or proxy contest initiated by, Holdings, Spectrum or any Subsidiary; (ii) the Person acquired shall be in a similar line of business as that of Obligors and any of their respective subsidiaries permitted under **Section 10.2.15**; and (iii) at the time of such Acquisition, both before and after giving effect thereto, no Default or Event of Default shall have occurred and be continuing;

(b) Obligors shall comply, and shall cause the acquired Person to comply, with the applicable provisions of **Section 10.1.9** and the other Security Documents;

(c) at the time of, and after giving effect to, such proposed Acquisition, Borrowers have Availability of not less than 20% of the lesser of (i) the Formula Amount and (ii) the aggregate amount of the Revolver Commitments on the date of such Acquisition and, on a projected basis, for the immediately following twelve (12)-month period;

(d) Borrowers shall provide Administrative Agent with written confirmation, supported by reasonably detailed calculations, that Spectrum and Subsidiaries maintain a Fixed Charge Coverage Ratio of at least 1.0 to 1.0 for the four (4) Fiscal Quarter period ended immediately prior to the proposed date of consummation of such proposed Acquisition for which the financial statements and certificates required by **Section 10.1.2(a)** or **10.1.2(b)**, as the case may be, or for which comparable financial statements have been filed with the SEC, and on a pro forma basis after giving effect thereto and to any other event occurring after such period as to which pro forma recalculation is appropriate (including any Investment other than a Restricted Investment occurring after such period), as if such event had occurred on the first day of such period, regardless of whether a Financial Covenant Trigger Event has occurred; and

(e) Obligors shall have delivered a certificate of a Senior Officer, certifying as to the foregoing and containing reasonably detailed calculations in support thereof, in form and substance reasonably satisfactory to Administrative Agent.

Notwithstanding any provision of this Agreement to the contrary, in connection with any merger (or other distribution of the assets) of a Subsidiary that is not an Obligor with and into (or to) an Obligor, or any acquisition by an Obligor, whether by purchase of stock, merger, or purchase of assets, and whether in a single transaction or series of related transactions, Administrative Agent shall have the right to determine in its discretion (based on standards and methodologies similar to those applied to Borrowers' then existing Accounts and Inventory to the extent that the Accounts and Inventory so acquired are similar to such then existing Accounts and Inventory), whether any Accounts or Inventory so acquired shall be included in the Borrowing Base (subject to the other applicable provisions of this Agreement). In connection with such determination, Administrative Agent may obtain, at Borrowers' expense, such appraisals, commercial finance exams and other assessments of such Accounts, Inventory and other Collateral as Administrative Agent may deem desirable in its reasonable discretion.

Permitted Asset Disposition: an Asset Disposition that is:

(a) a transfer or disposition of Property by a Subsidiary or an Obligor to an Obligor;

(b) a sale, transfer or other disposition of Inventory in the Ordinary Course of Business;

(c) a sale, transfer or other disposition of Accounts in connection with the compromise, settlement or collection thereof, in each case, in the Ordinary Course of Business, and so long as the proceeds thereof are remitted to Administrative Agent for application to the Obligations during any Cash Dominion Period and provided that, if an Event of Default has occurred and is continuing, Administrative Agent has not delivered to Borrowers written notice that Obligors shall not make any such sale, transfer or other disposition with respect to Accounts;

(d) the transfer of Property that is the subject of a casualty or condemnation event;

(e) a transfer or disposition of Factoring Transaction Assets by any Borrower or Subsidiary in connection with a Permitted Factoring Transaction;

(f) other dispositions expressly authorized by other provisions of the Loan Documents; or

(g) a sale, transfer or other disposition of any Non-Current Asset Collateral or assets of Foreign Subsidiaries so long as (i) such sale, transfer or other disposition is permitted by Section 6.05 of the Senior Term Loan Agreement and Section 4.12 of the Senior Secured Note Indenture, in each case, as in effect on the date hereof, (ii) all Net Proceeds are remitted to Administrative Agent, provided that, subject to the ABL Intercreditor Agreement, such Net Proceeds may be retained by the applicable Obligor for investment or remitted to the Term/Notes Secured Parties in accordance with the Collateral Trust Agreement as in effect on the date hereof, and (iii) with respect to a sale of Non-Current Asset Collateral with a fair market value exceeding $5,000,000, Borrower Agent shall have delivered a certificate of a Senior Officer, certifying as to the foregoing and containing reasonably detailed calculations in support thereof, in form and substance reasonably satisfactory to Administrative Agent.

Permitted Debt Prepayment: the prepayment of any Debt (other than pursuant to a full refinancing by means of Refinancing Debt, which shall be subject to the Refinancing Conditions) so long as, at the time of and after giving effect to such prepayment, no Default or Event of Default exists or would result from the making of the proposed prepayment, and either:

(a) (i) Spectrum and its consolidated Subsidiaries have a Fixed Charge Coverage Ratio of at least 1.1 to 1.0 for the four (4) fiscal quarter period ended immediately prior to the proposed date of such proposed prepayment for which the financial statements required by **Section 10.1.2(a)** or **10.1.2(b)**, as the case may be, or for which comparable financial statements have been filed with the SEC, and on a pro forma basis after giving effect to such prepayment and to any other event occurring after such period as to which pro forma recalculation is appropriate (including any other Permitted Debt Prepayment), as if such event had occurred as of the first day of such period, regardless of whether a Financial Covenant Trigger Event has occurred; and (ii) Borrowers have Availability of not less than 25% of the lesser of (A) the Formula Amount and (B) the aggregate Revolver Commitments on the date of such prepayment, after giving effect to such prepayment and, on a projected basis, for the following twelve (12) month period; or

(b) Borrowers have Availability of not less than 50% of the lesser of (i) the Formula Amount and (ii) the aggregate Revolver Commitments on the date of such prepayment, after giving effect to such prepayment.

Permitted Distribution: any Distribution so long as, at the time of and after giving effect to such Distribution:

(a) Spectrum and its consolidated Subsidiaries have a Fixed Charge Coverage Ratio of at least 1.2 to 1.0 for the four (4) Fiscal Quarter period ended immediately prior to the proposed date of such Distribution for which the financial statements required by **Section 10.1.2(a)** or **10.1.2(b)**, as the case may be, or for which comparable financial statements have been filed with the SEC, and on a pro forma basis after giving effect to such Distribution and to any other event occurring after such period as to which pro forma recalculation is appropriate (including any other Permitted Distribution), as if such event had occurred as of the first day of such period, regardless of whether a Financial Covenant Trigger Event has occurred;

(b) Borrowers have Availability of not less than 25% of the lesser of (i) the Formula Amount and (ii) the aggregate Revolver Commitments on the date of such prepayment, after giving effect to such prepayment and, on a projected basis, for the following twelve (12) month period; and

(c) no Default or Event of Default exists or would result from the making of the proposed Distribution.

Permitted Factoring Transaction: a transaction entered in the Ordinary Course of Business by Spectrum or any Subsidiary under a Qualified Factoring Program and pursuant to which Spectrum or such Subsidiary agrees to assign to a Qualified Factor its right, title and interest in and to all or a portion of Spectrum's or such Subsidiary's Accounts owing from a Qualified Account Debtor, provided that, in connection therewith, all of the following conditions are satisfied as reasonably determined by Administrative Agent: (i) Spectrum or the applicable Subsidiary provides written notice to Administrative Agent of its intent to enter into such factoring transaction not less than ten (10) Business Days prior to execution of the definitive documentation relating thereto and, promptly after the execution thereof, provides to Administrative Agent copies of all Factoring Documents executed or delivered in connection therewith; (ii) pursuant to the applicable Factoring Documents, Spectrum or such Subsidiary does not grant (and the Qualified Factor does not otherwise obtain) any Liens on any Collateral other than Factoring Transaction Assets arising from Spectrum's or such Subsidiary's sale of Inventory or provision of services to the applicable Qualified Account Debtor; (iii) prior to the sale of any Accounts to the Qualified Factor, to the extent requested, Administrative Agent shall have received an intercreditor agreement duly executed by the Qualified Factor, providing for Lien priorities not violative of the Loan Documents and an agreement by the Qualified Factor, upon written instruction of Administrative Agent (not to be exercised by Administrative Agent in the absence of a Cash Dominion Period), to remit proceeds of sales of factored Accounts directly to Administrative Agent, and containing such other terms to which Administrative Agent may consent (such consent not to be unreasonably withheld); (iv) no Event of Default has occurred and is continuing at the time of Spectrum's or the applicable Subsidiary's execution of the applicable Factoring Documents or (unless Administrative Agent otherwise provides its prior written consent) at the time of any sale of Accounts pursuant to such Qualified Factoring Program, and no Event of Default would occur as a result thereof; (v) the applicable Factoring Documents establish procedures to ensure that payments and other proceeds of the factored Accounts owing by the Qualified Account Debtor are not commingled with other Property of Spectrum or such Subsidiary; and (vi) any Borrowing Base Certificate delivered to Administrative Agent after Spectrum or such Subsidiary has executed the applicable Factoring Documents shall reflect all Accounts owing by the Qualified Account Debtor as ineligible Accounts.

Permitted Lien: as defined in **Section 10.2.2**.

Permitted Specified Refinancing: with respect to the PIK Notes, any modification, refinancing, refunding, renewal or extension of such Debt to the extent (a) the principal amount of such Debt is not increased except by an amount equal to any unpaid accrued interest and premium (including applicable prepayment premium) thereon plus costs and expenses incurred therewith, (b) neither the final maturity nor the weighted average life to maturity of such Debt is decreased, (c) such Debt constitutes senior unsecured Debt of the relevant Obligors, (d) the obligors in respect of such Debt remain the only obligors thereon except that Holdings may Guarantee such refinancing Debt on an unsecured basis, and (e) at the time of such transaction after giving effect thereto, Spectrum would be in compliance with the leverage ratio condition set forth in Section 6.09(b)(i) of the Senior Term Loan Agreement with respect thereto.

Person: any individual, corporation, limited liability company, partnership, joint venture, joint stock company, land trust, business trust, unincorporated organization, Governmental Authority or other entity.

PIK Indenture: that certain Indenture dated as of August 28, 2009, among Spectrum, the guarantors party thereto, and U.S. Bank National Association, as trustee, as amended by that certain Supplemental Indenture dated as of March 15, 2010, pursuant to which the PIK Notes were issued.

PIK Notes: those certain 12% Senior Subordinated Toggle Notes due 2019 issued pursuant to the PIK Indenture.

PIK Notes Documents: shall mean the PIK Indenture and all other instruments, agreements and other documents evidencing or governing the PIK Notes or providing for any Guarantee or other right in respect thereof.

Plan: means any Pension Plan or Multiemployer Plan.

Pledge Agreement: each pledge agreement from an Obligor pledging to Administrative Agent as security for the Obligations the Equity Interests of any Person held by such Obligor.

Prime Rate: the rate of interest announced by Bank of America from time to time as its prime rate. Such rate is set by Bank of America on the basis of various factors, including its costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such rate. Any change in such rate announced by Bank of America shall take effect at the opening of business on the day specified in the public announcement of such change.

Pro Rata: with respect to any Lender, a percentage (carried out to the ninth decimal place) determined (a) while Revolver Commitments are outstanding, by dividing the amount of such Lender's Revolver Commitment by the aggregate amount of all Revolver Commitments; and (b) at any other time, by dividing the amount of such Lender's Loans and LC Obligations by the aggregate amount of all outstanding Loans and LC Obligations.

Proceeds: shall mean and include "proceeds" as defined in the UCC.

Properly Contested: with respect to any obligation of an Obligor or any of its Subsidiaries, (a) the obligation is being properly contested in good faith by appropriate proceedings promptly instituted and diligently pursued; (b) appropriate reserves have been established in accordance with GAAP and (c) no Lien (other than a statutory Lien for Taxes not yet due) is imposed on assets of the Obligor or such Subsidiary, unless bonded and stayed to the satisfaction of Administrative Agent, or, in the case of any Lien arising out of Tax matters, is junior to the Liens of Administrative Agent.

Property: any interest in any kind of property or asset, whether real, personal or mixed, or tangible or intangible.

Protective Advances: as defined in **Section 2.1.7**.

Qualified Account Debtor: an Account Debtor that is a retailer of national standing specified in **Schedule 1.1(f)** or otherwise reasonably acceptable to Administrative Agent.

Qualified Factor: each bank or other financial institution set forth in **Schedule 1.1(f)**, or any other bank or financial institution reasonably satisfactory to Administrative Agent.

Qualified Factoring Program: a factoring program sponsored by a Qualified Account Debtor in partnership with one or more Qualified Factors, under which each participating supplier of such Qualified Account Debtor may in its sole discretion sell, convey, transfer or assign from time to time, on a non-recourse basis, all or a portion of its Factoring Transaction Assets to such Qualified Factor(s) on mutually-agreed terms and conditions.

RCRA: the Resource Conservation and Recovery Act (42 U.S.C. §§ 6991-6991i).

Real Estate: all right, title and interest (whether as owner, lessor or lessee) in any real Property or any buildings, structures, parking areas or other improvements thereon.

Receivable Records: all records and documents evidencing or relating to any of the Receivables, including invoices, purchase orders, delivery receipts, waybills, payment records, receivable agings and other like documents, whether or not in written or electronic format or in any other medium.

Receivables: (a) all Accounts (and related Supporting Obligations), and (b) all other rights to payment arising from services rendered or from the sale, lease, use or other disposition of Inventory or Documents, whether such rights to payment constitute Payment Intangibles, Letter-of-Credit Rights, Supporting Obligations or any other classification of property, or are evidenced in whole or in part by Instruments, Chattel Paper or Documents.

Recipient: Administrative Agent, any Lender, Issuing Bank or any other recipient of a payment to be made by or on account of any Obligation.

Refinancing Conditions: the following conditions for Refinancing Debt: (a) it is in an aggregate principal amount (or accreted value, if applicable) that does not exceed the principal amount of the Debt being extended, renewed or refinanced except by an amount equal to any unpaid accrued interest and premium (including applicable prepayment premium) thereon, plus fees and expenses incurred therewith; (b) it has a final maturity no sooner than, and a weighted average life no less than, the Debt being extended, renewed or refinanced; (c) if the Debt being refinanced is subordinated to the Obligations, the Refinancing Debt remains so subordinated on terms not less favorable to the Lenders as determined by Administrative Agent in its reasonable discretion, and the obligors in respect of such Refinancing Debt remain the only obligors thereon, except that Holdings may guarantee such Refinancing Debt on an unsecured basis; and (d) no additional Lien is granted to secure it.

Refinancing Debt: Debt that is the result of an extension, renewal or refinancing of Debt permitted under **Section 10.2.1(a)**, **(c)**, **(d), (f), (g), (i), (j), (m)** or **(w)** and the definition of "Refinancing Conditions."

Register: as defined in **Section 5.9.3**.

Reimbursement Date: as defined in **Section 2.2.2**.

Related Real Estate Documents: with respect to any Mortgaged Property, documents in form and substance substantially similar to those delivered or required to be delivered to Term/Notes Agent by the applicable Obligors pursuant to the Senior Term Loan Documents and Senior Secured Note Documents.

Rent and Charges Reserve: the aggregate of (a) all past due rent and other amounts owing by an Obligor to any landlord of any premises where any of the Inventory is located or to any, warehouseman, processor, repairman, mechanic, shipper, freight forwarder, broker or other Person who possesses any Collateral or has asserted a Lien on such Collateral; and (b) a reserve at least equal to three (3) months rent and other charges with respect to any material Collateral in the possession of, or at a location owned by, a Person other than an Obligor or an Affiliate thereof, unless such Person has executed a Lien Waiver; provided, however, that in no event shall the Rent and Charges Reserve at any leased location exceed the value of the Collateral maintained at such location.

Report: as defined in **Section 12.2.3**.

Reportable Event: any of the events set forth in Section 4043(c) of ERISA, other than events for which the 30-day notice period has been waived.

Required Lenders: Lenders (subject to **Section 4.2**) having (a) Revolver Commitments in excess of 50% of the aggregate Revolver Commitments, and (b) if the Revolver Commitments have terminated, Revolver Exposure in excess of 50% of all outstanding Revolver Exposure.

Required Perfection Documents: with respect to any Lien granted in favor of Administrative Agent, all documents necessary to be filed, published or registered with any Governmental Authority to perfect or render enforceable, or to maintain the uninterrupted perfection and enforceability of, such Lien, including all UCC-1 financing statements, and any other appropriate documentation, filings, publications or registrations under any Applicable Law.

Reserve Percentage: the reserve percentage (expressed as a decimal, rounded up to the nearest 1/8th of 1%) applicable to member banks under regulations issued from time to time by the Board of Governors for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency Liabilities" (as defined in Regulation D of the Board of Governors)).

Restricted Investment: any Investment by an Obligor or a Subsidiary thereof, other than:

(a) Investments in Cash Equivalents and bank deposits made in the Ordinary Course of Business;

(b) (i) Investments by Obligors and their Subsidiaries existing on the date hereof in the Equity Interests of other Obligors and their Subsidiaries and (ii) additional Investments by Obligors and Subsidiaries in the Equity Interests of Obligors and their Subsidiaries; provided that any such Equity Interests held by an Obligor shall be pledged pursuant to the Pledge Agreement (subject to the limitations applicable to voting stock of a Foreign Subsidiary referred to therein), and the aggregate amount of Investments by Obligors in, and loans and advances by Obligors to, Subsidiaries that are not Obligors (determined without regard to any write-downs or write-offs of such Investments, loans and advances), together with all loans or advances made pursuant to clause (g) of this definition, shall not exceed $25,000,000 at any time outstanding;

(c) Investments consisting of extensions of credit in the nature of Accounts or notes receivable arising from the grant of trade credit in the Ordinary Course of Business, and Investments received in satisfaction or partial satisfaction thereof from financially troubled Account Debtors and other credits to suppliers made in the Ordinary Course of Business;

(d) Guarantees permitted by **Section 10.2.1**;

(e) Investments existing on the date hereof and set forth on **Schedule 10.2.5(f)**;

(f) Investments by an Obligor in Hedging Agreements subject to **Section 10.2.15**;

(g) loans or advances made by any Borrower to any Subsidiary and made by any Subsidiary to Holdings, any Borrower or any other Subsidiary; provided that (i) such loans and advances shall be (A) unsecured and (B) within 45 days after the Closing Date, be subordinated to the Obligations pursuant to a subordination agreement reasonably satisfactory to Administrative Agent and (ii) the amount of such loans and advances made by Obligors to Subsidiaries that are not Obligors shall be subject to the limitation set forth in clause (b) of this definition;

(h) Promissory notes and other non-cash consideration received in connection with Asset Dispositions permitted by **Section 10.2.6**;

(i) Investments in the Ordinary Course of Business consisting of (i) endorsements for collection or deposit and (ii) customary trade arrangements with customers consistent with past practices;

(j) Any loans or other advances of money made pursuant to the terms of **Section 10.2.7**;

(k) Investments (including debt obligations and Equity Interests) received in connection with the Insolvency Proceeding of any Person and in settlement of obligations of, or other disputes with, such Persons arising in the Ordinary Course of Business and upon the foreclosure with respect to any secured Investment or other transfer of title with respect to any secured Investment;

(l) Permitted Acquisitions; and

(m) other Investments so long as, at the time of and after giving effect to any such Investment, (i) Availability is equal to or greater than $100,000,000 and (ii) no Event of Default exists; provided, that in no event shall any additional Acquisition be permitted under this clause (m) unless it constitutes a Permitted Acquisition.

Restrictive Agreement: an agreement (other than a Loan Document) that, if for so long as an Obligor or any Subsidiary is a party thereto, conditions or restricts the right of any Borrower, Subsidiary or other Obligor to incur or repay Borrowed Money, to grant Liens on any assets, to declare or make Distributions, to modify, extend or renew any agreement evidencing Borrowed Money, or to repay any Intercompany Loan.

Revolver Commitment: at any date for any Lender, the obligation of such Lender to make Revolver Loans and to purchase participations in LC Obligations pursuant to the terms and conditions of this Agreement, which shall not exceed the principal amount set forth opposite such Lender's name under the heading "Revolver Commitment" on **Schedule 1.1(a)** or as described in the Assignment and Acceptance by which it became a Lender, as modified from time to time pursuant to the terms of this Agreement or to give effect to any applicable Assignment and Acceptance; and "Revolver Commitments" means the aggregate principal amount of the Revolver Commitments of all Lenders, the maximum amount of which on any date shall equal the Revolver Facility Amount.

Revolver Exposure: on any date, an amount equal to the sum of the Revolver Loans outstanding on such date plus the LC Obligations on such date.

Revolver Facility Amount: an amount equal to $300,000,000, as such Revolver Facility Amount may be adjusted from time to time in accordance with the provisions of **Sections 2.1.5, 2.1.8**, and **11.2**.

Revolver Loans: loans made by Lenders to Borrowers (including Swingline Loans) pursuant to **Section 2.1**, which Revolver Loans shall be denominated in Dollars and shall be either a Base Rate Loan or a LIBOR Loan, in each case as selected by Borrowers, and any Swingline Loan, Overadvance Loan or Protective Advance.

Revolver Notes: the promissory notes to be executed by Borrowers on or about the Closing Date in favor of each Lender that requests a promissory note to evidence the Revolver Loans funded from time to time by Lenders (other than Swingline Loans), which shall be in the form of **Exhibit A** to this Agreement, together with any replacement or successor notes therefor, and shall be in the amount of such Lender's Revolver Commitment and shall evidence the Revolver Loans made by such Lender.

Revolver Termination Date: June 16, 2014.

Royalties: all royalties, fees, expense reimbursement and other amounts payable by a Borrower, a Subsidiary or other Obligor under a License.

Russell Hobbs: as defined in the introductory paragraph to this Agreement.

Russell Hobbs Contribution: as defined in the recitals to this Agreement.

Russell Hobbs Material Adverse Effect: any event, circumstance, change, development or effect that, individually or in the aggregate with all other events, circumstances, changes, developments or effects, (i) is materially adverse to the business, results of operations or financial condition of Russell Hobbs and any of its Subsidiaries taken as a whole; *provided*, however, that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a "Russell Hobbs Material Adverse Effect" for purposes of **Sections 6.2(b)** and **9.1.7(d)(i)**: any event, circumstance, change, development or effect to the extent arising out of or resulting from (A) changes in the United States or global economy or capital, financial, banking, credit or securities markets generally, (B) any act of war or armed hostilities or the occurrence of acts of terrorism or sabotage in each case, in the United States, (C) the announcement of the Merger Agreement or the Transaction (as defined in the Merger Agreement), (D) changes in Applicable Law or in the interpretation thereof, (E) changes in GAAP (or in the interpretation thereof) or accounting principles, practices or policies that are imposed on Russell Hobbs or any of its Subsidiaries, (F) changes in general economic, legal, tax, regulatory or political conditions in the geographic regions in which Russell Hobbs and its subsidiaries operate or the market for Russell Hobbs's products, (G) any failure of Russell Hobbs to meet financial projections or forecasts (it being understood that the factors giving rise to or contributing to any such failure that are not otherwise excluded from the definition of "Russell Hobbs Material Adverse Effect" may be deemed to constitute, or be taken into account in determining whether there has been or would be reasonably likely to have been, a Russell Hobbs Material Adverse Effect), or (H) the matters described in the Indemnity Agreement (as defined in the Merger Agreement); provided, however, that such matters in the case of clauses (A), (B), (D), (E) and (F) shall be taken into account in determining whether there has been or will be a "Russell Hobbs Material Adverse Effect" to the extent, but only to the extent, of any disproportionate impact on Russell Hobbs and its Subsidiaries, taken as a whole, relative to other participants operating in the same industries and the geographic markets of Russell Hobbs and its Subsidiaries, or (ii) would have, or be reasonably likely to have, a material adverse effect on the ability of Russell Hobbs to perform its obligations under the Merger Agreement or to consummate the Transaction (as defined in the Merger Agreement) prior to the Merger Outside Date.

Russell Hobbs Merger: as defined in the recitals to this Agreement.

Russell Hobbs Merger Sub: as defined in the recitals to this Agreement.

S&P: Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc., and its successors.

SEC: the Securities and Exchange Commission or any successor thereto.

Secured Bank Product Obligations: Bank Product Debt owing to a Secured Bank Product Provider, up to the maximum amount specified by such provider in writing to Administrative Agent (other than in the case of Bank of America or its Affiliates, which shall not be required to provide any such written notice), which amount may be (i) increased with respect to any existing Noticed Hedge at any time by further written notice to Administrative Agent, or (ii) established or increased with respect to any Secured Bank Product Obligations other than an existing Noticed Hedge by further written notice to Administrative Agent from time to time, as long as, in each case under this subclause (ii): (A) no Default or Event of Default exists, (B) establishment of a Bank Product Reserve for such amount and all other Secured Bank Product Obligations would not result in an Overadvance, and (C) the aggregate amount of Bank Product Debt arising from Bank Products described in clauses (c) and (d) of the definition thereof shall not exceed $50,000,000.

Secured Bank Product Provider: (a) Bank of America or any of its Affiliates; and (b) any other Person that, at the time it agrees to provide a Bank Product, is a Lender or an Affiliate of a Lender (or, in the case of any Person that enters into a Hedging Agreement on June 15, 2010, becomes a Lender or an Affiliate of a Lender on June 16, 2010), provided that the provider delivers written notice to Administrative Agent, in form and substance reasonably satisfactory to Administrative Agent, by the later of the Closing Date or 10 Business Days following creation of the Bank Product, (i) describing the Bank Product and setting forth the maximum amount to be secured by the Collateral and the methodology to be used in calculating such amount, and (ii) agreeing to be bound by **Section 12.15**.

Secured Parties: Administrative Agent, Issuing Bank, Lenders and Secured Bank Product Providers.

Securities Laws: the Securities Act of 1933, the Securities Exchange Act of 1934, the Sarbanes-Oxley Act of 2002 and, in each case, the rules and regulations of the SEC promulgated thereunder, and the applicable accounting and auditing principles, rules, standards and practices promulgated, approved or incorporated by the SEC or the Public Company Accounting Oversight Board, as each of the foregoing may be amended and in effect on any applicable date under this Agreement.

Security Agreement: collectively, this Agreement, together with each other security agreement supplement executed and delivered pursuant to **Section 10.1.9.**

Security Documents: (a) the Mortgages, (b) the Guaranties, (c) each Insurance Assignment, (d) the Patent Security Agreement, (e) the Trademark Security Agreement, (f) the Pledge Agreements, (g) the Deposit Account Control Agreements, (h) each Security Agreement, and (i) all other instruments and agreements now or at any time hereafter securing the whole or any part of the Obligations.

Senior Officer: of any Person shall mean any executive officer, any Financial Officer and any other officer or similar official thereof responsible for the administration of the obligations of such Person in respect of this Agreement.

Senior Secured Notes: those certain 9 1/2% Senior Secured Notes due June 15, 2018 issued pursuant to the Senior Secured Note Indenture.

Senior Secured Note Documents: collectively, the Senior Secured Note Indenture and all other instruments, agreements and other documents evidencing or governing the Senior Secured Notes or providing for any Guarantee or other right in respect thereof.

Senior Secured Note Indenture: that certain Indenture dated as of June 16, 2010, among Spectrum, as issuer, the guarantors party thereto and the Senior Secured Note Indenture Trustee.

Senior Secured Note Indenture Trustee: U.S. Bank, National Association, as trustee in respect of the Senior Secured Notes and any Person acting in a similar capacity under any amendment, restatement, supplement, replacement or refinancing thereof.

Senior Term Lenders: the lenders party to the Senior Term Loan Agreement from time to time.

Senior Term Loan Agreement: that certain Credit Agreement, dated of even date herewith, by and among Spectrum, as borrower, Holdings and certain Subsidiaries, each as a guarantor, Credit Suisse AG, as administrative agent, and the Senior Term Lenders, as the same may be amended, modified, supplemented, restated, replaced or refinanced from time to time in accordance with the terms thereof and of the Intercreditor Agreements.

Senior Term Loan Debt: the Debt incurred by Spectrum under the Senior Term Loan Documents in the aggregate principal amount not to exceed $750,000,000; plus any increase in such principal amount in an amount not to exceed on any date $100,000,000 minus the aggregate amount of any Commitment Increases consummated hereunder on or before such date; minus the aggregate amount of all repayments and prepayments of the principal of the obligations under the Senior Term Loan Agreement (other than prepayments or repayments of such obligations in connection with a refinancing thereof); plus interest, fees, premiums, costs, expenses, indemnities and other amounts in accordance with the Senior Term Loan Documents and the Intercreditor Agreements.

Senior Term Loan Documents: the "Loan Documents" as such term is defined in the Senior Term Loan Agreement.

Settlement Report: a report delivered by Administrative Agent to Lenders summarizing the Revolver Loans and participations in LC Obligations outstanding as of a given settlement date, allocated to Lenders on a Pro Rata basis in accordance with their Revolver Commitments.

Software: shall mean and include "software" as defined in the UCC, including all computer programs and all supporting information provided in connection with a transaction related to any program.

Solvent: as to any Person, such Person (a) owns Property whose fair saleable value (as defined below) is greater than the amount required to pay all of its Debts (including contingent, subordinated, unmatured and unliquidated liabilities); (b) owns Property whose present fair saleable value (as defined below) is greater than the probable total liabilities (including contingent, subordinated, unmatured and unliquidated liabilities) of such Person as they become absolute and matured; (c) is able to pay all of its Debts as they mature; (d) has capital that is not unreasonably small for its business and is sufficient to carry on its business and transactions and all business and transactions in which it is about to engage; (e) is not "insolvent" within the meaning of Section 101(32) of the Bankruptcy Code; and (f) has not incurred (by way of assumption or otherwise) any obligations or liabilities (contingent or otherwise) under any Loan Documents, or made any conveyance in connection therewith, with actual intent to hinder, delay or defraud either present or future creditors of such Person or any of its Affiliates. "Fair saleable value" means the amount that could be obtained for assets within a reasonable time, either through collection or through sale under ordinary selling conditions by a capable and diligent seller to an interested buyer who is willing (but under no compulsion) to purchase.

Specified Dormant Foreign Subsidiary: each of the following Foreign Subsidiaries: Minera Vidaluz S.A. de C.V., Rayovac Foreign Sales Corporation, and Zoephos International N.V., so long as each such Foreign Subsidiary transacts no business and has no operations other than activities required to maintain its existence; provided that no Subsidiary may be a Specified Dormant Foreign Subsidiary if Spectrum or any of its other Subsidiaries provides any credit support thereto or is liable in any respect for the liabilities thereof greater in the aggregate than such Subsidiary's fair market value.

Specified Representations: (a) the representations made by or on behalf of Spectrum or Russell Hobbs, as the case may be, in the Merger Agreement as are material to the interests of Lenders, but only to the extent that a condition to the obligations of Russell Hobbs or Spectrum, as the case may be, to consummate the transactions contemplated by the Merger Agreement is not, prior to the time that Russell Hobbs or Spectrum, as the case may be, would have the right to terminate the Merger Agreement, satisfied as a result of a breach of such representations in the Merger Agreement and (b) **Sections 9.1.1**, **9.1.2**, **9.1.3**, **9.1.5(c)**, **9.1.7(d)(i)**, **9.1.7(e)**, **9.1.17(b)**, **9.1.22, 9.1.23** and **9.1.24** .

Spectrum: as defined in the introductory paragraph to this Agreement.

Spectrum Contribution: as defined in the recitals to this Agreement.

Spectrum Material Adverse Effect: any event, circumstance, change, development or effect that, individually or in the aggregate with all other events, circumstances, changes, developments or effects, (i) is materially adverse to the business, results of operations or financial condition of Spectrum and any of its Subsidiaries taken as a whole; *provided*, however, that none of the following shall be deemed, either alone or in combination, to constitute, and none of the following shall be taken into account in determining whether there has been or will be, a "Spectrum Material Adverse Effect" for purposes of **Sections 6.2(b)** and **9.1.7(d)(i)**: any event, circumstance, change, development or effect to the extent arising out of or resulting from (A) changes in the market price or trading volume of Spectrum common stock (it being understood that the factors giving rise to or contributing to any such change that are not otherwise excluded from the definition of "Spectrum Material Adverse Effect" may be deemed to constitute, or be taken into account in determining whether there has been or would be reasonably likely to have been, a Spectrum Material Adverse Effect), (B) changes in the United States or global economy or capital, financial, banking, credit or securities markets generally, (C) any act of war or armed hostilities or the occurrence of acts of terrorism or sabotage in each case, in the United States, (D) the announcement of the Merger Agreement or the Transaction (as defined in the Merger Agreement), (E) changes in Applicable Law or in the interpretation thereof, (F) changes in GAAP (or in the interpretation thereof) or accounting principles, practices or policies that are imposed on Spectrum or any of its subsidiaries, (G) changes in general economic, legal, tax, regulatory or political conditions in the geographic regions in which Spectrum and its subsidiaries operate or the market for Spectrum's products, (H) any failure of Spectrum to meet financial projections or forecasts (it being understood that the factors giving rise to or contributing to any such failure that are not otherwise excluded from the definition of "Spectrum Material Adverse Effect" may be deemed to constitute, or be taken into account in determining whether there has been or would be reasonably likely to have been, a Spectrum Material Adverse Effect), or (I) any litigation arising from any alleged breach of fiduciary duty or other violation of law relating to the Merger Agreement or the Transaction (as defined in the Merger Agreement); *provided*, however, that such matters in the case of clauses (B), (C), (E), (F) and (G) shall be taken into account in determining whether there has been or will be a "Spectrum Material Adverse Effect" to the extent, but only to the extent, of any disproportionate impact on Spectrum and its subsidiaries, taken as a whole, relative to other participants operating in the same industries and the geographic markets of Spectrum and its Subsidiaries, or (ii) would have, or be reasonably likely to have, a material adverse effect on the ability of Spectrum to perform its obligations under the Merger Agreement or to consummate the Transaction (as defined in the Merger Agreement) prior to the Merger Outside Date.

Spectrum Merger: as defined in the recitals to this Agreement.

Spectrum Merger Sub: as defined in the recitals to this Agreement.

Sponsors: (a) each of Harbinger Capital Partners Master Fund I, Ltd., Harbinger Capital Partners Special Situations Fund, L.P. and Global Opportunities Breakaway Ltd; (b) any Affiliate or director, trustee, officer, employee, agent and advisor of any Person or such Person's Affiliates specified in clause (a), other than another portfolio company thereof (which means a company actively engaged in providing goods and services to unaffiliated customers) or a company controlled by a "portfolio company"; and (c) any Person both the Equity Interests of such Person and the aggregate ordinary voting power represented by the issued and outstanding Equity Interests of such Person of which (or in the case of a trust, the beneficial interests in which) are owned 50% or more by Persons specified in clauses (a) and (b).

Subordinated Debt: Debt incurred (or guaranteed) by an Obligor that is expressly subordinate and junior in right of payment to Full Payment of all Obligations pursuant to an agreement reasonably satisfactory to Administrative Agent, and which is on terms (including maturity, interest, fees, repayment, and covenants), taken as a whole, that are reasonably satisfactory to Administrative Agent.

subsidiary: with respect to any Person (herein referred to as the "parent"), any corporation, partnership, limited liability company, association or other business entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held by such Person.

Subsidiary: a direct or indirect subsidiary of Spectrum.

Super Holdco: as defined in the recitals to this Agreement.

Supermajority Lenders: Lenders (subject to **Section 4.2**) having (a) Revolver Commitments in excess of 66% of the aggregate Revolver Commitments, and (b) if the Revolver Commitments have terminated, Revolver Exposure in excess of 66% of all outstanding Revolver Exposure.

Swingline Loan: any Borrowing of Base Rate Revolver Loans funded with Administrative Agent's funds, until such Borrowing is settled among Lenders pursuant to **Section 4.1.3**.

Taxes: all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto.

Term/Notes Agent: the "Term/Notes Agent" as such term is defined in the ABL Intercreditor Agreement and any Person acting in a similar capacity under any amendment, restatement, supplement or replacement thereof.

Term/Notes Secured Parties: the "Secured Parties" as such term is defined in the Collateral Trust Agreement.

Term/Notes Priority Collateral: as such term is defined in the ABL Intercreditor Agreement.

Trademark Security Agreement: each trademark security agreement pursuant to which an Obligor grants to Administrative Agent, for the benefit of Secured Parties, a Lien on such Obligor's interests in trademarks and trademark applications, as security for the Obligations.

Transactions: collectively, (a) the execution, delivery and performance by Obligors of the Merger Agreement and the consummation of the transactions contemplated thereby, including the Acquisition, (b) the execution, delivery and performance by Obligors of the Loan Documents to which they are a party and the making of the Borrowings hereunder, (c) the execution, delivery and performance by Holdings, Obligors and Subsidiaries party thereto of the Senior Secured Note Documents and the issuance of the Senior Secured Notes, (d) the execution, delivery and performance by Holdings, Obligors and Subsidiaries party thereto of the Senior Term Loan Documents to which they are party, (e) the repayment of all amounts due or outstanding under or in respect of, and the termination of, the Existing Credit Facilities and (f) the payment of related fees and expenses.

Transaction Expenses: fees and expenses payable or otherwise borne by Obligors and Subsidiaries in connection with the Transactions and incurred before, or on or about, the Closing Date, including the costs of legal and financial advisors to Obligors and the agents or trustees under this Agreement, the Senior Term Loan Agreement and the Senior Notes Indenture and prepayment fees and penalties in connection with the prepayment of the existing Debt of Obligors and Subsidiaries on or about the Closing Date.

Transferee: any actual or potential Eligible Assignee, Participant or other Person acquiring an interest in any Obligations, provided that, in no event shall any Obligor, any Affiliate of an Obligor, or any Sponsor constitute a Transferee.

Type: any type of a Loan (i.e., Base Rate Loan or LIBOR Loan) that has the same interest option and, in the case of LIBOR Loans, the same Interest Period, and which shall be either a LIBOR Loan or a Base Rate Loan.

UCC: the Uniform Commercial Code as in effect in the State of New York or, when the laws of any other state govern the perfection or enforcement of any Lien, the Uniform Commercial Code of such state.

Undrawn Amount: on any date with respect to a particular Letter of Credit, the Dollar amount then available to be drawn under such Letter of Credit.

Unfunded Pension Liability: the excess of a Pension Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Pension Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

Value: (a) for Inventory, its value determined on the basis of the lower of cost or market, calculated on a first-in, first-out basis, and excluding any portion of cost attributable to intercompany profit among Borrowers and their Affiliates; and (b) for an Account, its face amount, net of any returns, rebates, discounts (calculated on the shortest terms), credits, allowances or Taxes (including sales, excise or other taxes) that have been or could be claimed by the Account Debtor or any other Person.

1.2 Accounting Terms. Under the Loan Documents (except as otherwise specified herein), all accounting terms shall be interpreted, all accounting determinations shall be made, and all financial statements shall be prepared, in accordance with GAAP applied on a basis consistent with the most recent audited financial statements of Holdings delivered to Administrative Agent before the Closing Date and using the same inventory valuation method as used in such financial statements, except for any change required or permitted by GAAP if Holdings' certified public accountants concur in such change, the change is disclosed to Administrative Agent, and **Section 10.3** is amended in a manner satisfactory to Required Lenders to take into account the effects of the change.

1.3 Uniform Commercial Code. As used herein, the following terms are defined in accordance with the UCC in effect in the State of New York from time to time: "Commercial Tort Claim," "Letter-of-Credit Right" and "Supporting Obligation."

1.4 Pro Forma Calculations. All pro forma calculations permitted or required to be made by Borrowers or any Subsidiary pursuant to this Agreement (other than for purposes of **Section 6.1(q)**) shall include only those adjustments that would be (a) permitted or required by Regulation S-X under the Securities Act of 1933, as amended, together with those adjustments that (i) have been certified by a Financial Officer of the Borrower Agent as having been prepared in good faith based upon reasonable assumptions and (ii) are based on reasonably detailed written assumptions reasonably acceptable to the Administrative Agent and (b) required by the definition of Consolidated EBITDA.

1.5 Certain Matters of Construction. The terms "herein," "hereof," "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. In the computation of periods of time from a specified date to a later specified date, "from" means "from and including," and "to" and "until" each mean "to but excluding." The terms "including" and "include" shall mean "including, without limitation" and, for purposes of each Loan Document, the parties agree that the rule of *ejusdem*

generis shall not be applicable to limit any provision. Section titles appear as a matter of convenience only and shall not affect the interpretation of any Loan Document. All references to (a) laws or statutes include all related rules, regulations, interpretations, amendments and successor provisions; (b) any document, instrument or agreement include any amendments, waivers and other modifications, extensions or renewals (to the extent permitted by the Loan Documents); (c) any section mean, unless the context otherwise requires, a section of this Agreement; (d) any exhibits or schedules mean, unless the context otherwise requires, exhibits and schedules attached hereto, which are hereby incorporated by reference; (e) any Person include successors and assigns; (f) time of day mean time of day at Administrative Agent's Appropriate Notice Office; or (g) discretion of Administrative Agent, Issuing Bank or any Lender shall mean the sole and absolute discretion of such Person. All calculations of Value, fundings of Loans, issuances of Letters of Credit and payments of Obligations shall be in Dollars and, unless the context otherwise requires, all determinations (including calculations of Borrowing Base and financial covenants) made from time to time under the Loan Documents shall be made in light of the circumstances existing at such time. Borrowing Base calculations shall be consistent with historical methods of valuation and calculation, and otherwise satisfactory to Administrative Agent (and not necessarily calculated in accordance with GAAP). Borrowers shall have the burden of establishing any alleged negligence, misconduct or lack of good faith by Administrative Agent, Issuing Bank or any Lender under any Loan Documents. A Default or an Event of Default shall be deemed to exist at all times during the period commencing on the date on which such Default or an Event of Default occurs to the date on which such Default or an Event of Default is waived in writing by Administrative Agent (acting with the consent or at the direction of Lenders or Required Lenders, as applicable) pursuant to this Agreement or cured. No provision of any Loan Documents shall be construed against any party by reason of such party having, or being deemed to have, drafted the provision. Whenever the phrase "to the best of Borrowers' knowledge" or words of similar import are used in any Loan Documents, it means actual knowledge of a Senior Officer, or knowledge that a Senior Officer would have obtained if he or she had engaged in good faith and diligent performance of his or her duties, including reasonably specific inquiries of employees or agents and a good faith attempt to ascertain the matter to which such phrase relates. Any Lien referred to in the Agreement or any of the other Loan Documents as having been created in favor of Administrative Agent, any agreement entered into by Administrative Agent pursuant to the Agreement or any of the other Loan Documents, any payment made by or to, or funds received by, Administrative Agent pursuant to or as contemplated by any of the Loan Documents, or any other act taken or omitted to be taken by Administrative Agent shall, unless otherwise expressly provided, be created, entered into, made or received, or taken or omitted for the benefit or account of Administrative Agent and the other Secured Parties.

SECTION 2. CREDIT FACILITIES

2.1 Revolver Commitment.

2.1.1 Revolver Loans to Borrowers. Each Lender agrees, severally and not jointly with the other Lenders, upon the terms and subject to the conditions set forth herein, to make Revolver Loans to Borrowers on any Business Day during the period from the Closing Date to the Commitment Termination Date, not to exceed in the aggregate principal amount outstanding at any time such Lender's Revolver Commitment to Borrowers at such time, which Revolver Loans may be repaid and re-borrowed in accordance with the provisions of this Agreement; provided, however, that such Lenders shall have no obligation to Borrowers whatsoever to honor any request for a Revolver Loan on or after the Commitment Termination Date or if at the time of the proposed funding thereof the aggregate principal amount of all Revolver Loans then outstanding (including Swingline Loans and after giving effect to all pending requests for Revolver Loans) or the Revolver Exposure exceeds, or would exceed after the funding of such Revolver Loan, the Borrowing Base or the aggregate amount of the Revolver Commitments (and such Lenders shall only be obligated to Administrative Agent to do so to the extent they are so required pursuant to the terms of **Section 2.1.6**). Each Borrowing of Revolver Loans shall be funded by Lenders on a Pro Rata basis in accordance with their respective Revolver Commitments to Borrowers (except for

Bank of America with respect to Swingline Loans). The Revolver Loans shall bear interest as set forth in **Section 3.1**. Each Revolver Loan shall, at the option of Borrowers, subject to **Sections 3.1.2(a)** and **3.1.4**, be made or continued as, or converted into, part of one or more Borrowings that, unless specifically provided herein, shall consist entirely of Base Rate Loans or LIBOR Loans. The Revolver Loans shall be repaid in accordance with the terms of this Agreement and shall be secured by all of the Collateral. Borrowers shall be jointly and severally liable to pay all of the Revolver Loans made to any other Borrower. Each Revolver Loan shall be funded and repaid in Dollars.

2.1.2 Cap on Revolver Exposure. Notwithstanding anything to the contrary contained in **Section 2.1.1**, in no event shall any Borrower be entitled to receive a Revolver Loan if at the time of the proposed funding of such Revolver Loan (and after giving effect thereto and all pending requests for Revolver Loans), the Revolver Exposure exceeds (or would exceed) the Maximum Revolver Facility Amount.

2.1.3 Revolver Notes. The Revolver Loans made by each Lender and interest accruing thereon shall be evidenced by the records of Administrative Agent and such Lender. At the request of any Lender, Borrowers shall deliver a Revolver Note payable to such Lender (or the assignee of such Lender) in the amount of such Lender's Revolver Commitment, which shall be executed by Borrowers, completed in conformity with this Agreement and delivered to such Lender. All outstanding principal amounts and accrued interest under the Revolver Notes shall be due and payable as set forth in **Section 5**.

2.1.4 Use of Proceeds. The proceeds of Revolver Loans shall be used by Borrowers solely (a) to satisfy existing Debt; (b) to pay the Transaction Expenses; (c) to pay Obligations in accordance with this Agreement; and (d) for working capital and other lawful corporate purposes of Borrowers; provided that the proceeds of Revolver Loans shall not be used to repay existing Debt of Russell Hobbs and Spectrum and their respective Subsidiaries outstanding as of the Closing Date (including any existing hedging arrangements with the Existing Lenders in connection with the Existing Credit Agreement on the Closing Date) and the Transaction Expenses in an aggregate amount in excess of $100,000,000.

2.1.5 Voluntary Reduction or Termination of Revolver Commitments.

(a) The Revolver Commitments shall terminate on the Revolver Termination Date, unless sooner terminated in accordance with this Agreement. Upon at least five (5) Business Days prior written notice to Administrative Agent, Borrowers may, at their option, terminate the Revolver Commitments and this credit facility. Any notice of termination given by Borrowers shall be irrevocable. On the termination date, Borrowers shall make Full Payment of all Obligations.

(b) Borrowers may permanently reduce the Revolver Commitments, on a Pro Rata basis for each Lender, upon at least three (3) Business Days prior written notice to Administrative Agent, which notice shall specify the amount of the reduction and shall be irrevocable once given. Each reduction shall be in a minimum amount of $10,000,000, or an increment of $5,000,000 in excess thereof.

2.1.6 Overadvances. If at any time the aggregate Revolver Loans outstanding on any date exceed the Borrowing Base on such date or the Revolver Facility Amount (in each case, an "Overadvance"), the excess amount shall be payable by Borrowers to Administrative Agent on demand by Administrative Agent (or if required by the Required Lenders), but all such Revolver Loans shall nevertheless constitute Obligations of Borrowers secured by the Collateral of Obligors and entitled to all benefits of the Loan Documents. Unless its authority has been revoked in writing by Required Lenders, Administrative Agent may require Lenders to honor requests for Overadvance Loans and to forbear from requiring Borrowers to cure an Overadvance (a) when no Event of Default exists (or if an Event of Default exists, when the existence of such Event of Default is not known by Administrative Agent), if and for so long as (i) such Overadvance does not continue for a period of more than thirty (30) consecutive

days, following which no Overadvance exists for at least thirty (30) consecutive days before another Overadvance exists, (ii) the amount of the Revolver Exposure outstanding at any time does not exceed the aggregate of the Revolver Commitments at such time, and (iii) the Overadvance is not known by Administrative Agent at the time in question to exceed an amount that is equal to 5% of the lesser of the Borrowing Base and the aggregate amount of the Revolver Commitments at such time; and (b) regardless of whether or not an Event of Default exists, if Administrative Agent discovers the existence of an Overadvance not previously known by it to exist, Lenders shall be obligated to continue making such Revolver Loans as directed by Administrative Agent only (i) if the amount of the Overadvance is not increased by more than an amount that is equal to 2.5% of the lesser of the Borrowing Base and the aggregate amount of the Revolver Commitments at such time above the amount determined by Administrative Agent to exist on the date of discovery thereof and (ii) for a period not to exceed fifteen (15) Business Days; provided, however, that without the consent of all Lenders, the aggregate amount of the Overadvance permitted under this **Section 2.1.6** at any time (i) shall not exceed an amount that is equal to 7.5% of the lesser of the Borrowing Base and the aggregate amount of the Revolver Commitments at such time, (ii) together with the aggregate amount of any Protective Advances outstanding under **Section 2.1.7**, may not exceed an amount that is equal to 10% of the lesser of the Borrowing Base and the aggregate amount of the Revolver Commitments at such time, and (iii) shall not cause the Revolver Exposure to exceed the Revolver Facility Amount at such time. If any Overadvance shall continue to exist at any time after the expiration of the periods set forth in clauses (a) or (b) above, Administrative Agent may (and shall at the request of Required Lenders) demand payment thereof. In no event shall any Borrower or other Obligor be deemed a beneficiary of this **Section 2.1.6** nor authorized to enforce any of its terms.

2.1.7 Protective Advances. Administrative Agent shall be authorized in its sole and absolute discretion, at any time that a Default or Event of Default exists or any of the conditions precedent set forth in **Section 6** hereof have not been satisfied, to make Base Rate Loans (collectively, "Protective Advances") to Borrowers on behalf of Lenders, provided that, the sum of the amount of Overadvances made pursuant to **Section 2.1.6** and Protective Advances made pursuant to this **Section 2.1.7** at any time shall not exceed an amount that is equal to 10% of the lesser of the Borrowing Base and the aggregate amount of the Revolver Commitments at such time (and in no event shall any such Protective Advance cause the Revolver Exposure to exceed the Revolver Facility Amount without the consent of all Lenders), but only to the extent that Administrative Agent deems the funding of such Base Rate Loans to be necessary or desirable (i) to preserve or protect the Collateral or any portion thereof, (ii) to enhance the collectibility or repayment of the Obligations or (iii) to pay any other amount chargeable to Obligors pursuant to the terms of this Agreement or the other Loan Documents, including costs, fees and expenses, all of which Base Rate Loans advanced by Administrative Agent shall be deemed part of the Obligations and secured by the Collateral, shall be treated as Swingline Loans and shall be settled and paid by Obligors and Lenders as provided herein for Swingline Loans; provided, however, that Required Lenders may at any time revoke Administrative Agent's authorization to make any such Loans by written notice to Administrative Agent, which shall become effective upon and after Administrative Agent's receipt thereof.

2.1.8 Increase of Revolver Commitments.

(a) Subject to the terms and conditions hereof, at any time and from time to time after the Closing Date and up to the Commitment Termination Date, provided that no Default or Event of Default exists and Borrowers are in pro forma compliance with **Section 10.3**, Borrowers may request one or more increases in the Revolver Commitments for Revolver Loans (each such commitment increase, a "Commitment Increase") by notifying Administrative Agent (and Administrative Agent shall notify each Lender) of the amount of the proposed Commitment Increase. Notwithstanding anything to the contrary contained in this Agreement, no Commitment Increase shall require the approval of any Lender other than any Lender (if any) providing all or part of the Commitment Increase, no Lender shall be required to provide all or part of any Commitment Increase unless it agrees to do so in its sole discretion, no

Commitment Increase shall be in an amount less than $25,000,000, and the aggregate amount of all Commitment Increases shall not exceed the Maximum Increase Amount. On the date of any Commitment Increase, Borrower Agent shall certify to Administrative Agent in writing that the aggregate amount of Commitment Increases is permitted under the Material Contracts and Applicable Law.

(b) Any Commitment Increase shall be offered by Borrowers to Lenders Pro Rata in accordance with the Revolver Commitments for Revolver Loans of such Lenders on the date that the Commitment Increase is requested. Lenders shall have ten (10) Business Days to respond to any request for a Commitment Increase (by notice to Borrowers and Administrative Agent) and may elect to accept all, a portion or none of their respective Pro Rata shares of the proposed Commitment Increase. Any Lender that fails to respond to a request for a Commitment Increase by the end of such ten (10) Business Day period will be deemed to have declined the request for its Pro Rata share of the requested Commitment Increase. If any portion of a requested Commitment Increase is not provided by a Lender, then Borrowers may offer any such portion to the other Lenders or request that one or more Eligible Assignees provide such Commitment Increase. In any such case, each Person providing a portion of the requested Commitment Increase shall execute and deliver to Administrative Agent and Borrowers all such documentation as may be reasonably required by Administrative Agent to evidence such Commitment Increase.

(c) If any requested Commitment Increase is agreed to in accordance with this **Section 2.1.8**, Administrative Agent and Borrowers shall determine the effective date of such Commitment Increase (the "Commitment Increase Effective Date"). Administrative Agent, with the consent and approval of Borrowers, shall promptly confirm in writing to Lenders the final allocation of such Commitment Increase and the Commitment Increase Effective Date. On the Commitment Increase Effective Date: (i) **Schedule 1.1(a)** shall be amended to reflect the re-allocated Revolver Commitments for Revolver Loans; (ii) upon execution of a supplement in form and substance satisfactory to Administrative Agent, each Person added as a new Lender pursuant to a Commitment Increase (a "New Lender") shall become a Lender hereunder and under the other Loan Documents with a Revolver Commitment for Revolver Loans as set forth on amended **Schedule 1.1(a)**; (iii) the Revolver Commitment for Revolver Loans of each existing Lender that increases its Commitment pursuant to a Commitment Increase (an "Increasing Lender") shall be increased as reflected on such amended **Schedule 1.1(a)**; and (iv) on the Commitment Increase Effective Date, Lenders will settle with Administrative Agent in accordance with **Section 4.1.3(b)** such that, after giving effect to such settlement, each Lender (including each New Lender) will hold a Pro Rata portion of the Revolver Loans. Any New Lender shall be required to have a Revolver Commitment of not less than $10,000,000. The increase of the Revolver Commitment for Revolver Loans in accordance with this **Section 2.1.8** shall not require any further consent under **Section 14.1.1** hereof, and Administrative Agent, Borrowers and Lenders shall execute any amendments to give effect to the terms of this **Section 2.1.8** if deemed necessary by Administrative Agent.

(d) As a condition precedent to the effectiveness of any such Commitment Increase, Borrower Agent shall deliver to Administrative Agent a certificate signed by an authorized officer of Borrower Agent upon execution of a supplement in form and substance reasonably satisfactory to Administrative Agent, dated as of the Commitment Increase Effective Date, certifying that as of the Commitment Increase Effective Date no Default or Event of Default exists. Borrowers agree to execute and deliver to Administrative Agent new Notes evidencing such Commitment Increase at Administrative Agent's request.

(e) With respect to any Commitment Increase under this Agreement, such Commitment Increase shall be subject to the applicable terms and conditions governing the existing Commitments on the Commitment Increase Effective Date; provided that Borrowers hereby agree to pay to Administrative Agent and the New Lenders such arrangement, commitment and other fees and expenses to be agreed between Borrowers and Administrative Agent and the New Lenders in connection with such Commitment Increase.

2.2 Letter of Credit Facility.

2.2.1 Issuance of Letters of Credit. Subject to all of the terms and conditions hereof, the Credit Parties agree to establish a letter of credit facility pursuant to which Administrative Agent shall cause Issuing Bank to (A) issue, amend or renew Letters of Credit previously issued by it, and (B) to honor drafts under the Letters of Credit issued pursuant to this **Section 2.2** from time to time until thirty (30) days prior to the Revolver Termination Date (or until the Commitment Termination Date, if earlier), on the terms set forth herein, including the following:

(a) Each Borrower acknowledges that Issuing Bank's willingness to issue any Letter of Credit is conditioned upon Issuing Bank's receipt of a LC Application with respect to the requested Letter of Credit, as well as such other instruments and agreements as Issuing Bank may customarily require for issuance of a letter of credit of similar type and amount. Issuing Bank shall have no obligation to issue any Letter of Credit unless (i) Issuing Bank receives a LC Request and LC Application at least three (3) Business Days prior to the requested date of issuance; (ii) each LC Condition is satisfied; and (iii) if a Defaulting Lender exists, such Borrower shall have Cash Collateralized such Defaulting Lender's Pro Rata share of the requested Letter of Credit in accordance with the procedures set forth in **Section 2.23**, or such Lender or Borrowers have entered into arrangements satisfactory to Administrative Agent and Issuing Bank to eliminate any funding risk associated with the Defaulting Lender. If Issuing Bank receives written notice from a Lender at least five (5) Business Days before the issuance of a Letter of Credit that any LC Condition has not been satisfied, Administrative Agent shall have no obligation to cause Issuing Bank to issue the requested Letter of Credit (or any other), and Issuing Bank shall have no obligation to issue the requested Letter of Credit (or any other) until such notice is withdrawn in writing by that Lender or until Required Lenders have waived such condition in accordance with this Agreement. Prior to receipt of any such notice, Issuing Bank shall not be deemed to have knowledge of any failure of LC Conditions.

(b) Letters of Credit may be requested by a Borrower only (i) to support payment obligations of an Obligor incurred in the Ordinary Course of Business; or (ii) for other purposes as Administrative Agent and Lenders may approve from time to time in writing. The renewal or extension of any Letter of Credit shall be treated as the issuance of a new Letter of Credit, except that delivery of a new LC Application shall be required at the discretion of Issuing Bank. Each Letter of Credit issued by Issuing Bank for the account of an Obligor shall be deemed to have been issued for the joint account of each Borrower whether or not such other Borrowers have executed any LC Documents, and each Borrower shall be jointly and severally liable for the payment of all LC Obligations arising from or related to such Letter of Credit.

(c) Borrowers assume all risks of the acts, omissions or misuses of any Letter of Credit by the beneficiary. In connection with issuance of any Letter of Credit, no Credit Party shall be responsible for the existence, character, quality, quantity, condition, packing, value or delivery of any goods purported to be represented by any Documents; any differences or variation in the character, quality, quantity, condition, packing, value or delivery of any goods from that expressed in any Documents; the form, validity, sufficiency, accuracy, genuineness or legal effect of any Documents or of any endorsements thereon; the time, place, manner or order in which shipment of goods is made; partial or incomplete shipment of, or failure to ship, any goods referred to in a Letter of Credit or Documents; any deviation from instructions, delay, default or fraud by any shipper or other Person in connection with any goods, shipment or delivery; any breach of contract between a shipper or vendor and a Borrower; errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telex, telecopy, e-mail, telephone or otherwise; errors in interpretation of technical terms; the misapplication by a beneficiary of any Letter of Credit or the proceeds thereof; or any consequences

arising from causes beyond the control of Issuing Bank, Administrative Agent or any Lender, including any act or omission of a Governmental Authority. The rights and remedies of Issuing Bank under the Loan Documents shall be cumulative. In addition to all of its other rights and remedies under this Agreement and any LC Application, Issuing Bank shall be fully subrogated to the rights and remedies of each beneficiary whose claims against Borrowers are discharged with proceeds of any Letter of Credit.

(d) In connection with its administration of and enforcement of rights or remedies under any Letters of Credit or LC Documents, Issuing Bank shall be entitled to act, and shall be fully protected in acting, upon any certification, documentation or communication in whatever form believed by Issuing Bank, in good faith, to be genuine and correct and to have been signed, sent or made by a proper Person. Issuing Bank may consult with and employ legal counsel, accountants and other experts to advise it concerning its obligations, rights and remedies, and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by such experts. Issuing Bank may employ agents and attorneys-in-fact in connection with any matter relating to Letters of Credit or LC Documents, and shall not be liable for the negligence or misconduct of any such agents or attorneys-in-fact selected with reasonable care.

2.2.2 Reimbursement; Participations.

(a) If Issuing Bank honors any request for payment under a Letter of Credit, Issuing Bank shall notify, within a reasonable period of time, the relevant Borrower of such drawing, and such Borrower shall pay to Issuing Bank, in Dollars, on the same day (the "Reimbursement Date"), the amount paid by Issuing Bank under such Letter of Credit, together with interest at the interest rate for Base Rate Revolver Loans from the Reimbursement Date until payment by Borrowers. The obligation of Borrowers to reimburse Issuing Bank for any payment made under a Letter of Credit shall be absolute, unconditional, irrevocable, and joint and several, and shall be paid without regard to any lack of validity or enforceability of any Letter of Credit or the existence of any claim, setoff, defense or other right that Borrowers may have at any time against the beneficiary. Whether or not Borrower Agent submits a Notice of Borrowing, and whether or not Issuing Bank notified the applicable Borrower in accordance with the first sentence of this **Section 2.2.2(a)**, in the event that Borrowers fail to reimburse Issuing Bank on or by the Reimbursement Date, Borrowers shall be deemed to have requested a Borrowing of Base Rate Revolver Loans in an amount necessary to pay all amounts due Issuing Bank on any Reimbursement Date and each Lender agrees to fund its Pro Rata share of such Borrowing whether or not the Revolver Commitments have terminated, an Overadvance exists or is created thereby, or the conditions in **Section 6** are satisfied.

(b) Upon issuance of a Letter of Credit, each Lender shall be deemed to have irrevocably and unconditionally purchased from Issuing Bank, without recourse or warranty, an undivided Pro Rata interest and participation in all LC Obligations relating to the Letter of Credit. If Issuing Bank makes any payment under a Letter of Credit and Borrowers do not reimburse such payment on the Reimbursement Date, Administrative Agent shall promptly notify Lenders and each Lender shall promptly (within one (1) Business Day) and unconditionally pay to Administrative Agent, for the benefit of Issuing Bank, such Lender's Pro Rata share of such payment. Upon request by a Lender, Issuing Bank shall furnish copies of any Letters of Credit and LC Documents in its possession at such time.

(c) The obligation of each Lender to make payments to Administrative Agent for the account of Issuing Bank in connection with Issuing Bank's payment under a Letter of Credit shall be absolute, unconditional and irrevocable, not subject to any counterclaim, setoff, qualification or exception whatsoever, and shall be made in accordance with this Agreement under all circumstances, irrespective of any lack of validity or unenforceability of any Loan Documents; any draft, certificate or other document presented under a Letter of Credit having been determined to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or the existence of any setoff or defense that any Obligor may have with respect to any Obligations. Issuing Bank does not

assume any responsibility for any failure or delay in performance or any breach by any Borrower or other Person of any obligations under any LC Documents. Issuing Bank does not make to Lenders any express or implied warranty, representation or guaranty with respect to the Collateral, LC Documents or any Obligor. Issuing Bank shall not be responsible to any Lender for any recitals, statements, information, representations or warranties contained in, or for the execution, validity, genuineness, effectiveness or enforceability of any LC Documents; the validity, genuineness, enforceability, collectibility, value or sufficiency of any Collateral or the perfection of any Lien therein; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Obligor.

(d) No Issuing Bank Indemnitee shall be liable to any Lender or other Person for any action taken or omitted to be taken in connection with any LC Documents except as a result of its actual gross negligence or willful misconduct. Issuing Bank shall not have any liability to any Lender if Issuing Bank refrains from any action under any Letter of Credit or LC Documents until it receives written instructions from Required Lenders.

2.2.3 Cash Collateral. If any LC Obligations, whether or not then due or payable, shall for any reason be outstanding at any time (a) that an Event of Default exists, (b) that Availability is less than zero, (c) after the Commitment Termination Date, or (d) within twenty (20) Business Days prior to the Revolver Termination Date, then Borrowers shall, at Issuing Bank's or Administrative Agent's request, Cash Collateralize the stated amount of all outstanding Letters of Credit and pay to Issuing Bank the amount of all other LC Obligations (but not to exceed such Lender's applicable Revolver Commitment). Borrowers shall, **on demand** by Issuing Bank or Administrative Agent from time to time, Cash Collateralize the LC Obligations of any Defaulting Lender. If Borrowers fail to provide any Cash Collateral as required hereunder, Lenders may (and shall upon direction of Administrative Agent) advance, as Revolver Loans, the amount of the Cash Collateral required (whether or not the Revolver Commitments have terminated, an Overadvance exists, or the conditions in **Section 6** are satisfied) in the currency in which such Letter of Credit is denominated. Each Borrower hereby pledges to Administrative Agent and grants to Administrative Agent a Lien upon, for the benefit of Administrative Agent in such capacity and for the Pro Rata benefit of Lenders, all Cash Collateral remitted by it and held in the Cash Collateral Account from time to time, and all proceeds thereof, as security for the payment of all Obligations of such Borrower (including LC Obligations), whether or not then due and payable.

2.2.4 Existing Letters of Credit. As of the Closing Date, there exist certain letters of credit issued by Bank of America for the account of one or more Borrowers, as more fully described on **Schedule 2.2.4** hereto, not to exceed an aggregate Undrawn Amount, as to all such letters of credit, of $50,000,000 (collectively, the "Existing Letters of Credit"). The parties hereto acknowledge and agree that, concurrently with the making of the initial Loans hereunder, such Existing Letters of Credit shall constitute Letters of Credit hereunder for all purposes as fully as if such Existing Letters of Credit had been issued as Letters of Credit hereunder.

SECTION 3. INTEREST, FEES AND CHARGES

3.1 Interest.

3.1.1 Rates and Payment of Interest.

(a) Except as otherwise provided in **Section 3.1.5**:

(i) each Revolver Loan that is a Base Rate Loan shall bear interest for the period commencing with the funding thereof until paid (whether at stated maturity, on acceleration or otherwise) at a rate per annum equal to the Base Rate in effect from time to time plus the Applicable Margin with respect to the Base Rate for Revolver Loans as in effect from time to time; and

(ii) each Revolver Loan that is a LIBOR Loan shall bear interest for the period commencing with the funding thereof and ending on the last day of the Interest Period with respect thereto at a rate per annum equal to LIBOR determined for such Interest Period plus the Applicable Margin with respect to LIBOR for Revolver Loans as in effect from time to time.

Upon determining LIBOR for any Interest Period requested by Borrower Agent, Administrative Agent shall promptly notify Borrower Agent thereof by telephone and, if so requested by Borrower Agent, confirm the same in writing. Such determination shall, absent manifest error, be final, conclusive and binding on all parties and for all purposes. The applicable rate of interest for all Revolver Loans (or portions thereof) bearing interest based upon the Base Rate shall be increased or decreased, as the case may be, by an amount equal to any increase or decrease in the Base Rate, with such adjustments to be effective as of the opening of business on the day on which any such change in the Base Rate becomes effective. Interest on each Loan shall accrue from and include the date on which such Loan is made or converted to a Loan of another Type or continued as a Loan of the same Type to (but excluding) the date of any repayment thereof; provided, however, that, if a Revolver Loan is repaid on the same day made, one day's interest shall be paid on such Revolver Loan. Interest on the Loans shall be payable in the currency of the underlying Loan.

(b) Notwithstanding anything to the contrary contained herein, during an Insolvency Proceeding with respect to any Obligor, or the liquidation, dissolution, or winding up of any Obligor, or during any other Event of Default if Administrative Agent or Required Lenders in their discretion so elect, the Obligations shall bear interest at the Default Rate as set forth in **Section 3.1.5**.

(c) Interest accrued on the Loans shall be due and payable as set forth in **Section 5.4**. Interest accrued on any other Obligations shall be due and payable as provided in the Loan Documents and, if no payment date is specified, shall be due and payable **on demand**. Notwithstanding the foregoing, interest accrued at the Default Rate shall be due and payable **on demand**.

3.1.2 Application of LIBOR to Outstanding Loans.

(a) Borrowers may on any Business Day, subject to delivery of a Notice of Conversion/Continuation, elect to convert any portion of the Base Rate Loans to, or to continue any LIBOR Loan at the end of its Interest Period as, a LIBOR Loan. During any Default or Event of Default, Administrative Agent may (and shall at the direction of Required Lenders) declare that no Loan may be made, converted or continued as a LIBOR Loan.

(b) Whenever Borrowers desire to convert or continue Loans as LIBOR Loans, Borrower Agent shall give Administrative Agent a Notice of Conversion/Continuation, no later than 12:00 noon New York time at least three (3) Business Days before the requested conversion or continuation date. Promptly after receiving any such notice, Administrative Agent shall notify each Lender thereof. Each Notice of Conversion/Continuation shall be irrevocable, and shall specify the aggregate principal amount of Loans to be converted or continued, the conversion or continuation date (which shall be a Business Day), and the duration of the Interest Period (which shall be deemed to be one month if not specified). If, upon the expiration of any Interest Period in respect of any LIBOR Loans, Borrowers shall have failed to deliver a Notice of Conversion/Continuation, they shall be deemed to have elected to convert such Loans into Base Rate Loans.

3.1.3 Interest Periods. In connection with the making, conversion or continuation of any LIBOR Loans, Borrowers shall select an interest period (each an "Interest Period") to apply, which interest period shall be 30, 60, 90 or 180 days; provided, however, that:

(a) the Interest Period shall commence on the date the Loan is made or continued as, or converted into, a LIBOR Loan, and shall expire on the numerically corresponding day in the calendar month at its end;

(b) if any Interest Period commences on a day for which there is no corresponding day in the calendar month at its end or if such corresponding day falls after the last Business Day of such month, then the Interest Period shall expire on the last Business Day of such month; and if any Interest Period would expire on a day that is not a Business Day, the period shall expire on the next Business Day; and

(c) no Interest Period shall extend beyond the Revolver Termination Date.

3.1.4 Interest Rate Not Ascertainable. If Administrative Agent shall determine in good faith that on any date for determining LIBOR, due to any circumstance affecting the London interbank market, adequate and fair means do not exist for ascertaining such rate on the basis provided herein, then Administrative Agent shall immediately notify Borrower Agent of such determination. Until Administrative Agent notifies Borrower Agent that such circumstance no longer exists, the obligation of Lenders to make LIBOR Loans shall be suspended, and no further Loans may be converted into or continued as LIBOR Loans.

3.1.5 Default Rate of Interest. Borrowers shall pay interest at a rate per annum equal to the Default Rate (i) with respect to any portion of the principal amount of the Obligations (and, to the extent permitted by Applicable Law, all past due interest thereon) that is not paid on the due date thereof (whether due at stated maturity, on demand, upon acceleration or otherwise) until Full Payment thereof; and (ii) with respect to the principal amount of any Overadvance Loans (unless otherwise agreed in writing by Required Lenders), whether or not demand for payment thereof has been made by Administrative Agent. To the fullest extent permitted by Applicable Law, the Default Rate shall apply and accrue on any judgment entered with respect to any of the Obligations and to the unpaid principal amount of the Obligations during any Insolvency Proceeding, or the liquidation, dissolution or winding up of a Borrower. Each Borrower acknowledges that the cost and expense to Administrative Agent and each Lender attendant upon the occurrence of an Event of Default are difficult to ascertain or estimate and that the Default Rate is a fair and reasonable estimate to compensate Administrative Agent and Lenders for such added cost and expense. Interest accrued at the Default Rate shall be due and payable on demand (unless otherwise agreed to by Administrative Agent in writing).

3.2 Fees.

3.2.1 Unused Line Fee. Borrowers shall pay to Administrative Agent, for the Pro Rata benefit of Lenders, (i) if the average daily balance of Revolver Loans and stated amount of Letters of Credit equals or exceeds 50% of the Revolver Commitments during the immediately preceding Fiscal Quarter, a fee equal to 0.50% per annum times the amount by which the Revolver Commitments for Revolver Loans exceed the average daily balance of Revolver Loans and stated amount of Letters of Credit during such Fiscal Quarter, and (ii) if the average daily balance of Revolver Loans and stated amount of Letters of Credit is less than 50% of the Revolver Commitments during the immediately preceding Fiscal Quarter, a fee equal to 0.75% per annum times the amount by which the Revolver Commitments exceed the average daily balance of Revolver Loans and stated amount of Letters of Credit during such Fiscal Quarter. Such fees shall be payable in arrears, on the first Business Day of each Fiscal Quarter and on the Commitment Termination Date.

3.2.2 LC Facility Fees. Borrowers shall pay (a) to Administrative Agent, for the Pro Rata benefit of Lenders, a fee equal to the Applicable Margin in effect for LIBOR Loans times the average daily stated amount of Letters of Credit, which fee shall be payable quarterly in arrears, on the first Business Day of each Fiscal Quarter; (b) to Administrative Agent, for its own account, a fronting fee

equal to 0.125% of the stated amount of each Letter of Credit, which fee shall be payable upon issuance of the Letter of Credit and on each anniversary date of such issuance, and shall be payable on any increase in stated amount made between any such dates; and (c) to Issuing Bank, for its own account, all customary charges associated with the issuance, amending, negotiating, payment, processing, transfer and administration of Letters of Credit, which charges shall be paid as and when incurred. During an Event of Default, the fees payable under each clause (a) of this **Section 3.2.2** may be increased to reflect the charging of the Default Rate.

3.2.3 Closing Fee. Borrowers shall pay to Administrative Agent, for the Pro Rata benefit of Lenders, a closing fee described in the Fee Letter, which shall be paid concurrently with the funding of the initial Loans hereunder.

3.2.4 Administrative Agent Fees. In consideration of Administrative Agent's syndication of the Revolver Commitments and service as Administrative Agent hereunder, Borrowers shall pay to Administrative Agent, for its own account, the fees described in the Fee Letter.

3.3 Computation of Interest, Fees, Yield Protection. All interest, as well as fees and other charges calculated on a per annum basis, shall be computed for the actual days elapsed, based on a year of three hundred sixty (360) days in the case of any LIBOR Loan and three hundred and sixty-five (365) days (or three hundred and sixty-six (366) days in a leap year) in the case of any Base Rate Loan. Each determination by Administrative Agent of any interest, fees or interest rate hereunder shall be final, conclusive and binding for all purposes, absent manifest error. All fees shall be fully earned when due and shall not be subject to rebate or refund, nor subject to proration except as specifically provided herein. All fees payable under **Section 3.2** are compensation for services and are not, and shall not be deemed to be, interest or any other charge for the use, forbearance or detention of money. A certificate as to amounts payable by Borrowers under **Sections 3.4**, **3.6**, **3.7**, **3.9** or **5.10**, submitted to Borrower Agent by Administrative Agent or the affected Lender, as applicable, shall be final, conclusive and binding for all purposes, absent manifest error, and Borrowers shall pay such amounts to the appropriate party within ten (10) days following receipt of the certificate.

3.4 Reimbursement Obligations. Borrowers shall reimburse Administrative Agent and Lenders for all Extraordinary Expenses. Without duplicating the foregoing, Borrowers shall also reimburse Administrative Agent for all legal, accounting, appraisal, consulting and other fees, costs and expenses incurred by Administrative Agent in connection with (a) negotiation and preparation of any Loan Documents, including any amendment or other modification thereof; (b) administration of and actions relating to any Collateral, Loan Documents and transactions contemplated thereby, including any actions taken to perfect or maintain priority of Administrative Agent's Liens on any Collateral, to maintain any insurance required hereunder or to verify Collateral; and (c) subject to the limits of **Section 10.1.1(b)**, each inspection, audit or appraisal with respect to any Obligor or Collateral, whether prepared by Administrative Agent's personnel (but excluding compensation paid to such personnel) or a third party. All legal, accounting and consulting fees charged to Borrowers by Administrative Agent's professionals at their rates shall take into account any reduced or alternative fee billing arrangements that Administrative Agent, any Lender or any of their Affiliates may have with such professionals with respect to this or any other transaction. If, for any reason (including inaccurate reporting on financial statements or a Compliance Certificate), it is determined that a different Applicable Margin should have applied to a period than was actually applied, then the proper margin shall be applied retroactively, and (A) in the event that a higher Applicable Margin should have been applied, Borrowers shall immediately pay to Administrative Agent, for the Pro Rata benefit of Lenders, an amount equal to the difference between the amount of interest and fees that would have accrued using the proper margin and the amount actually paid, and (B) in the event that a lower Applicable Margin should have been applied, Administrative Agent shall apply an amount equal to the difference between the amount of interest and fees that would have accrued using the proper margin and the amount actually paid to reduce any outstanding amount of Obligations and, if no Obligation is outstanding, promptly remit such amount to an account that Borrower Agent shall specify to Administrative Agent in writing. All amounts payable by Borrowers under this Section shall constitute Obligations secured by the Collateral and shall be due **on demand**.

3.5 Illegality. Notwithstanding anything to the contrary herein, if (a) any Change in Law has made it unlawful for a Lender to make or maintain a LIBOR Loan or to maintain any Revolver Commitment with respect to a LIBOR Loan or (b) a Lender determines that the making or continuance of a LIBOR Loan has become impracticable as a result of a circumstance that adversely affects the London interbank market, then such Lender shall give notice thereof to Administrative Agent and Borrowers and may (i) declare that LIBOR Loans of the affected Type will not thereafter be made by such Lender, whereupon any request for a LIBOR Loan from such Lender shall be deemed to be a request for a Base Rate Loan or, if applicable a LIBOR Loan of a different Type, unless such Lender's declaration has been withdrawn (and it shall be withdrawn promptly upon cessation of the circumstances described in clause (a) or (b) above); or (ii) require that all outstanding LIBOR Loans of the affected Type made by such Lender be converted to a Base Rate Loan or, if applicable a LIBOR Loan of a different Type, immediately, in which event all outstanding LIBOR Loans of such Lender shall be immediately converted to a Base Rate Loan or, if applicable, a LIBOR Loan of a different Type.

3.6 Increased Costs. If, by reason of (a) any Change in Law (including any change by way of imposition or increase of any statutory reserves or other reserve requirements) or interpretation thereof, or (b) the compliance with any guideline or request from any Governmental Authority or other Person exercising control over banks or financial institutions generally (whether or not having the force of law):

(i) a Lender shall be subject to any Tax (other than Excluded Taxes and Other Taxes) with respect to any LIBOR Loan or Letter of Credit or its obligation to make LIBOR Loans, issue Letters of Credit or participate in LC Obligations, or a change shall result in the basis of taxation of any payment to a Lender (other than Excluded Taxes and Other Taxes) with respect to a Lender's LIBOR Loans or its obligation to make LIBOR Loans, issue Letters of Credit or participate in LC Obligations; or

(ii) any reserve (including any imposed by the Board of Governors or any other applicable Governmental Authority), special deposits or similar requirement against assets of, deposits with or for the account of, or credit extended by, a Lender or Issuing Bank shall be imposed or deemed applicable, or any other condition affecting a Lender's LIBOR Loans or obligation to make LIBOR Loans, or participate in LC Obligations, or Issuing Bank's obligation to issue Letters of Credit, shall be imposed on such Lender or Issuing Bank or the London interbank market;

and as a result there shall be an increase in the cost to such Lender or Issuing Bank of agreeing to make or making, funding or maintaining LIBOR Loans, Letters of Credit or participations in LC Obligations (except to the extent already included in determination of LIBOR for LIBOR Loans), or there shall be a reduction in the amount receivable by such Lender or Issuing Bank, then the Lender or Issuing Bank shall promptly notify Borrowers and Administrative Agent of such event, and Borrowers shall, within five (5) days following demand therefor, pay such Lender or Issuing Bank the amount of such increased costs or reduced amounts.

If a Lender or Issuing Bank determines that, because of circumstances described above or any other circumstances arising hereafter affecting such Lender or Issuing Bank, the London interbank market or the Lender's or Issuing Bank's position in such market, LIBOR or its respective Applicable Margin, as applicable, will not adequately and fairly reflect the cost to such Lender of funding LIBOR Loans or participating in LC Obligations, or the cost to Issuing Bank of issuing Letters of Credit, then (A) the Lender or Issuing Bank shall promptly notify Borrowers and Administrative Agent of such event; (B) such Lender's obligation to make LIBOR Loans or participate in LC Obligations, or Issuing Bank's obligation to issue Letters of Credit, shall be immediately suspended, until each condition giving rise to such suspension no longer exists; and (C) such Lender shall make a Base Rate Loan as part of any requested Borrowing of LIBOR Loans, which Base Rate Loan shall, for all purposes, be considered part of such Borrowing.

3.7 Capital Adequacy.

3.7.1 Change in Law. If any Change in Law shall (a) impose modify or deem applicable any reserve, special deposit, compulsory loan, insurance charge or similar requirement against assets of, deposits with or for the account of, or credit extended or participated in by, any Lender (except any reserve requirement reflected in LIBOR) or Issuing Bank; or (b) impose on any Lender or Issuing Bank or the London interbank market any other condition, cost or expense affecting any Loan, Loan Document, Letter of Credit or participation in LC Obligations; and the result thereof shall be to increase the cost to such Lender of making or maintaining any LIBOR Loan (or of maintaining its obligation to make any such Loan), or to increase the cost to such Lender or Issuing Bank of participating in, issuing or maintaining any Letter of Credit (or of maintaining its obligation to participate in or to issue any Letter of Credit), or to reduce the amount of any sum received or receivable by such Lender or Issuing Bank hereunder (whether of principal, interest or any other amount) then, upon request of such Lender or Issuing Bank, Borrowers shall pay to such Lender or Issuing Bank, as applicable, such additional amount or amounts as will compensate such Lender or Issuing Bank, as applicable, for such additional costs incurred or reduction suffered.

3.7.2 Capital Adequacy. If any Lender or Issuing Bank determines that any Change in Law affecting such Lender or Issuing Bank or any Lending Office of such Lender or Issuing Bank or such Lender's or Issuing Bank's holding company, if any, regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's, Issuing Bank's or holding company's capital as a consequence of this Agreement, or such Lender's or Issuing Bank's Revolver Commitments, Loans, Letters of Credit or participations in LC Obligations, to a level below that which such Lender, Issuing Bank or holding company could have achieved but for such Change in Law (taking into consideration such Lender's, Issuing Bank's and holding company's policies with respect to capital adequacy), then from time to time Borrowers shall pay to such Lender or Issuing Bank, as the case may be, such additional amount or amounts as will compensate it or its holding company for any such reduction suffered.

3.8 Compensation. Failure or delay on the part of any Lender or Issuing Bank to demand compensation pursuant to this **Section 3** shall not constitute a waiver of its right to demand such compensation, but Borrowers shall not be required to compensate a Lender or Issuing Bank for any increased costs incurred or reductions suffered more than nine months prior to the date that the Lender or Issuing Bank notifies Borrower Agent of the Change in Law giving rise to such increased costs or reductions and of such Lender's or Issuing Bank's intention to claim compensation therefor (except that, if the Change in Law giving rise to such increased costs or reductions is retroactive, then the nine-month period referred to above shall be extended to include the period of retroactive effect thereof).

3.9 Mitigation. If any Lender gives a notice under **Section 3.5** or requests compensation under **Section 3.7**, or if Borrowers are required to pay additional amounts with respect to a Lender under **Section 5.10**, then such Lender shall use reasonable efforts to designate a different Lending Office or to assign its rights and obligations hereunder to another of its offices, branches or Affiliates, if, in the judgment of such Lender, such designation or assignment (a) would eliminate the need for such notice or reduce amounts payable or to be withheld in the future, as applicable; and (b) would not subject the Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to it. Borrowers shall pay all reasonable costs and expenses incurred by any Lender in connection with any such designation or assignment.

3.10 Funding Losses. If for any reason (other than default by a Lender) (a) any Borrowing of, or conversion to or continuation of, a LIBOR Loan does not occur on the date specified therefor in a Notice of Borrowing or Notice of Conversion/Continuation (whether or not withdrawn), (b) any repayment or conversion of a LIBOR Loan occurs on a day other than the end of its Interest Period, or (c) Borrowers fail to repay a LIBOR Loan when required hereunder, then such Borrowers with respect to such LIBOR Loan shall pay to Administrative Agent, for the ratable benefit of Lenders, its customary administrative charge and to each Lender all losses and expenses that it sustains as a consequence thereof, excluding loss of anticipated profits but including any loss or expense arising from liquidation or redeployment of funds or from fees payable to terminate deposits of matching funds. Lenders shall not be required to purchase Dollar deposits in the London interbank market or any other offshore Dollar market to fund any LIBOR Loan, but the provisions hereof shall be deemed to apply as if each Lender had purchased such deposits to fund its LIBOR Loans.

3.11 Maximum Interest. In no event shall interest, charges or other amounts that are contracted for, charged or received by Administrative Agent and Lenders pursuant to any Loan Documents and that are deemed interest under Applicable Law ("interest") exceed the highest rate permissible under Applicable Law (the "maximum rate"). If, in any month, any interest rate, absent the foregoing limitation, would have exceeded the maximum rate, then the interest rate for that month shall be the maximum rate and, if in a future month, that interest rate would otherwise be less than the maximum rate, then the rate shall remain at the maximum rate until the amount of interest actually paid equals the amount of interest which would have accrued if it had not been limited by the maximum rate. If, upon Full Payment of the Obligations, the total amount of interest actually paid under the Loan Documents is less than the total amount of interest that would, but for this Section, have accrued under the Loan Documents, then Borrowers shall, to the extent permitted by Applicable Law, pay to Administrative Agent, for the account of Lenders, the difference of (a) the lesser of (i) the amount of interest that would have been charged if the maximum rate had been in effect at all times, or (ii) the amount of interest that would have accrued had the interest rate otherwise set forth in the Loan Documents been in effect, minus (b) the amount of interest actually paid under the Loan Documents. If a court of competent jurisdiction determines that Administrative Agent or any Lender has received interest in excess of the maximum amount allowed under Applicable Law, such excess shall be deemed received on account of, and shall automatically be applied to reduce, Obligations other than interest (regardless of any erroneous application thereof by Administrative Agent or any Lender), and upon Full Payment of the Obligations, any balance shall be refunded to Borrowers. In determining whether any excess interest has been charged or received by Administrative Agent or any Lender, all interest at any time charged or received from Borrowers in connection with the Loan Documents shall, to the extent permitted by Applicable Law, be amortized, prorated, allocated and spread in equal parts throughout the full term of the Obligations.

SECTION 4. LOAN ADMINISTRATION

4.1 Manner of Borrowing and Funding Revolver Loans.

4.1.1 Notice of Borrowing.

(a) Whenever Borrowers desire funding of a Borrowing under **Section 2.1**, Borrower Agent shall give Administrative Agent a Notice of Borrowing, subject to **Section 4.1.4**. Such notice must be received by Administrative Agent no later than 12:00 noon New York time (prevailing time in the location of the Appropriate Notice Office) (i) on the Business Day of the requested funding date, in the case of Base Rate Loans, and (ii) at least three (3) Business Days prior to the requested funding date, in the case of LIBOR Loans. Notices received after 12:00 noon New York time (prevailing time in the location of the Appropriate Notice Office) shall be deemed received on the next Business Day. Each Notice of Borrowing shall be irrevocable and shall specify (A) the amount of the Borrowing, (B) the requested funding date (which must be a Business Day), (C) whether the Borrowing is to be made as Base Rate Loans or LIBOR Loans, (D) in the case of LIBOR Loans, the duration of the applicable Interest Period (which shall be deemed to be thirty (30) days if not specified), and (E) the currency in which such Loans are to be denominated.

(b) Unless payment is otherwise timely made by Borrowers, the becoming due of any Obligations (whether principal, interest, fees or other charges, including Extraordinary Expenses, LC Obligations, Cash Collateral and Secured Bank Product Obligations) shall be deemed to be a request for Base Rate Revolver Loans on the due date, in the amount of such Obligations. The proceeds of such Revolver Loans shall be disbursed as direct payment of the relevant Obligation. In addition, Administrative Agent may, at its option, charge such Obligations against any operating, investment or other account of a Borrower maintained with Administrative Agent or any of its Affiliates.

(c) If Borrowers establish a controlled disbursement account with Bank of America or any branch or affiliate of Bank of America, then the presentation for payment of any check or other item of payment drawn on such account at a time when there are insufficient funds to cover it shall be deemed to be a request for Base Rate Revolver Loans on the date of such presentation, in the amount of the check and items presented for payment. The proceeds of such Revolver Loans may be disbursed directly to the controlled disbursement account or other appropriate account.

(d) Neither Administrative Agent nor any Lender shall have any obligation to Borrowers to honor any deemed request for a Revolver Loan on or after the Commitment Termination Date, when an Overadvance exists or would result therefrom, or when any condition in **Section 6** is not satisfied, but may do so in their discretion (or to the extent they are otherwise required to do so by Administrative Agent pursuant to the terms of **Section 2.1.6**), without being deemed to have waived any Default or Event of Default.

4.1.2 Fundings by Lenders. Each Lender shall timely honor its Revolver Commitment by funding its Pro Rata share of each Borrowing of Revolver Loans that is properly requested hereunder. Except for Borrowings to be made as Swingline Loans, Administrative Agent shall endeavor to notify Lenders of each Notice of Borrowing (or deemed request for a Borrowing) by 12:00 noon (prevailing time in the location of the Appropriate Notice Office) on the proposed funding date for Base Rate Loans or by 3:00 p.m. (prevailing time in the location of the Appropriate Notice Office) at least two (2) Business Days before any proposed funding of LIBOR Loans. Each Lender shall fund to Administrative Agent such Lender's Pro Rata share of the Borrowing to the account specified by Administrative Agent in immediately available funds not later than 2:00 p.m. (prevailing time in the location of the Appropriate Notice Office) on the requested funding date, unless Administrative Agent's notice is received after the times provided above, in which event each Lender shall fund its Pro Rata share by 11:00 a.m. (prevailing time in the location of the Appropriate Notice Office) on the next Business Day. Subject to its receipt of such amounts from Lenders, Administrative Agent shall disburse the proceeds of the Revolver Loans to Borrowers as directed by Borrower Agent. Unless Administrative Agent shall have received (in sufficient time to act) written notice from a Lender that it does not intend to fund its Pro Rata share of a Borrowing, Administrative Agent may assume that such Lender has deposited or promptly will deposit its share with Administrative Agent, and Administrative Agent may disburse a corresponding amount to Borrowers. If a Lender's share of any Borrowing or of any settlement pursuant to **Section 4.1.3(b)** is not in fact received by Administrative Agent, then Borrowers agree to repay to Administrative Agent on demand the amount of such share, together with interest thereon from the date disbursed until repaid, at the rate applicable to such Borrowing.

4.1.3 Swingline Loans; Settlement.

(a) Administrative Agent may, but shall not be obligated to, advance Swingline Loans to Borrowers upon a Notice of Borrowing from Borrower Agent received by Administrative Agent not later than 12:00 noon New York time on the Business Day on which such Swingline Loan is requested, up to an aggregate outstanding amount of $40,000,000 plus any Overadvance permitted to

remain outstanding or any Overadvance Loans made under **Section 2.1.6**, unless the funding is specifically required to be made by all Lenders hereunder. Each Swingline Loan shall constitute a Revolver Loan for all purposes, except that payments thereon shall be made to Administrative Agent for its own account. The obligation of Borrowers to repay Swingline Loans shall be evidenced by the records of Administrative Agent and need not be evidenced by any promissory note.

(b) To facilitate administration of the Revolver Loans, Lenders and Administrative Agent agree (which agreement is solely among them, and not for the benefit of or enforceable by any Borrower) that settlement among them with respect to Swingline Loans and other Revolver Loans may take place periodically on a date determined from time to time by Administrative Agent, but which shall occur at least once each week. On each settlement date, settlement shall be made with each Lender in accordance with the Settlement Report delivered by Administrative Agent to Lenders. Between settlement dates, Administrative Agent may in its discretion apply payments on Revolver Loans to Swingline Loans, regardless of any designation by any Borrower or any provision herein to the contrary. Each Lender's obligation to make settlements with Administrative Agent is absolute and unconditional, without offset, counterclaim or other defense, and whether or not the Revolver Commitments have terminated, an Overadvance exists, or the conditions in **Section 6** are satisfied. If, due to an Insolvency Proceeding with respect to or the liquidation, dissolution or winding up of any Borrower, or otherwise, any Swingline Loan may not be settled among Lenders hereunder, then each Lender shall be deemed to have purchased from Administrative Agent a Pro Rata participation in each unpaid Swingline Loan and shall transfer the amount of such participation to Administrative Agent, in immediately available funds, within one (1) Business Day after Administrative Agent's request therefor.

4.1.4 Notices. Each Borrower authorizes Administrative Agent and Lenders to extend, convert or continue Loans, effect selections of interest rates, and transfer funds to or on behalf of Borrowers based on telephonic or e-mailed instructions. Borrowers shall confirm each such request by prompt delivery to Administrative Agent of a Notice of Borrowing or Notice of Conversion/Continuation, if applicable, but if it differs in any material respect from the action taken by Administrative Agent or Lenders, the records of Administrative Agent and Lenders shall govern. Neither Administrative Agent nor any Lender shall have any liability for any loss suffered by a Borrower as a result of Administrative Agent or any Lender acting upon its understanding of telephonic or e-mailed instructions from a person believed in good faith by such Credit Party to be a person authorized to give such instructions on a Borrower's behalf.

4.2 Defaulting Lender. Administrative Agent may (but shall not be required to), in its discretion, retain any payments or other funds received by Administrative Agent that are to be provided to a Defaulting Lender hereunder, and may apply such funds to such Lender's defaulted obligations or readvance the funds to Borrowers in accordance with this Agreement. The failure of any Lender to fund a Loan, to make any payment in respect of LC Obligations or to otherwise perform its obligations hereunder shall not relieve any other Lender of its obligations, and no Lender shall be responsible for default by another Lender. Lenders and Administrative Agent agree (which agreement is solely among them, and not for the benefit of or enforceable by any Borrower) that, solely for purposes of determining a Defaulting Lender's right to vote on matters relating to the Loan Documents and to share in payments, fees and Collateral proceeds thereunder, a Defaulting Lender shall not be deemed to be a "Lender" until all its defaulted obligations have been cured. For the avoidance of doubt, a Defaulting Lender shall be deemed to be a "Lender" for purposes of voting for an increase or an extension of the Revolver Commitments.

4.3 Number and Amount of LIBOR Loans; Determination of Rate. Each Borrowing of LIBOR Loans when made, continued or converted shall be in a minimum amount of $10,000,000, or integral multiples of $5,000,000 in excess thereof. No more than ten (10) Borrowings of LIBOR Loans may be outstanding at any time, and all LIBOR Loans having the same length and beginning date of their Interest Periods shall be aggregated together and considered one Borrowing for this purpose. Upon determining LIBOR for any Interest Period requested by Borrowers, Administrative Agent shall promptly notify Borrowers thereof by telephone or electronically and, if requested by Borrowers, shall confirm any telephonic notice in writing.

4.4 Borrower Agent. Each Borrower hereby designates Spectrum ("Borrower Agent") as its representative and agent for all purposes under the Loan Documents, including requests for Loans and Letters of Credit, designation of interest rates, delivery or receipt of communications with Administrative Agent, Issuing Bank or any Lender, preparation and delivery of Borrowing Base and financial reports, receipt and payment of Obligations, requests for waivers, amendments or other accommodations, actions under the Loan Documents (including in respect of compliance with covenants), and all other dealings with Administrative Agent, Issuing Bank or any Lender. Borrower Agent hereby accepts such appointment. Administrative Agent, Issuing Bank and Lenders shall be entitled to rely upon, and shall be fully protected in relying upon, any notice or communication (including any notice of borrowing) delivered by Borrower Agent on behalf of any Borrower. Administrative Agent, Issuing Bank and Lenders may give any notice or communication with a Borrower hereunder to Borrower Agent on behalf of such Borrower. Each of Administrative Agent, Issuing Bank and Lenders shall have the right, in its discretion, to deal exclusively with Borrower Agent for any or all purposes under the Loan Documents. Each Borrower agrees that any notice, election, communication, representation, agreement or undertaking made on its behalf by Borrower Agent shall be binding upon and enforceable against it.

4.5 One Obligation. The Loans, LC Obligations and other Obligations shall constitute one general obligation of Borrowers and (unless otherwise expressly provided in any Loan Document) shall be secured by Administrative Agent's Lien upon all Collateral; provided, however, that each Credit Party shall be deemed to be a creditor of, and the holder of a separate claim against, each Borrower to the extent of any Obligations jointly or severally owed by such Borrower to such Credit Party.

4.6 Effect of Termination. On the effective date of any termination of the Revolver Commitments, all Obligations shall be immediately due and payable, and any Lender or its Affiliates may terminate its and its Affiliates' Bank Products. All undertakings of Borrowers contained in the Loan Documents shall survive any termination, and Administrative Agent shall retain its Liens in the Collateral and all of its rights and remedies under the Loan Documents until Full Payment of the Obligations. Notwithstanding Full Payment of the Obligations, Administrative Agent shall not be required to terminate its Liens in any Collateral unless, with respect to any damages Administrative Agent may incur as a result of the dishonor or return of Payment Items applied to Obligations, Administrative Agent receives (a) a written agreement, executed by Borrowers and any Person whose advances are used in whole or in part to satisfy the Obligations, indemnifying Administrative Agent and Lenders from any such damages; or (b) such Cash Collateral as Administrative Agent, in its discretion, deems necessary to protect against any such damages. **Sections 2.2**, **3.4**, **3.6**, **3.7**, **3.9**, **5.5**, **5.9**, **5.10**, **12**, **14.2** and this **Section 4.6**, and the obligation of each Obligor and Lender with respect to each indemnity given by it in any Loan Document, shall survive Full Payment of the Obligations and any release relating to this credit facility.

SECTION 5. PAYMENTS

5.1 General Payment Provisions. All payments of Obligations shall be made, without offset, counterclaim or defense of any kind, free of (and without deduction for) any Taxes, and in immediately available funds, not later than 2:00 p.m. New York time on the due date. Any payment after such time shall be deemed made on the next Business Day. Any payment of a LIBOR Loan prior to the end of its Interest Period shall be accompanied by all amounts due under **Section 3.10**. Any prepayment of Loans shall be applied first to Base Rate Loans and then to LIBOR Loans; provided, however, that as long as no Event of Default exists and at any time other than during a Cash Dominion Period, in either case, prepayments of LIBOR Loans may, at the option of Borrowers and Administrative Agent, be held by Administrative Agent as Cash Collateral and applied to such Loans at the end of their Interest Periods. All payments with respect to any Obligations shall be made in Dollars.

5.2 Repayment of Revolver Loans.

(a) Revolver Loans shall be due and payable in full on the Revolver Termination Date, unless payment is sooner required hereunder. Any portion of the Revolver Loans consisting of the principal amount of Base Rate Loans shall be paid by such Borrowers to Administrative Agent, for the Pro Rata benefit of Lenders (or, in the case of Swingline Loans, for the sole benefit of Administrative Agent) unless timely converted to a LIBOR Loan in accordance with this Agreement, immediately upon (i) the Commitment Termination Date and (ii) in the case of Swingline Loans, the earlier of Administrative Agent's demand for payment or on each settlement date with respect to all Swingline Loans outstanding on such date (which payment shall be satisfied by the funding of Revolver Loans pursuant to **Section 4.1.3**, provided no Insolvency Proceeding or the liquidation, dissolution or winding up of any Borrower, is then pending).

(b) Any portion of the Revolver Loans consisting of the principal amount of LIBOR Loans shall be paid by such Borrowers to Administrative Agent, for the Pro Rata benefit of Lenders, unless continued as a LIBOR Loan or converted to a Revolver Loan of a different Type in accordance with the terms of this Agreement, immediately upon (i) the last day of the Interest Period applicable thereto and (ii) the Commitment Termination Date. Such Borrowers shall be authorized to make a voluntary prepayment with respect to any Revolver Loan outstanding as a LIBOR Loan prior to the last day of the Interest Period applicable thereto; provided that such Borrowers shall pay to Administrative Agent, for the Pro Rata benefit of Lenders funding such LIBOR Loan, concurrently with any prepayment of such LIBOR Loan, any amount due Lenders under **Section 3.10** as a consequence of such prepayment. Notwithstanding the foregoing provisions of this **Section 5.2(b)**, if, on any date that Administrative Agent receives proceeds of any of the Accounts or Inventory, there are no Revolver Loans outstanding as Base Rate Loans, Administrative Agent may, at the request of Borrower Agent, either hold such proceeds as cash security for the timely payment of the Obligations or apply such proceeds to any outstanding Revolver Loans bearing interest as LIBOR Loans as the same become due and payable (whether at the end of the applicable Interest Periods or on the Commitment Termination Date).

(c) Notwithstanding anything to the contrary contained elsewhere in this Agreement, if an Overadvance shall exist, Borrowers shall, on the sooner to occur of Administrative Agent's demand or the first Business Day after any such Borrower has obtained knowledge of such Overadvance, repay the outstanding Revolver Loans that are Base Rate Loans in an amount sufficient to reduce the aggregate unpaid principal amount of all Revolver Loans to Borrowers by an amount equal to such excess; and, if such payment of Base Rate Loans is not sufficient to eliminate the Overadvance, then Borrowers shall either prepay LIBOR Loans (subject to the payment of any amounts due as a result of such prepayment pursuant to **Section 3.10**) or immediately deposit with Administrative Agent, for the Pro Rata benefit of Lenders, for application to any outstanding Revolver Loans bearing interest as LIBOR Loans as the same become due and payable (whether at the end of the applicable Interest Periods or on the Commitment Termination Date) cash in an amount sufficient to eliminate such Overadvance, and Administrative Agent may (i) hold such deposit as cash security pending disbursement of same to Lenders for application to the Obligations, or (ii) if a Default or Event of Default exists, immediately apply such proceeds to the payment of the Obligations, including the Revolver Loans outstanding as LIBOR Loans (in which event Borrowers shall also pay to Administrative Agent for the Pro Rata benefit of Lenders any amounts required by **Section 3.10** to be paid by reason of the prepayment of an LIBOR Loan prior to the last day of the Interest Period applicable thereto).

5.3 Mandatory Prepayments.

(a) Except as may be otherwise required under the Senior Secured Note Indenture, the Senior Term Loan Agreement or the PIK Indenture, as applicable, and subject in all events to the terms and conditions of the Intercreditor Agreements, at any time (i) an Event of Default exists or (ii) during a Cash Dominion Period, concurrently with any Permitted Asset Disposition of Non-Current Asset Collateral, Borrowers shall prepay the Loans in an amount equal to the Net Proceeds of such disposition.

(b) Except as may be otherwise required under the Senior Secured Note Indenture, the Senior Term Loan Agreement, or the PIK Indenture, as applicable, and subject in all events to the terms and conditions of the Intercreditor Agreements, at any time (i) an Event of Default exists or (ii) during a Cash Dominion Period, concurrently with the receipt of any proceeds of insurance or condemnation awards paid in respect of any Collateral (other than Current Asset Collateral), Borrowers shall prepay the Loans in an amount equal to such proceeds, subject to **Section 8.6.2**.

(c) Concurrently with the receipt of any proceeds of insurance or condemnation awards paid in respect of any Current Asset Collateral, Borrowers shall repay the Loans in an amount equal to such proceeds, subject to **Section 8.6.2**.

(d) On the Commitment Termination Date, Borrowers shall prepay all of the Loans (unless sooner repaid hereunder).

5.4 Payment of Interest. Interest accrued on the outstanding Loans shall be due and payable in arrears on (i) the first day of each Fiscal Quarter (for the immediately preceding Fiscal Quarter), computed through the last day of the preceding Fiscal Quarter, with respect to each Revolver Loan including each Base Rate Loan and each LIBOR Loan, (ii) on any date of prepayment, with respect to the principal amount of Loans being prepaid, (iii) on the Commitment Termination Date, and (iv) the last day of the applicable Interest Period in the case of all LIBOR Loans. Accrued interest shall also be paid by Borrowers on the Commitment Termination Date. With respect to any Base Rate Loan converted into a LIBOR Loan pursuant to **Section 3.1.2** on a day when interest would not otherwise have been payable with respect to such Base Rate Loan, accrued interest to the date of such conversion on the amount of such Base Rate Loan so converted shall be paid on the conversion date.

5.5 Payment of Other Obligations. Obligations other than Loans, including LC Obligations and Extraordinary Expenses, shall be paid by Borrowers as provided in the Loan Documents or, if no payment date is specified, **on demand**.

5.6 Marshaling; Payments Set Aside. Neither Administrative Agent nor any Lender shall be under any obligation to marshal any assets in favor of any Obligor or against any Obligations. If any payment by or on behalf of Borrowers is made to Administrative Agent, Issuing Bank or any Lender, or Administrative Agent, Issuing Bank or any Lender exercises a right of setoff, and such payment or the proceeds of such setoff or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by Administrative Agent, Issuing Bank or such Lender in its discretion) to be repaid to a trustee, receiver or any other Person, then to the extent of such recovery, the Obligation originally intended to be satisfied, and all Liens, rights and remedies relating thereto, shall be revived and continued in full force and effect as if such payment had not been made or such setoff had not occurred.

5.7 Post-Default Allocation of Payments.

5.7.1 Allocation. Notwithstanding anything herein to the contrary, during an Event of Default, monies to be applied to the Obligations, whether arising from payments by Obligors, realization on Collateral, setoff or otherwise, shall be allocated as follows:

(i) first, to Administrative Agent to pay the amount of Extraordinary Expenses that have not been reimbursed to Administrative Agent by Obligors or Lenders, together with interest accrued thereon at the rate applicable to Revolver Loans that are Base Rate Loans, until Full Payment of all such Obligations;

(ii) second, to Administrative Agent to pay principal and accrued interest on any portion of the Revolver Loans (whether as Protective Advances or otherwise) which Administrative Agent may have advanced on behalf of a Lender and for which Administrative Agent has not been reimbursed by such Lender or by Obligors, until Full Payment of all such Obligations;

(iii) third, to Administrative Agent to pay the principal and accrued interest on any portion of its Swingline Loans outstanding, to be shared with Lenders that have acquired and paid for a participating interest in such Swingline Loans, until Full Payment of all such Obligations;

(iv) fourth, to the extent that Issuing Bank or Administrative Agent has not received from any Lender participating in the LC Obligations with respect to any Letter of Credit a payment as required by **Section 2.2.2**, to Issuing Bank or Administrative Agent to pay all such required payments from such Lender participating in any LC Obligations with respect to any Letter of Credit, until Full Payment of all such Obligations;

(v) fifth, to Administrative Agent to pay any Claims that have not been paid pursuant to any indemnity of Agent Indemnitees by Obligors, or to pay amounts owing to Agent Indemnitees by Lenders pursuant to **Section 12.6**, in each case together with interest accrued thereon at the rate applicable to Revolver Loans that are Base Rate Loans, until Full Payment of all such Obligations;

(vi) sixth, to Administrative Agent to pay any fees due and payable to Administrative Agent by Borrowers, until Full Payment of all such Obligations (excluding Secured Bank Product Obligations);

(vii) seventh, to each Lender, ratably, for any Claims that such Lender has paid to Agent Indemnitees pursuant to its indemnity of Agent Indemnitees and any Extraordinary Expenses that such Lender has reimbursed to Administrative Agent or that such Lender has paid or incurred, to the extent that such Lender has not been reimbursed by Obligors, until Full Payment of all such Obligations;

(viii) eighth, to Issuing Bank or Administrative Agent to pay principal and interest with respect to LC Obligations (or to the extent any of such LC Obligations are contingent and an Event of Default then exists, deposited in the Cash Collateral Account to Cash Collateralize such LC Obligations), which payment shall be shared with Lenders participating in any LC Obligations with respect to any Letter of Credit in accordance with **Section 2.2.2(c)**, until Full Payment of such Obligations;

(ix) ninth, to Lenders and providers of Noticed Hedges, on a pro rata basis, in payment of (A) the accrued but unpaid interest in respect of the Loans, and (B) the unpaid principal in respect of the Loans and the termination value of and other unpaid obligations in respect of Noticed Hedges, including the Cash Collateralization of Noticed Hedges (the "Principal and Hedge Amount"), in such order of application between clauses (A) and (B) as shall be designated by Administrative Agent (acting at the direction or with the consent of Required Lenders), until Full Payment of all such Obligations (it being understood and agreed that the Principal and Hedge Amount shall be paid on a pro rata basis in the same order of application of payments); and

(x) tenth, to Administrative Agent to pay all other Obligations, including any Secured Bank Product Obligations (other than Noticed Hedges).

Amounts shall be applied to each category of Obligations set forth above until Full Payment thereof and then to the next category. If amounts are insufficient to satisfy a category, they shall be applied on a pro rata basis among the Obligations in the category. Amounts distributed with respect to any Secured Bank Product Obligations shall be the lesser of the maximum Secured Bank Product Obligations last reported to Administrative Agent or the actual Secured Bank Product Obligations as calculated by the methodology reported to Administrative Agent for determining the amount due. Administrative Agent shall have no obligation to calculate the amount to be distributed with respect to any Secured Bank Product Obligations, and may request a reasonably detailed calculation of such amount from the applicable Secured Party holding such Secured Bank Product Obligations. If a Secured Party fails to deliver such calculation within five (5) days following request by Administrative Agent, Administrative Agent may assume the amount to be distributed is no greater than the maximum amount of Secured Bank Product Obligations last reported to Administrative Agent. The allocations set forth in this Section are solely to determine the rights and priorities of Administrative Agent and Secured Parties as among themselves, and may be changed by agreement among them without the consent of any Obligor. This Section is not for the benefit of or enforceable by any Borrower.

5.7.2 Erroneous Application. Administrative Agent shall not be liable for any application of amounts made by it in good faith and, if any such application is subsequently determined to have been made in error, the sole recourse of any Lender or other Person to which such amount should have been made shall be to recover the amount from the Person that actually received it (and, if such amount was received by any Lender, such Lender hereby agrees to return it).

5.8 Application of Payments. The ledger balance in the main Dominion Account as of the end of a Business Day shall be applied to the Obligations at the beginning of the next Business Day, during any Cash Dominion Period. If, as a result of such application, a credit balance exists, the balance shall not accrue interest in favor of Borrowers and shall be made available to Borrowers as long as no Event of Default or (unless Administrative Agent otherwise provides its written consent) a Default exists. Each Borrower irrevocably waives the right to direct the application of any payments or Collateral proceeds, and agrees that Administrative Agent shall have the continuing, exclusive right to apply and reapply the same against the Obligations, in such manner as Administrative Agent deems advisable, notwithstanding any entry by Administrative Agent in its records.

5.9 Loan Account; Account Stated.

5.9.1 Loan Account. Each Lender shall maintain in accordance with its usual and customary practices an account or accounts ("Loan Account") evidencing the Debt of Borrowers resulting from each Loan or issuance of a Letter of Credit from time to time. Any failure of a Lender to record anything in the Loan Account, or any error in doing so, shall not limit or otherwise affect the obligation of Borrowers to pay any amount owing hereunder to such Lender. Each Lender may maintain a single Loan Account in the name of Borrower Agent, and each Borrower confirms that such arrangement shall have no effect on the joint and several character of its liability for the Obligations.

5.9.2 Entries Binding. Entries made in the Loan Account shall constitute presumptive evidence of the information contained therein. If any information contained in the Loan Account is provided to or inspected by any Person, then such information shall be conclusive and binding on such Person for all purposes absent manifest error, except to the extent such Person notifies Administrative Agent in writing within thirty (30) days after receipt or inspection that specific information is subject to dispute.

5.9.3 The Register. Administrative Agent shall maintain a register (the "Register"), which shall include a master account and a subsidiary account for each Lender and in which accounts (taken together) shall be recorded (i) the date and amount of each Borrowing made hereunder, the Type of each Loan comprising such Borrowing and any Interest Period applicable thereto, (ii) the effective date

and amount of each Assignment and Acceptance delivered to and accepted by it and the parties thereto, (iii) the amount of any principal or interest due and payable or to become due and payable from Borrowers hereunder or under the Notes, and (iv) the amount of any sum received by Administrative Agent from Borrowers or any other Obligor and each Lender's Pro Rata share thereof. The entries in the Register shall be conclusive, in the absence of manifest error, and Borrowers, Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register as the owner of the Loans and any Notes evidencing such Loans recorded herein for all purposes of this Agreement. Any assignment of any Loan, whether or not evidenced by a Note, shall be effective only upon appropriate entries with respect thereto being made in the Register (and each Note shall expressly so provide). Any assignment or transfer of all or part of a Loan evidenced by a Note shall be registered on the Register only upon surrender for registration of assignment or transfer of the Note evidencing such Loan, accompanied by a duly executed Assignment and Acceptance; thereupon one or more new Notes in the same aggregate principal amount shall be issued to the designated Assignee, and the old Notes shall be returned by Administrative Agent to Borrowers marked "canceled." The Register shall be available for inspection by Borrowers or any Lender at the offices of Administrative Agent at any reasonable time and from time to time upon reasonable prior notice. Any failure of Administrative Agent to record in the Register, or any error in doing so, shall not limit or otherwise affect the obligation of Borrowers hereunder (or under any Note) to pay any amount owing with respect to the Obligations or provide the basis for any claim against Administrative Agent. The Obligations and Letters of Credit are registered obligations and the right, title and interest of Lenders and their assignees in and to such Obligations and Letters of Credit as the case may be, shall be transferable only upon notation of such transfer in the Register and in accordance with this Agreement. Solely for purposes of this **Section 5.9.3** and for tax purposes only, Administrative Agent shall be Borrowers' agent for purposes of maintaining the Register (but Administrative Agent shall have no liability whatsoever to any Borrower or any other Person on account of any inaccuracies contained in the Register). This **Section 5.9.3** shall be construed so that the Obligations and Letters of Credit are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h)(2) and 881(c)(2) of the Code and any related regulations (and any other relevant or successor provisions of the Code or such regulations or other relevant provisions of Applicable Law).

5.10 Taxes.

5.10.1 Payments Free of Taxes. Except as otherwise required by Applicable Law, all payments by Obligors of Obligations shall be free and clear of and without reduction for any Indemnified Taxes and Other Taxes. If Applicable Law requires any Obligor or Administrative Agent to withhold or deduct any Tax (including backup withholding or withholding Tax), the withholding or deduction shall be based on information provided pursuant to **Section 5.11,** and such Obligor and Administrative Agent shall pay the amount withheld or deducted to the relevant Governmental Authority. If the withholding or deduction is made on account of Indemnified Taxes or Other Taxes, the sum payable by Borrowers shall be increased so that Administrative Agent, any Lender or Issuing Bank, as applicable, receives an amount equal to the sum it would have received if no such withholding or deduction (including deductions applicable to additional sums payable under this Section) had been made. Without limiting the foregoing and without duplication, Borrowers shall timely pay all Other Taxes to the relevant Governmental Authorities.

5.10.2 Payment. Borrowers shall indemnify, hold harmless and reimburse (within ten (10) days after written demand therefor) Administrative Agent, Lenders and Issuing Bank for any Indemnified Taxes or Other Taxes (without duplication and including those attributable to amounts payable under this Section) withheld or deducted by any Obligor or Administrative Agent, or paid by any Obligor, Administrative Agent, any Lender or Issuing Bank, with respect to any Obligations, Letters of Credit or Loan Documents, whether or not such Taxes were properly asserted by the relevant Governmental Authority, and including all penalties, interest and reasonable expenses relating thereto, as well as any amount that a Lender or Issuing Bank fails to pay indefeasibly to Administrative Agent under **Section 5.11**. A certificate as to the amount of any such payment or liability delivered to Borrower Agent

by Administrative Agent, or by a Lender or Issuing Bank (with a copy to Administrative Agent), shall be conclusive, absent manifest error. As soon as practicable after any payment of Taxes by a Borrower, Borrower Agent shall deliver to Administrative Agent a receipt from the Governmental Authority or other evidence of payment satisfactory to Administrative Agent.

5.10.3 Refunds and Tax Benefits. If Administrative Agent, a Lender or Issuing Bank determines, in its sole discretion, that it has received a refund or a permanent net tax benefit in respect of any Indemnified Taxes or Other Taxes (without duplication) as to which it has been indemnified by Borrowers or with respect to which Borrowers have paid additional amounts pursuant to this **Section 5.10**, it shall within thirty (30) days from the date of such receipt pay over the amount of such refund or permanent net tax benefit (but only to the extent of indemnity payments made or additional amounts paid by Borrowers under this **Section 5.10.3** with respect to Indemnified Taxes or Other Taxes giving rise to such refund or permanent net tax benefit) to Borrowers, net of all reasonable out-of-pocket expenses (including any Taxes imposed with respect to such refund) of such Administrative Agent, a Lender or Issuing Bank and without interest (other than interest paid by the relevant Governmental Authority with respect to such refund); provided, that, Borrowers, upon the request of such Administrative Agent, a Lender or Issuing Bank, agree to repay the amount paid over to Borrowers (plus penalties, interest or other charges) to such Administrative Agent, a Lender or Issuing Bank in the event such Administrative Agent, a Lender or Issuing Bank is required to repay such refund to such Governmental Authority or loses such permanent net tax benefit.

5.11 Lender Information; Foreign Lenders.

5.11.1 Status of Lenders. Each Lender shall deliver documentation and information to Administrative Agent and Borrower Agent and, if necessary, the IRS or other Governmental Authority, at the times and in form required by Applicable Law or reasonably requested by Administrative Agent or Borrower Agent, sufficient to permit Administrative Agent or Borrowers to determine (a) whether or not payments made with respect to Obligations are subject to Taxes, (b) if applicable, the required rate of withholding or deduction, and (c) such Lender's entitlement to any available exemption from, or reduction of, applicable Taxes for such payments or otherwise to establish such Lender's status for withholding Tax purposes in the applicable jurisdiction.

5.11.2 Exemption. Any Lender that is entitled to an exemption from or reduction of withholding tax under the law of the jurisdiction in which an Obligor is resident for tax purposes, or any treaty to which such jurisdiction is a party, with respect to payments under any Loan Document shall deliver to Administrative Agent and Borrower Agent and, if necessary, the IRS or other Governmental Authority, at the time or times prescribed by Applicable Law or as reasonably requested by Administrative Agent or Borrower Agent, such properly completed and executed documentation prescribed by Applicable Law as will permit such payments to be made without withholding or at a reduced rate of withholding. In addition, any Lender, if requested by Administrative Agent or Borrower Agent, shall deliver such other documentation prescribed by Applicable Law or reasonably requested by Administrative Agent or Borrower Agent as will enable Administrative Agent and Borrower Agent to determine whether or not such Lender is subject to backup withholding or information reporting requirements.

5.11.3 Documentation. Without limiting the generality of the foregoing, if a Borrower is resident for United States federal income tax purposes in the United States, a Foreign Lender shall deliver to Administrative Agent and Borrower Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender hereunder (and from time to time promptly upon the request of Administrative Agent or Borrower Agent or the obsolescence, expiration, or invalidity of any form previously delivered by such Foreign Lender, but only if such Foreign Lender is legally entitled to do so), (a) duly completed copies of IRS Form W-8BEN claiming eligibility for benefits of an income tax treaty to which the United States is a party or IRS Form

W-8ECI (or any successors thereto); (b) duly completed copies of IRS Form W-8ECI; (c) in the case of a Foreign Lender claiming the benefits of the exemption for portfolio interest under section 871(h) or 881(c) of the Code, (i) a certificate signed under penalties of perjury (such certificate, a "U.S. Tax Compliance Certificate") to the effect that such Foreign Lender (A) is the sole record and beneficial owner of the loans or the obligations evidenced by the Notes in respect of which it is providing such certificate, (B) is not a "bank" within the meaning of section 881(c)(3)(A) of the Code, (C) is not a "10 percent shareholder" of any Obligor within the meaning of section 881(c)(3)(B) of the Code, (D) is not a "controlled foreign corporation" related to any Obligor within the meaning of section 864(d)(4) of the Code, and (E) agrees that (I) if the information provided on such certificate changes, such Foreign Lender shall so inform Administrative Agent and Borrower Agent in writing within thirty (30) days of such change and (II) such Foreign Lender shall furnish Administrative Agent and Borrower Agent a properly completed and currently effective certificate in either the calendar year in which payment is to be made by Borrowers to such Foreign Lender, or in either of the three calendar years preceding such payment, and (ii) duly completed copies of IRS Form W-8BEN; or (d) any other form prescribed by Applicable Law as a basis for claiming exemption from or a reduction in United States federal withholding tax, duly completed together with such supplementary documentation as may be prescribed by Applicable Law to permit Borrowers to determine the withholding or deduction required to be made. To the extent a Foreign Lender is not the beneficial owner (for example, where the Foreign Lender is a partnership or participating Lender granting a typical participation), the Foreign Lender shall deliver to Administrative Agent and Borrower Agent (in such number of copies as shall be requested by the recipient) on or prior to the date on which such Foreign Lender becomes a Lender hereunder (and promptly upon the obsolescence, expiration, or invalidity of any form previously delivered by such Foreign Lender, but only if such Foreign Lender is legally entitled to do so) duly completed copies of IRS Form W-8IMY, accompanied by duly completed IRS Form W-8ECI, IRS Form W-8BEN, a U.S. Tax Compliance Certificate, IRS Form W-9 or other required documentation from each beneficial owner, as applicable (together with, if applicable, duly completed copies of IRS Form W-8IMY of any upper-tier non-beneficial owner of such Foreign Lender).

5.11.4 FATCA Withholding. Without limiting the generality of the foregoing, if, under Sections 1471-1474 of the Code, any Lender is required to provide forms or certifications in addition to those described in **Sections 5.11.2** and **5.11.3** to Administrative Agent, Borrower Agent, the IRS or any other Governmental Authority to establish that such Lender is exempt from United States federal withholding tax under Sections 1471-1474 of the Code with respect to payments under any Loan Document, such Lender shall deliver any such forms or certifications to Administrative Agent, Borrower Agent, the IRS or any other Governmental Authority, as the case may be.

5.11.5 Lender Obligations. Each Lender and Issuing Bank shall promptly notify Administrative Agent and Borrower Agent and, if applicable, the IRS or other Governmental Authority, of any change in circumstances that would change any claimed exemption from or reduction of any withholding tax or if such Lender is no longer legally entitled to deliver the documentation described in **Sections 5.11.2**, **5.11.3** and **5.11.4**. Each Lender and Issuing Bank shall indemnify, hold harmless and reimburse (within ten (10) days after demand therefor) Borrowers, Borrower Agent and Administrative Agent for any Taxes, losses, claims, liabilities, penalties, interest and expenses (including reasonable attorneys' fees) incurred by or asserted against a Borrower, Borrower Agent or Administrative Agent by any Governmental Authority due to such Lender's or Issuing Bank's failure to deliver, or inaccuracy or deficiency in, any documentation required to be delivered by it pursuant to this **Section 5.11**. Each Lender and Issuing Bank authorizes Administrative Agent to set off any amounts due to Administrative Agent under this Section against any amounts payable to such Lender or Issuing Bank under any Loan Document.

5.12 Nature and Extent of Each Borrower's Liability.

5.12.1 Joint and Several Liability

(a) Each Borrower shall be liable for, on a joint and several basis, and hereby guarantees the timely payment by all other Borrowers of all of the Obligations, regardless of which Borrower actually may have received the proceeds of any Loans or other extensions of credit hereunder or the amount of such Loans received or the manner in which any Credit Party accounts for such Loans or other extensions of credit on its books and records, it being acknowledged and agreed that Loans to any Borrower inure to the mutual benefit of all Borrowers and that each Credit Party is relying on the joint and several liability of all Borrowers in extending the Loans and other financial accommodations hereunder to Borrowers. Each Borrower hereby unconditionally and irrevocably agrees that upon default in the payment when due (whether at stated maturity, by acceleration or otherwise) of any principal of, or interest owed on, any of the Obligations owed by a Borrower, such Borrower shall forthwith pay the same, without notice or demand.

(b) Each Borrower's joint and several liability hereunder with respect to, and guaranty of, the Obligations, shall, to the fullest extent permitted by Applicable Law, be unconditional irrespective of (i) the validity, enforceability, avoidance or subordination of any of such Obligations or of any promissory note or other document evidencing all or any part of such Obligations, (ii) the absence of any attempt to collect any of such Obligations from any other Obligor or any Collateral or other security therefor, or the absence of any other action to enforce the same, (iii) the waiver, consent, extension, forbearance or granting of any indulgence by any Credit Party with respect to any provision of any instrument evidencing or securing the payment of any of such Obligations, or any other agreement now or hereafter executed by any other Borrower and delivered to any Credit Party, (iv) the failure by Administrative Agent to take any steps to perfect or maintain the perfected status of its security interest in or other Lien upon, or to preserve its rights to, any of the Collateral or other security for the payment or performance of any of such Obligations or Administrative Agent's release of any Collateral or of its Liens upon any Collateral, (v) any Credit Party's election, in any proceeding instituted under the Bankruptcy Code, for the application of Section 1111(b)(2) of the Bankruptcy Code, (vi) any borrowing or grant of a security interest by any other Borrower, as debtor or debtor-in-possession under any insolvency law (including Section 364 of the Bankruptcy Code), (vii) the release or compromise, in whole or in part, of the liability of any Obligor for the payment of any of such Obligations, (viii) any amendment or modification of any of the Loan Documents or any waiver of an applicable Default or an Event of Default, (ix) any increase in the amount of such Obligations beyond any limits imposed herein or in the amount of any interest, fees or other charges payable in connection therewith, or any decrease in the same, (x) the disallowance of all or any portion of any Credit Party's claims against any other Obligor for the repayment of any of such Obligations under any insolvency law (including Section 502 of the Bankruptcy Code), or (xi) to the fullest extent permitted by law, any other circumstance that might constitute a legal or equitable discharge or defense of any Obligor. After the occurrence and during the continuance of any Event of Default, Administrative Agent may proceed directly and at once, without notice to any Obligor, against any or all of Obligors to collect and recover all or any part of the Obligations owing by Obligors (whether or not then due or payable), without first proceeding against any other Obligor or against any Collateral or other security for the payment or performance of any of such Obligations, and to the fullest extent permitted by law, each Borrower waives any provision under Applicable Law that might otherwise require Administrative Agent to pursue or exhaust its remedies against any Collateral or Obligor before pursuing another Obligor.

(c) No payment or payments made by any Obligor or received or collected by any Credit Party or any other Person by virtue of any action or proceeding or any setoff or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, release or otherwise affect the liability of any Borrower under this Agreement for any remaining Obligations, each of whom shall remain jointly and severally liable for the payment and performance of all of its Obligations until Full Payment of the Obligations.

5.12.2 Waivers.

(a) Each Borrower expressly waives all rights that it may have now or in the future under any statute, at common law, in equity or otherwise, to compel Administrative Agent or Lenders to marshal assets or to proceed against any Obligor, other Person or security for the payment or performance of any Obligations before, or as a condition to, proceeding against such Borrower. Each Borrower waives all defenses available to a surety, guarantor or accommodation co-obligor other than Full Payment of all Obligations. It is agreed among each Borrower, Administrative Agent and Lenders that the provisions of this **Section 5.12** are of the essence of the transaction contemplated by the Loan Documents and that, but for such provisions, Administrative Agent and Lenders would decline to make Loans and issue Letters of Credit. Each Borrower acknowledges that its joint and several liability and waiver pursuant to this Section is necessary to the conduct and promotion of its business, and can be expected to benefit such business.

(b) Administrative Agent and Lenders may, in their discretion, pursue such rights and remedies as they deem appropriate, including realization upon Collateral or any Real Estate by judicial foreclosure or non-judicial sale or enforcement, without affecting any rights and remedies under this **Section 5.12**. If, in taking any action in connection with the exercise of any rights or remedies, Administrative Agent or any Lender shall forfeit any other rights or remedies, including the right to enter a deficiency judgment against any Borrower or other Person, whether because of any Applicable Laws pertaining to "election of remedies" or otherwise, each Borrower consents to such action and waives any claim based upon it, even if the action may result in loss of any rights of subrogation that any Borrower might otherwise have had. Any election of remedies that results in denial or impairment of the right of Administrative Agent or any Lender to seek a deficiency judgment against any Borrower shall not impair any other Borrower's obligation to pay the full amount of the Obligations. Each Borrower waives all rights and defenses arising out of an election of remedies, such as nonjudicial foreclosure with respect to any security for the Obligations, even though that election of remedies destroys such Borrower's rights of subrogation against any other Person. Administrative Agent may bid all or a portion of the Obligations at any foreclosure or trustee's sale or at any private sale, and the amount of such bid need not be paid by Administrative Agent but shall be credited against the Obligations. The amount of the successful bid at any such sale, whether Administrative Agent or any other Person is the successful bidder, shall be conclusively deemed to be the fair market value of the Collateral, and the difference between such bid amount and the remaining balance of the Obligations shall be conclusively deemed to be the amount of the Obligations guaranteed under this **Section 5.12**, notwithstanding that any present or future law or court decision may have the effect of reducing the amount of any deficiency claim to which Administrative Agent or any Lender might otherwise be entitled but for such bidding at any such sale.

5.12.3 Extent of Liability; Contribution.

(a) Notwithstanding anything herein to the contrary, each Borrower's liability under this **Section 5.12** shall be limited to the greater of (i) all amounts for which such Borrower is primarily liable, as described below, and (ii) such Borrower's Allocable Amount.

(b) If any Borrower makes a payment under this **Section 5.12** of any Obligations (other than amounts for which such Borrower is primarily liable) (a "Guarantor Payment") that, taking into account all other Guarantor Payments previously or concurrently made by any other Borrower, exceeds the amount that such Borrower would otherwise have paid if each Borrower had paid the aggregate Obligations satisfied by such Guarantor Payments in the same proportion that such Borrower's Allocable Amount bore to the total Allocable Amounts of all Borrowers, then such Borrower shall be entitled to receive contribution and indemnification payments from, and to be reimbursed by, each other Borrower for the amount of such excess, pro rata based upon their respective Allocable Amounts in effect immediately prior to such Guarantor Payment. The "Allocable Amount" for any Borrower shall be the maximum amount that could then be recovered from such Borrower under this **Section 5.12** without rendering such payment voidable or avoidable under Section 548 of the Bankruptcy Code or under any applicable state fraudulent transfer or conveyance act, or similar statute or common law.

(c) Nothing contained in this **Section 5.12** shall limit the liability of any Borrower to pay Loans made directly or indirectly to that Borrower (including Loans advanced to any other Borrower and then re-loaned or otherwise transferred to, or for the benefit of, such Borrower), LC Obligations relating to Letters of Credit issued to support such Borrower's business, and all accrued interest, fees, expenses and other related Obligations with respect thereto, for which such Borrower shall be primarily liable for all purposes hereunder. Administrative Agent and Lenders shall have the right, at any time in their discretion, to condition Loans and Letters of Credit upon a separate calculation of borrowing availability for each Borrower and to restrict the disbursement and use of such Loans and Letters of Credit to such Borrower.

5.12.4 Joint Enterprise. Each Borrower has requested that Administrative Agent and Lenders make this credit facility available to Borrowers on a combined basis, in order to finance Borrowers' business most efficiently and economically. Borrowers' business is a mutual and collective enterprise, and Borrowers believe that consolidation of their credit facility will enhance the borrowing power of each Borrower and ease the administration of their relationship with Lenders, all to the mutual advantage of Borrowers. Borrowers acknowledge and agree that Administrative Agent's and Lenders' willingness to extend credit to Borrowers and to administer the Collateral on a combined basis, as set forth herein, is done solely as an accommodation to Borrowers and at Borrowers' request.

5.12.5 Subordination. Each Obligor hereby subordinates any claims, including any rights at law or in equity to payment, subrogation, reimbursement, exoneration, contribution, indemnification or set off, as well as all defenses available to a surety, guarantor or accommodation co-obligor, that it may have at any time against any other Obligor, and any successor or assign of any other Obligor, including any creditor representative or debtor in possession, howsoever arising, due or owing or whether heretofore, now or hereafter existing, to the Full Payment of all Obligations.

SECTION 6. CONDITIONS PRECEDENT

6.1 Conditions Precedent to Initial Loans. In addition to the conditions set forth in **Section 6.2**, Lenders shall not be required to fund any requested Loan or otherwise extend credit to any Borrower, nor shall Issuing Bank or Administrative Agent have any obligation to issue any Letter of Credit for the account of any Borrower, until the date (the "Closing Date") that each of the following conditions has been satisfied:

(a) Notes shall have been executed by Borrowers and delivered to each Lender that requests issuance of a Note at least three (3) Business Days prior to the Closing Date. Each of this Agreement, each Security Document, each Intercreditor Agreement and any Other Agreement required by Administrative Agent shall have been duly executed by parties thereto and shall be in full force and effect on the Closing Date, and the executed counterparts (originals or facsimiles) of such agreements or documents have been delivered to Administrative Agent by each of the signatories thereto.

(b) Administrative Agent shall have received (i)(A) acknowledgments of those filings or recordations necessary to perfect its Liens on the Collateral or (B) documents and instruments (including UCC financing statements) required by Applicable Law or reasonably requested by Administrative Agent to be filed, registered or recorded to create the Liens intended to be crated by the Security Documents and perfect such Liens to the extent required by, and with the priority required by, the Security Documents; (ii) UCC and Lien searches and other evidence satisfactory to Administrative Agent that such Liens are the only Liens upon the Collateral, except Permitted Liens; and (iii) a Perfection Certificate with respect to Obligors dated the Closing Date and duly executed by a Senior Officer of Holdings and each Obligor, respectively.

(c) Administrative Agent shall have received the Related Real Estate Documents for all Mortgaged Properties.

(d) Borrowers shall have established Dominion Accounts and related lockboxes with financial institutions satisfactory to Administrative Agent, and, other than the delivery requirements of **Section 8.2.4**, Administrative Agent shall have received duly executed agreements establishing each Dominion Account and related lockbox, in form and substance, and with financial institutions, reasonably satisfactory to Administrative Agent.

(e) Administrative Agent shall have received certificates, in form and substance reasonably satisfactory to it, from the chief financial officer of Holdings, certifying that, after giving effect to the Transactions to occur on the Closing Date, (i) Holdings and its subsidiaries, on a consolidated basis, are Solvent; (ii) no Default or Event of Default exists; and (iii) each Borrower has complied with all agreements and conditions to be satisfied by it on or by the Closing Date under the Loan Documents.

(f) Administrative Agent shall have received a certificate of the Secretary or Assistant Secretary of each Obligor dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of the such Obligor's Organic Documents as in effect on the Closing Date and at all times since a date prior to the date of the resolutions described in clause (B) below, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the Board of Directors of such Obligor authorizing the execution, delivery and performance of the Loan Documents to which such Obligor is a party and, in the case of the Borrowers, the borrowings hereunder, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the Organic Documents of such Obligor have not been amended since the date of the last amendment thereto shown on the certificate of good standing furnished pursuant to clause (h), and (D) as to the incumbency and specimen signature of each officer executing any Loan Document or any other document delivered in connection herewith on behalf of such Obligor; (iii) a certificate of another officer as to the incumbency and specimen signature of the Secretary or Assistant Secretary executing the certificate pursuant to clause (ii) above; and (iv) such other documents as Administrative Agent may reasonably request.

(g) Administrative Agent shall have received, on behalf of itself and Lenders, a favorable written opinion of (i) Sutherland Asbill & Brennan LLP, counsel for Holdings and Borrowers, substantially to the effect set forth in **Exhibit G**, and (ii) each local counsel listed on **Schedule 6.1(g)**, substantially to the effect set forth in **Exhibit H**, in each case (A) dated the Closing Date and (B) addressed to Administrative Agent and Lenders.

(h) Administrative Agent shall have received copies of the charter documents of each Obligor, certified by the Secretary of State or other appropriate official of such Obligor's jurisdiction of organization. Administrative Agent shall have received good standing certificates for each Obligor, issued by the Secretary of State or other appropriate official of such Obligor's jurisdiction of organization and each jurisdiction where such Obligor's conduct of business or ownership of Property necessitates qualification.

(i) Administrative Agent shall have received copies of policies or a certificate of insurance for the insurance policies required by **Sections 8.6.2** and **10.1.7** and the applicable provisions of the Security Documents, each of which shall be endorsed or otherwise amended to include a customary lender's loss payable endorsement and to name Administrative Agent as additional insured, in form and substance reasonably satisfactory to Administrative Agent.

(j) Administrative Agent and the Lead Arrangers shall have received from Borrowers a Borrowing Base Certificate as of the last day of the Fiscal Month ending on or about May 31, 2010;

(k) Borrowers shall have paid all Transaction Expenses due and payable on or prior to the Closing Date.

(l) The Hobbs/Spectrum Acquisition shall have been, or substantially simultaneously with the initial funding of the Loan on the Closing Date shall be, consummated in accordance with Applicable Law and on the terms described in the Merger Agreement, without giving effect to any amendments thereto or waivers or consents that, in any such case, are materially adverse to the Lenders without the consent of Lead Arrangers (such consent not to be unreasonably withheld or delayed). Administrative Agent shall have received copies of the Merger Agreement (including all schedules, exhibits, amendments, supplements and modifications thereto) and all certificates, opinions and other documents delivered thereunder, certified by a Financial Officer as being complete and correct.

(m) Spectrum shall have received gross cash proceeds of not less than $750,000,000 upon the execution of the Senior Term Loan Documents. The terms and conditions of the Senior Term Loan Documents and the provisions of the Senior Term Loan Documents, to the extent not consistent with the terms of the Commitment Letter dated as of February 9, 2010, shall be satisfactory to Administrative Agent and Lead Arrangers, and Administrative Agent shall have received copies of the Senior Term Loan Documents, certified by a Financial Officer as being complete and correct. Spectrum shall have received gross cash proceeds of not less than $750,000,000 from the issuance of the Senior Secured Notes. The terms and conditions of the Senior Secured Notes and the provisions of the Senior Secured Note Documents, to the extent not consistent with the terms of the Commitment Letter dated as of February 9, 2010, shall be satisfactory to Administrative Agent and Lead Arrangers, and Administrative Agent shall have received copies of the Senior Secured Note Documents, certified by a Financial Officer as being complete and correct.

(n) All principal, premium, if any, interest, fees and other amounts due or outstanding under the Existing Credit Facilities shall have been paid in full, the commitments thereunder terminated and all guarantees and security in support thereof discharged and released, and the Administrative Agent shall have received reasonably satisfactory evidence thereof. Immediately after giving effect to the Transactions and the other transactions contemplated hereby, Obligors and their Subsidiaries shall have outstanding no Debt or preferred stock other than (i) Debt outstanding under this Agreement, (ii) the Senior Secured Notes, (iii) Debt outstanding under the Term Loan Agreement, (iv) the PIK Notes and (v) other Debt set forth in **Schedule 10.2.1**.

(o) Lenders shall have received the financial statements and opinion referred to in, and prepared in accordance with, **Section 9.1.7**, none of which shall demonstrate a material adverse change in the financial condition of Borrowers from (and shall not otherwise be materially inconsistent with) the financial statements or forecasts previously provided to Lenders.

(p) Reserved.

(q) Administrative Agent and the Lead Arrangers shall be satisfied that the ratio of (i) the Consolidated Total Debt (excluding (A) the principal amount of the PIK Notes outstanding on the Closing Date and (B) the lesser of (1) $50,000,000 and (2) the aggregate amount of unrestricted cash and Cash Equivalents that are included in the consolidated balance sheet of Borrowers and Subsidiaries as of such date) to (ii) Consolidated EBITDA for the period of four consecutive Fiscal Quarters most recently ended prior to the Closing Date (prepared in form and substance reasonably satisfactory to the Administrative Agent and the Lead Arrangers, and with such further adjustments as set forth in a schedule previously agreed to by Administrative Agent, Lead Arrangers and Borrowers, in each case to give pro forma effect to the Transactions as if they had occurred at the beginning of such four-fiscal quarter period), shall be no more than 3.8 to 1.0.

(r) Reserved.

(s) All requisite Governmental Authorities and third parties (including any applicable debt holders) shall have approved or consented to the Transactions and the other transactions contemplated hereby to the extent required, all applicable appeal periods shall have expired and there shall be no litigation, governmental, administrative or judicial action that could reasonably be expected to restrain, prevent or impose burdensome conditions on the Transactions or the other transactions contemplated hereby.

(t) Reserved.

(u) Administrative Agent shall have received, at least five (5) days prior to the Closing Date, to the extent requested, all documentation and other information required by regulatory authorities under applicable "know your customer" and anti-money laundering rules and regulations, including the PATRIOT Act.

(v) Upon giving effect to the initial funding of the Loans and the issuance of Letters of Credit (including the Existing Letters of Credit) under this facility and the payment by Borrowers of all Transaction Expenses, the Closing Date Availability Condition shall be satisfied.

6.2 Conditions Precedent to All Credit Extensions. No Credit Party shall be required to fund any Loan or otherwise extend any credit to or for the benefit of Borrowers, nor shall Issuing Bank or Administrative Agent have any obligation to issue any Letter of Credit for the account of any Borrower, unless and until each of the following conditions has been and continues to be satisfied:

(a) No Default or Event of Default shall exist at the time of, or result from, such funding, issuance or grant.

(b) The representations and warranties of each Obligor in the Loan Documents shall be true and correct in all material respects on the date of, and upon giving effect to, such funding, issuance or grant (except for representations and warranties that expressly relate to an earlier date), provided, that, for purposes of satisfying the condition precedent set forth in this clause (b) with respect to Loans made and Letters of Credit issued on the Closing Date, such condition precedent shall only apply to the Specified Representations.

(c) Borrower Agent shall have certified to Administrative Agent in the most recent Borrowing Base Certificate (or such other certificate reasonably requested by Administrative Agent) that (i) such Loan or Letter of Credit, and the repayment or reimbursement thereof, as applicable, is permitted under and does not violate the PIK Indenture (to the extent then still in effect), and (ii) no default of event of default otherwise exists under the PIK Indenture (to the extent then still in effect) on such date.

(d) With respect to issuance of a Letter of Credit, the LC Conditions shall be satisfied.

Each request (or deemed request) by Borrowers for funding of a Loan, issuance of a Letter of Credit or grant of an accommodation shall constitute a representation by Borrowers that the foregoing conditions are satisfied on the date of such request and on the date of such funding, issuance or grant. As an additional condition to any funding, issuance or grant, Administrative Agent shall have received such other information, documents, instruments and agreements as it deems reasonably appropriate in connection therewith.

6.3 Limited Waiver of Conditions Precedent. If Administrative Agent, Issuing Bank or Lenders fund any Loans, arrange for issuance of any Letters of Credit pursuant to this Agreement or grant any other accommodation when any conditions precedent are not satisfied (regardless of whether the lack of satisfaction was known or unknown at the time), it shall not operate as a waiver of (a) the right of Administrative Agent, Issuing Bank and Lenders to insist upon satisfaction of all conditions precedent with respect to any subsequent funding, issuance or grant, or (b) any Default or Event of Default due to such failure of conditions or otherwise.

SECTION 7. COLLATERAL

7.1 Grant of Security Interest. (a) To secure the prompt payment and performance of all Obligations (including all Guaranteed Obligations of each Guarantor), each Obligor hereby grants to Administrative Agent, for the benefit of Secured Parties, a continuing security interest in and Lien upon all personal Property of such Obligor, including all of the following Property, whether now owned or hereafter acquired, and wherever located:

(i) all Accounts;

(ii) all Chattel Paper, including Electronic Chattel Paper;

(iii) all Commercial Tort Claims;

(iv) all Deposit Accounts;

(v) all Documents;

(vi) all General Intangibles, including Intellectual Property;

(vii) all Goods, including Inventory, Equipment and fixtures;

(viii) all Instruments;

(ix) all Investment Property;

(x) all Letter-of-Credit Rights;

(xi) all Supporting Obligations;

(xii) all monies, whether or not in the possession or under the control of Administrative Agent, a Lender, or a bailee or Affiliate of Administrative Agent or a Lender, including any Cash Collateral;

(xiii) all accessions to, substitutions for, and all replacements, products, and cash and non-cash proceeds of the foregoing, including proceeds of and unearned premiums with respect to insurance policies, and claims against any Person for loss, damage or destruction of any Collateral; and

(xiv) all books and records (including customer lists, files, correspondence, tapes, computer programs, print-outs and computer records) pertaining to the foregoing.

Notwithstanding the foregoing or anything herein to the contrary, in no event shall the "Collateral" include, or the security interest attach to, any Excluded Assets; provided, however, the security interests and Liens granted hereunder shall attach to, and the "Collateral" shall automatically include, any Property of an Obligor that ceases to be Excluded Assets, without further action by Obligors or any Secured Party.

(b) Notwithstanding anything herein to the contrary, (i) the Liens and security interests granted to the Administrative Agent pursuant to this Agreement and (ii) the exercise of any right or remedy by the Administrative Agent hereunder or the application of proceeds (including insurance proceeds and condemnation proceeds) of any Collateral, are subject to the provisions of the ABL Intercreditor Agreement (as amended, restated, supplemented or otherwise modified from time to time pursuant to any agreement executed by Administrative Agent). In the event of any conflict between the terms of the ABL Intercreditor Agreement and the terms of this Agreement, the terms of the ABL Intercreditor Agreement shall govern.

7.2 Lien on Deposit Accounts; Cash Collateral.

7.2.1 Deposit Accounts. To further secure the prompt payment and performance of all Obligations, each Obligor hereby grants to Administrative Agent, for the benefit of Secured Parties, a continuing security interest in and Lien upon all of such Obligor's right, title and interest in and to each Deposit Account and any deposits or other sums at any time credited to any such Deposit Account, including any sums in any blocked or lockbox accounts or in any accounts into which such sums are swept. Each Obligor hereby authorizes and directs each bank or other depository to deliver to Administrative Agent, upon request, all balances in any Deposit Account maintained by such Obligor, (other than funds in any Exempted Deposit Account, an aggregate balance of $5,000,000 maintained in Exempted Disbursement Accounts and an aggregate balance of $250,000 maintained in Exempted Disaster Deposit Accounts) without inquiry into the authority or right of Administrative Agent to make such request; provided that Administrative Agent shall not instruct any such depository to deliver such amounts to Administrative Agent at any time that is not during a Cash Dominion Period and provided, further that accounts with balances of less than $1,000,000 individually on a daily basis or $5,000,000 in the aggregate with respect to all such accounts on a daily basis shall not be subject to Deposit Account Control Agreements unless the balances in such accounts exceed $1,000,000 individually or $5,000,000 in the aggregate. Each Obligor irrevocably appoints Administrative Agent as such Obligor's attorney-in-fact to collect such balances to the extent any such delivery is not so made.

7.2.2 Cash Collateral. Any Cash Collateral may be invested, at Administrative Agent's discretion, in Cash Equivalents, but Administrative Agent shall have no duty to do so, regardless of any agreement or course of dealing with any Obligor, and shall have no responsibility for any investment or loss. Each Obligor hereby grants to Administrative Agent, for the benefit of Secured Parties, a security interest in all Cash Collateral held from time to time and all proceeds thereof, as security for the Obligations, whether such Cash Collateral is held in a Cash Collateral Account or elsewhere. Administrative Agent may apply Cash Collateral to the payment of any Obligations, in such order as Administrative Agent may elect, as they become due and payable. Each Cash Collateral Account and all Cash Collateral shall be under the sole dominion and control of Administrative Agent. No Obligor or other Person claiming through or on behalf of any Obligor shall have any right to any Cash Collateral, until Full Payment of all Obligations.

7.3 Real Estate. The Obligations shall also be secured by Mortgages upon all Real Estate owned by Obligors that constitutes part of the Term/Notes Priority Collateral. The Mortgages shall be duly recorded, at Obligors' expense, in each office where such recording is required to constitute a fully perfected Lien on the Real Estate covered thereby. Without limiting the generality of **Section 7.4.3**, if any Obligor acquires Real Estate hereafter with respect to which a mortgage shall be granted to Term/Notes Agent for the benefit of Term/Notes Secured Parties pursuant to **Section 5.12** of the Senior Term Loan Agreement, Obligors shall, substantially contemporaneously with the execution, delivery and recordation of such mortgage, execute, deliver and submit for recordation a Mortgage sufficient to create, pursuant to the terms of the ABL Intercreditor Agreement, a second priority Lien in favor of Administrative Agent for the benefit of Secured Parties on such Real Estate, and shall deliver all Related Real Estate Documents.

7.4 Other Collateral.

7.4.1 Commercial Tort Claims. Obligors shall promptly notify Administrative Agent in writing if any Obligor has a Commercial Tort Claim (other than, as long as no Default or Event of Default exists, a Commercial Tort Claim for less than $5,000,000) and shall promptly execute such documents and take such actions as Administrative Agent deems appropriate to confer upon Administrative Agent (for the benefit of Secured Parties) a duly perfected, second priority Lien upon such claim.

7.4.2 Certain After-Acquired Collateral. Obligors shall promptly notify Administrative Agent in writing on a quarterly basis (or otherwise at the reasonable request of Administrative Agent) if, after the Closing Date, any Obligor obtains any interest in any Collateral consisting of Deposit Accounts, Chattel Paper, Documents, Instruments, Intellectual Property, Investment Property or Letter-of-Credit Rights (subject to **Section 7.6** below) and, upon Administrative Agent's request, shall promptly execute such documents and take such actions as Administrative Agent reasonably deems appropriate, including obtaining any appropriate possession or control or bailee agreements, to effect Administrative Agent's duly perfected, first priority Lien upon such Collateral (except to the extent constituting Non-Current Asset Collateral, a second priority Lien), and shall use commercially reasonable efforts to obtain any necessary Lien Waivers (without prejudice to Administrative Agent's discretion in accordance with this Agreement to determine eligibility of related Collateral or to impose Availability Reserves). Except to the extent otherwise provided in this Agreement, if any Collateral is in the possession of a third party (other than a certificated security evidencing Investment Property that is in the possession of the Collateral Trustee and Goods (other than Eligible In-Transit Inventory) covered by a Document), at Administrative Agent's request, Obligors shall use commercially reasonable efforts to obtain an acknowledgment that such third party holds the Collateral for the benefit of Administrative Agent, subject in any event to Administrative Agent's discretion, as provided in this Agreement, to determine eligibility of related Collateral or to impose Availability Reserves. Obligors agree to provide Administrative Agent with prompt written notice if, after using commercially reasonable efforts in accordance with this **Section 7.4.2**, they are unable to obtain any Lien Waiver or acknowledgment required hereby.

7.4.3 Collateral in Which a Lien is Granted to any Term/Notes Secured Parties. Without limiting the generality of **Section 7.3** or **Section 7.6**, if at any time a Term/Notes Secured Party is granted a Lien in any Property of any Obligor in which Administrative Agent has not been granted a Lien pursuant to the Security Documents, the applicable Obligor shall promptly deliver to Administrative Agent written notice of the granting of such Lien and, promptly upon Administrative Agent's request therefor, shall execute and deliver to Administrative Agent such security agreements, pledges or other agreements reasonably requested by Administrative Agent to obtain a Lien in the same Property to secure the Obligations.

7.5 No Assumption of Liability. The Lien on Collateral granted hereunder is given as security only and shall not subject Administrative Agent or any Lender to, or in any way modify, any obligation or liability of Obligors relating to any Collateral.

7.6 Further Assurances. To the extent not otherwise specifically provided for herein, promptly upon request, Obligors shall deliver such instruments, assignments, motor vehicle title certificates, or other documents or agreements, and shall take such actions, as Administrative Agent deems appropriate under Applicable Law to evidence or perfect (or continue its perfection of) its Lien on any Collateral (other than those Commercial Tort Claims which are not required to be added to **Schedule 7.1(iii)** pursuant to **Section 7.4.1**), or otherwise to give effect to the intent of this Agreement. Each Obligor authorizes Administrative Agent to file any financing statement that indicates the Collateral as "all assets" or "all personal property" of such Obligor, or words to similar effect, and ratifies any action taken by Administrative Agent before the Closing Date to effect or perfect its Lien on any Collateral; notwithstanding anything to the contrary contained in this Section 7, (A) an Obligor will not be obligated to comply with the provisions of this Section 7 at any time with respect to (i) any voting Equity Interest in

a Foreign Subsidiary if and to the extent (but only to the extent) that such voting Equity Interest is an Excluded Asset at such time and (ii) any Equity Interest in a Specified Dormant Foreign Subsidiary so long as it meets the requirements contained in the definition of "Specified Dormant Foreign Subsidiary"; and (B) each Obligor shall only be required to use commercially reasonable efforts to obtain from other Persons agreements evidencing "Control" (as specified in UCC Section 9-107) of Administrative Agent over any Collateral that are Letter-of-Credit Rights in excess of $5,000,000 individually where confirmation of such Control of Administrative Agent over the particular Letter-of-Credit Rights is required in order to perfect a security interest therein.

SECTION 8. COLLATERAL ADMINISTRATION

8.1 Borrowing Base Certificates. By the 15th day of each Fiscal Month (or on such more frequent basis as Administrative Agent may request during a Cash Dominion Period), Borrowers shall deliver to Administrative Agent (and Administrative Agent shall promptly deliver same to Lenders) a Borrowing Base Certificate prepared as of the close of business of the previous Fiscal Month (or at such other intervals as Administrative Agent may request during a Cash Dominion Period). All calculations of Availability in any Borrowing Base Certificate shall originally be made by Borrowers and certified by a Senior Officer, provided that Administrative Agent may from time to time review and adjust any such calculation (a) to reflect its reasonable estimate of changes in eligibility of any Collateral in accordance with this Agreement; (b) to adjust advance rates in accordance with this Agreement (other than this **Section 8.1(b)**) solely as a result of any adjustment to the NOLV Percentage with respect to any Eligible Inventory in connection with Administrative Agent's receipt of additional or updated appraisals in accordance with this Agreement; and (c) to the extent the calculation is not made in accordance with this Agreement or does not accurately reflect the Availability Reserve established by Administrative Agent in accordance with this Agreement. Each Borrowing Base Certificate shall be sent to Administrative Agent and shall set forth the calculation of the Borrowing Base in Dollars. In no event shall the Borrowing Base on any date be deemed to exceed the amounts shown on the Borrowing Base Certificate last received by Administrative Agent prior to such date, as the calculation in such Borrowing Base Certificate may be adjusted from time to time by Administrative Agent as herein authorized.

8.2 Administration of Accounts.

8.2.1 Records and Schedules of Accounts. Each Obligor shall keep accurate and complete records of its Accounts, including all payments and collections thereon, and shall submit to Administrative Agent upon reasonable request, a sales, collection and reconciliation report in form reasonably satisfactory to Administrative Agent (which form shall be substantially consistent with forms required by Administrative Agent from its other borrowers in the same or similar business as Obligors, except for necessary modifications due to Obligors' specific business operations). Each Obligor shall also provide to Administrative Agent, on or before the 15th day of each Fiscal Month, a detailed aged trial balance of all Accounts as of the end of the preceding month, specifying each Account's Account Debtor name, amount, invoice date and due date, and shall provide such other information as Administrative Agent may reasonably request from time to time, including Account Debtor contact information and any discount, allowance, credit, authorized return or dispute, and such proof of delivery, copies of invoices and invoice registers, copies of related documents, repayment histories, status reports and other information. If Accounts of an Obligor having an aggregate face amount of $2,000,000 or more cease to be Eligible Accounts, Borrower Agent shall notify Administrative Agent of such occurrence promptly (and in any event within two (2) Business Days) after any Obligor has knowledge thereof.

8.2.2 Taxes. If an Account of any Obligor includes a charge for any Taxes, Administrative Agent is authorized, in its discretion, to pay the amount thereof to the proper taxing authority for the account of such Obligor and to charge such Obligor; provided, however, that neither Administrative Agent nor Lenders shall be liable for any Taxes that may be due from such Obligor or with respect to any Collateral.

8.2.3 Account Verification. Whether or not a Default or Event of Default exists, Administrative Agent shall have the right at reasonable times, in the name of Administrative Agent, any designee of Administrative Agent or any Obligor, to verify in a reasonable manner the validity, amount or any other matter relating to any Accounts of any Obligor by mail, telephone or otherwise. Obligors shall cooperate fully with Administrative Agent in an effort to facilitate and promptly conclude any such verification process.

8.2.4 Maintenance of Dominion Account. Borrowers shall maintain Dominion Accounts pursuant to lockbox or other arrangements reasonably acceptable to Administrative Agent (except to the extent otherwise provided in **Section 7.2.1**). Within forty-five (45) days after the Closing Date (or such later date as may be agreed upon by Administrative Agent in writing), Obligors shall obtain an agreement (in form and substance reasonably satisfactory to Administrative Agent) from each lockbox servicer and Dominion Account bank, establishing Administrative Agent's control over and Lien in the lockbox or Dominion Account, which may be exercised by Administrative Agent during any Cash Dominion Period, requiring immediate deposit of all remittances received in the lockbox to a Dominion Account during any Cash Dominion Period, and waiving offset rights of such servicer or bank, except for customary administrative charges. If a Dominion Account is not maintained with Bank of America, Administrative Agent may, during any Cash Dominion Period, require immediate transfer of all funds in such account to a Dominion Account maintained with Bank of America. Administrative Agent and Lenders assume no responsibility to Obligors for any lockbox arrangement or Dominion Account, including any claim of accord and satisfaction or release with respect to any Payment Items accepted by any bank.

8.2.5 Proceeds of Collateral. Upon the commencement and during the continuance of any Cash Dominion Period, Obligors shall request in writing and otherwise take all necessary steps to ensure that all payments on Accounts or otherwise relating to Collateral are made directly to a Dominion Account (or a lockbox relating to a Dominion Account). If any Obligor or Subsidiary receives cash or Payment Items with respect to any Collateral, it shall hold same in trust for Administrative Agent and, during any Cash Dominion Period, shall promptly (not later than the next Business Day) deposit same into a Dominion Account.

8.3 Administration of Inventory.

8.3.1 Records and Reports of Inventory. Each Obligor shall keep accurate and complete records of its Inventory, including costs, and shall submit to Administrative Agent inventory and reconciliation reports in form reasonably satisfactory to Administrative Agent (which form shall be substantially consistent with forms required by Administrative Agent from its other borrowers in the same or similar business as Obligors, except for necessary modifications due to Obligors' specific business operations), on such periodic basis as Administrative Agent may reasonably request. Each Obligor shall conduct periodic cycle counts consistent with historical practices, and shall provide to Administrative Agent reports based on such cycle counts upon request, together with such supporting information as Administrative Agent may reasonable request. Administrative Agent may participate in and observe Borrowers' cycle count process.

8.3.2 Returns of Inventory. No Obligor shall return any Inventory to a supplier, vendor or other Person that has a Value in excess of $1,000,000, whether for cash, credit or otherwise, unless (a) such return is in the Ordinary Course of Business; (b) no Default, Event of Default or Overadvance exists or would result therefrom; (c) Administrative Agent is promptly notified if the aggregate Value of all Inventory so returned in any month exceeds $2,000,000; and (d) any cash payment received by a Obligor for a return is promptly remitted to Administrative Agent for application to the Obligations.

8.3.3 Acquisition, Sale and Maintenance. No Obligor shall acquire or accept any Inventory on consignment or approval, and shall take all steps to assure that all Inventory is produced in accordance with Applicable Law, including the FLSA. No Obligor shall sell any Eligible Inventory on consignment or approval or any other basis under which the customer may return or require a Obligor to repurchase such Inventory, except in the Ordinary Course of Business and provided that the applicable Obligor has booked appropriate return reserves against the Accounts arising therefrom and an appropriate Availability Reserve not to exceed the aggregate amount of such return reserves has been established, in each case, as reasonably required by Administrative Agent. Obligors shall use, store and maintain all Inventory with reasonable care and caution, in accordance with applicable standards of any insurance and in conformity with all Applicable Law, and shall make current rent payments (within applicable grace periods provided for in leases) at all locations where any Collateral is located.

8.4 Administration of Equipment.

8.4.1 Records and Schedules of Equipment. Each Obligor shall keep accurate and complete records of its Equipment consistent with historical practice, and shall submit to Administrative Agent a current schedule thereof and evidence of their ownership or interests in any Equipment that, in each case, in the same form and at the same time as such schedule or ownership evidence, as applicable, is provided to Term/Notes Agent upon reasonable request thereof.

8.4.2 Dispositions of Equipment. No Obligor shall sell, lease, exchange, assign or otherwise dispose of, or grant any option with respect to, any of its Equipment except as otherwise permitted by this Agreement, the other Security Documents, the Senior Term Loan Documents, and the Senior Secured Note Documents, or if an Event of Default shall have occurred and be continuing and either (a) Administrative Agent shall have notified such Obligor that its right to do so is terminated, suspended or otherwise limited or (b) the maturity of any or all of the Obligations shall have been accelerated. Concurrently with any sale, lease or other disposition (except a sale or disposition to another Obligor or Subsidiary thereof or a lease) permitted by the foregoing *proviso*, Administrative Agent's Liens on the assets sold or disposed of (but not in any Proceeds arising from such sale or disposition) will cease immediately without any action by Administrative Agent or any other Lender. Administrative Agent shall, at Obligors' expense, execute and deliver to the relevant Obligor such documents as such Obligor shall reasonably request to evidence the fact that any asset so sold or disposed of is no longer subject to Administrative Agent's Liens.

8.4.3 Condition of Equipment. The Equipment is in good operating condition and repair, and all necessary replacements and repairs have been made so that the value and operating efficiency of the Equipment is preserved at all times, reasonable wear and tear excepted. Each Obligor shall ensure that the Equipment is mechanically and structurally sound, and capable of performing the functions for which it was designed, in accordance with manufacturer specifications.

8.5 Administration of Deposit Accounts. Schedule 13 of the Perfection Certificate sets forth all Deposit Accounts maintained by Obligors, including all Dominion Accounts. Each Obligor shall take all actions necessary to establish Administrative Agent's control of each such Deposit Account (other than any Exempted Deposit Account). Each Obligor shall be the sole account holder of each Deposit Account and shall not allow any other Person (other than Administrative Agent) to have control over a Deposit Account or any Property deposited therein. Each Obligor shall promptly notify Administrative Agent of any opening or closing of a Deposit Account and, with the consent of Administrative Agent, will amend **Schedule 13** of the Perfection Certificate to reflect the same.

8.6 General Provisions.

8.6.1 Location of Collateral. All tangible items of Collateral, other than Inventory in transit, shall at all times be kept by Obligors at the business locations set forth in **Section 8.6.1**, except that Obligors may (a) make sales or other dispositions of Collateral in accordance with **Section 10.2.6**; and (b) move Collateral to another location in the United States not specified in **Schedule 8.6.1**; provided that at least ten (10) Business Days' prior written notice shall have been provided to Administrative Agent with respect to any Collateral so moved that has an aggregate value greater than $10,000,000, and so long as there have been filed, registered or published any Required Perfection Documents and, with respect to locations not owned by any Obligor, applicable Lien Waivers (or the imposition of a Rent and Charges Reserve with respect to such location if no Lien Waiver has been obtained), with respect to Administrative Agent's Liens upon such Collateral.

8.6.2 Insurance of Collateral; Condemnation Proceeds.

(a) Each Obligor shall maintain insurance with respect to the Collateral, covering casualty, hazard, theft, malicious mischief, flood and other property damage perils, in amounts and with coverages and deductibles as are customary for companies similarly situated, with insurers rated by A.M. Best Co. as "A-VII" or higher. Subject to the terms of the ABL Intercreditor Agreement and pursuant to the lender's loss payee endorsement required under clause (i) of this **Section 8.6.2(a)** and the terms of **Sections 8.6.2(b)** and **(c)**, all proceeds under each such policy shall be payable to Administrative Agent. From time to time upon reasonable request, Obligors shall deliver to Administrative Agent the originals or certified copies of its insurance policies or certificates of insurance reasonably acceptable to Administrative Agent. Subject to the terms of the ABL Intercreditor Agreement, unless Administrative Agent shall agree otherwise, each policy shall include satisfactory endorsements (i) showing Administrative Agent as loss payee; (ii) requiring thirty (30) days' prior written notice to Administrative Agent in the event of cancellation of the policy for any reason whatsoever except for cancellation resulting from the failure to pay insurance premium, in which case ten (10) day's prior notice is required; and (iii) specifying that the interest of Administrative Agent shall not be impaired or invalidated by any act or neglect of any Obligor or the owner of the Property, nor by the occupation of the premises for purposes more hazardous than are permitted by the policy. If any Obligor fails to provide and pay for any such insurance (whether or not an Event of Default has occurred under **Section 11.1(c)** as a result of such failure), Administrative Agent may, at its option, but shall not be required to, procure the insurance and charge Obligors therefor. Each Obligor agrees to deliver to Administrative Agent, promptly as rendered, copies of all reports made to insurance companies. While no Event of Default exists, Obligors may settle, adjust or compromise any insurance claim, as long as the proceeds are delivered to Administrative Agent. If an Event of Default exists, only Administrative Agent shall be authorized to settle, adjust and compromise such claims.

(b) With respect to any proceeds of insurance required to be maintained under **Section 8.6.2** and any awards arising from condemnation, (i) such proceeds or rewards relating to Current Asset Collateral shall be paid to Administrative Agent for application to the Obligations, including the Revolver Loans or reinvested to the extent permitted under this Agreement; and (ii) such proceeds or awards relating to Equipment or Real Estate shall be applied pursuant to the terms of the ABL Intercreditor Agreement.

8.6.3 Protection of Collateral. All expenses of protecting, storing, warehousing, insuring, handling, maintaining and shipping any Collateral, all Taxes payable with respect to any Collateral (including any sale thereof), and all other payments required to be made by Administrative Agent to any Person to realize upon any Collateral, shall be borne and paid by Obligors. Administrative Agent shall not be liable or responsible in any way for the safekeeping of any Collateral, for any loss or damage thereto (except for failing to exercise reasonable care while Collateral is in Administrative Agent's actual possession), for any diminution in the value thereof, or for any act or default of any warehouseman, carrier, forwarding agency or other Person whatsoever, but the same shall be at Obligors' sole risk.

8.6.4 Defense of Title to Collateral. Each Obligor shall at all times defend its title to any material items of Collateral and Administrative Agent's Liens therein against all Persons, claims and demands whatsoever, except Permitted Liens.

8.7 Power of Attorney. Each Obligor hereby irrevocably constitutes and appoints Administrative Agent (and all Persons designated by Administrative Agent) as such Obligor's true and lawful attorney (and agent-in-fact) for the purposes provided in this Section. Administrative Agent, or Administrative Agent's designee, may, without notice and in either its or a Obligor's name, but at the cost and expense of Obligors:

(a) Endorse a Obligor's name on any Payment Item or other proceeds of Collateral (including proceeds of insurance) that come into Administrative Agent's possession or control; and

(b) During an Event of Default, (i) notify any Account Debtors of the assignment of their Accounts, demand and enforce payment of Accounts by legal proceedings or otherwise, and generally exercise any rights and remedies with respect to Accounts; (ii) settle, adjust, modify, compromise, discharge or release any Accounts or other Collateral, or any legal proceedings brought to collect Accounts or Collateral; (iii) sell or assign any Accounts and other Collateral upon such terms, for such amounts and at such times as Administrative Agent deems advisable; (iv) collect, liquidate and receive balances in Deposit Accounts or investment accounts, and take control, in any manner, of proceeds of Collateral; (v) prepare, file and sign a Obligor's name to a proof of claim or other document in a bankruptcy of an Account Debtor, or to any notice, assignment or satisfaction of Lien or similar document; (vi) receive, open and dispose of mail addressed to a Obligor, and notify postal authorities to deliver any such mail to an address designated by Administrative Agent; (vii) endorse any Chattel Paper, Document, Instrument, bill of lading, or other document or agreement relating to any Accounts, Inventory or other Collateral; (viii) use a Obligor's stationery and sign its name to verifications of Accounts and notices to Account Debtors; (ix) use information contained in any data processing, electronic or information systems relating to Collateral; (x) make and adjust claims under insurance policies; (xi) take any action as may be necessary or appropriate to obtain payment under any letter of credit, banker's acceptance or other instrument for which a Obligor is a beneficiary; and (xii) take all other actions as Administrative Agent deems appropriate to fulfill any Obligor's obligations under the Loan Documents.

SECTION 9. REPRESENTATIONS AND WARRANTIES

9.1 General Representations and Warranties. To induce Administrative Agent and Lenders to enter into this Agreement and to make available the Revolver Commitments, Loans and Letters of Credit, each Obligor represents and warrants to the Credit Parties that:

9.1.1 Organization and Qualification. Each Obligor is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each Obligor is duly qualified, authorized to do business and in good standing as a foreign corporation in each jurisdiction where such qualification is required, except where failure to be so qualified could reasonably be expected to have a Material Adverse Effect.

9.1.2 Power and Authority. Each Obligor is duly authorized to execute, deliver and perform its obligations under each Loan Document to which it is a party, and the execution, delivery and performance of the Loan Documents have been duly authorized by all necessary action, and do not (a) require any consent or approval of any holders of Equity Interests of any Obligor, other than those already obtained; (b) contravene the Organic Documents of any Obligor; (c) violate any Applicable Law or cause a default under any Material Contract; or (d) result in or require the imposition of any Lien (other than Permitted Liens) on any Property of any Obligor.

9.1.3 Enforceability. Each Loan Document to which an Obligor is a party is a legal, valid and binding obligation of such Obligor, enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally.

9.1.4 Capital Structure. **Section 7** of the Perfection Certificate shows, for each Obligor, its name, its jurisdiction of organization, its authorized and issued Equity Interests, the holders of its Equity Interests, and all agreements binding on such holders with respect to their Equity Interests. Except as disclosed on **Section 7** of the Perfection Certificate or in connection with the Transactions, in the five years preceding the Closing Date, no Obligor has acquired any substantial assets from any other Person nor been the surviving entity in a merger or combination. Each Obligor has good title to its Equity Interests in its Subsidiaries, subject only to Administrative Agent's Lien, and all such Equity Interests are duly issued, fully paid and non-assessable. There are no outstanding purchase options, warrants, subscription rights, agreements to issue or sell, convertible interests, phantom rights or powers of attorney relating to Equity Interests of any Obligor or Subsidiary.

9.1.5 Title to Properties; Priority of Liens. (a) Each Obligor has good and marketable title to (or valid leasehold interests in) all of its material Real Estate except for minor defects in title that do not interfere with its ability to conduct its business in substantially the same manner as currently conducted or to utilize such Real Estate for their intended purposes, and good title to all of its material personal Property, including all material Property reflected in any financial statements delivered to Administrative Agent or Lenders, in each case free of Liens except Permitted Liens. (b) Each Obligor has paid and discharged or is being contested in good faith all lawful claims that, if unpaid, could become a Lien on its Properties, other than Permitted Liens. (c) All Liens of Administrative Agent on the Collateral are duly perfected, first priority Liens, subject only to Permitted Liens that are allowed to have priority over Administrative Agent's Liens pursuant to **Section 10.2.2** and the terms of the ABL Intercreditor Agreement.

9.1.6 Accounts. Administrative Agent may rely, in determining which Accounts are Eligible Accounts, on all statements and representations made by each Obligor with respect thereto. Obligors warrant, with respect to each Account at the time it is shown as an Eligible Account in a Borrowing Base Certificate, that:

(a) it is genuine and in all respects what it purports to be, and is not evidenced by a judgment;

(b) it arises out of a completed, *bona fide* sale and delivery of goods or rendition of services in the Ordinary Course of Business, and substantially in accordance with any purchase order, contract or other document relating thereto;

(c) it is for a sum certain, maturing as stated in the invoice covering such sale or rendition of services, a copy of which has been furnished or is available to Administrative Agent on request;

(d) it is not subject to any offset, Lien (other than Administrative Agent's Lien and Permitted Liens that are junior to the Liens of Administrative Agent therein), deduction, defense, dispute, counterclaim or other adverse condition except as arising in the Ordinary Course of Business and disclosed to Administrative Agent; and it is absolutely owing by the Account Debtor, without contingency in any respect;

(e) no purchase order, agreement, document or Applicable Law restricts assignment of the Account to Administrative Agent (regardless of whether, under the UCC, the restriction is ineffective), and the applicable Obligor is the sole payee or remittance party shown on the invoice;

(f) no extension, compromise, settlement, modification, credit, deduction or return has been authorized with respect to the Account, except discounts or allowances granted in the Ordinary Course of Business for prompt payment that are reflected on the face of the invoice related thereto and in the reports submitted to Administrative Agent hereunder; and

(g) to Obligors' knowledge, (i) there are no facts or circumstances that are reasonably likely to impair the enforceability or collectibility of such Account; (ii) the Account Debtor had the capacity to contract when the Account arose, continues to meet the applicable Obligor's customary credit standards, is Solvent and not contemplating or subject to an Insolvency Proceeding (unless such Account Debtor has been authorized, pursuant to a court order reasonably satisfactory to Administrative Agent to and is in fact continuing to pay, in cash, Accounts owed to the applicable Borrower), and has not failed, or suspended or ceased doing business; and (iii) there are no proceedings or actions threatened or pending against any Account Debtor that could reasonably be expected to have a material adverse effect on the Account Debtor's financial condition.

9.1.7 Financial Statements

(a) Spectrum has heretofore furnished to Lenders the consolidated (and, to the extent available, consolidating) statements of financial position, operations and shareholders equity and comprehensive income of Spectrum (i) as of and for the Fiscal Year ended September 30, 2009, the Fiscal Year ended September 30, 2008 and the Fiscal Year ended September 30, 2007, in each case (other than in respect of any consolidating financial statements) audited by and accompanied by the opinion of KPMG LLP, independent public accountants and (ii) as of and for the Fiscal Quarter and the portion of the Fiscal Year ended April 4, 2010, certified by its chief financial officer. Such financial statements present fairly the financial condition and results of operations and cash flows of Spectrum and its consolidated Subsidiaries as of such dates and for such periods. Such balance sheets and the notes thereto disclose all material liabilities, direct or contingent, of Spectrum and its consolidated Subsidiaries as of the dates thereof. Such financial statements were prepared in accordance with GAAP applied on a consistent basis, subject, in the case of unaudited financial statements, to year-end audit adjustments and the absence of footnotes.

(b) Russell Hobbs has heretofore furnished to the Lenders the consolidated (and, to the extent available, consolidating) balance sheets and related statements of income, stockholder's equity and cash flows of Russell Hobbs (i) as of and for the Fiscal Year ended June 30, 2009, the Fiscal Year ended June 30, 2008 and the Fiscal Year ended June 30, 2007, in each case (other than in respect of any consolidating financial statements) audited by and accompanied by the opinion of Grant Thornton LLP, independent public accountants and (ii) as of and for the Fiscal Quarter and the portion of the Fiscal Year ended March 31, 2010, certified by its chief financial officer. Such financial statements present fairly the financial condition and results of operations and cash flows of Russell Hobbs and its consolidated Subsidiaries as of such dates and for such periods. Such balance sheets and the notes thereto disclose all material liabilities, direct or contingent, of Russell Hobbs and its consolidated Subsidiaries as of the dates thereof. Such financial statements were prepared in accordance with GAAP applied on a consistent basis, subject, in the case of unaudited financial statements, to year-end audit adjustments and the absence of footnotes.

(c) Spectrum has heretofore delivered to Lenders its unaudited pro forma consolidated balance sheet and related pro forma statements of income, stockholder's equity and cash flows as of and for the 12-month period ended April 4, 2010, prepared giving effect to the Transactions as if they had occurred, with respect to such balance sheet, on such date and, with respect to such other financial statements, on the first day of the 12-month period ending on such date. Such pro forma financial statements have been prepared in good faith by Spectrum, are based on the best information available to Spectrum as of the date of delivery thereof, accurately reflect all adjustments required to be made to give effect to the Transactions and present fairly on a pro forma basis the estimated consolidated financial position of Spectrum and its consolidated Subsidiaries as of such date and for such period, assuming that the Transactions had actually occurred at such date or at the beginning of such period, as the case may be.

(d)(i) Since June 30, 2009 and on or prior to the Closing Date, no Russell Hobbs Material Adverse Effect has occurred, and since September 30, 2009 and on or prior to the Closing Date, no Spectrum Material Adverse Effect has occurred. (ii) Since April 4, 2010, there has been no change in the condition, financial or otherwise, of any Obligor or any Subsidiary, taken as a whole, that could reasonably be expected to have a Material Adverse Effect.

(e) Holdings and its Subsidiaries, on a consolidated basis, are Solvent.

9.1.8 Surety Obligations. No Obligor is obligated as surety or indemnitor under any bond or other contract that assures payment or performance of any obligation of any Person, except as permitted hereunder or as specified in **Schedule 9.1.8**.

9.1.9 Taxes. Each Obligor and each of its subsidiaries has filed or caused to be filed all material federal, state and local tax returns and other reports that it is required by law to file, and has paid or caused to be paid, or made provision for the payment of, all Taxes upon it, its income and its Properties that are shown to be due and payable on such returns, except to the extent being Properly Contested. Each Obligor and Subsidiary has, in all material respects, withheld all employee and other withholdings and made all employer contributions and other remittances required to be made under Applicable Law.

9.1.10 Brokers. There are no brokerage commissions, finder's fees or investment banking fees payable in connection with any transactions contemplated by the Loan Documents.

9.1.11 Intellectual Property. Each Obligor and each of its subsidiaries owns or has the lawful right to use all Intellectual Property necessary for the conduct of its business. Except as, individually or in the aggregate, has not had and would not reasonably be expected to have a Material Adverse Effect, (i) the conduct of such Obligor's and its subsidiaries' business does not conflict with any Intellectual Property rights of others; and (ii) there is no pending or, to any Obligor's knowledge, threatened Intellectual Property Claim with respect to any Obligor, any of its subsidiaries or any of their Property (including any Intellectual Property). All material Intellectual Property owned by any Obligor or any of its subsidiaries that is the subject of a registration or pending application for registration is shown in **Schedule 11** of the Perfection Certificate.

9.1.12 Governmental Approvals. Each Obligor and Subsidiary has, is in compliance with, and is in good standing with respect to, all Governmental Approvals necessary to conduct its business and to own, lease and operate its Properties; all import, export or other licenses, permits or certificates for the import or handling of any goods or other Collateral have been procured and are in effect; and Obligors and Subsidiaries have complied with all foreign and domestic Applicable Laws with respect to the shipment and importation of any goods or other Collateral, except in each case under this **Section 9.1.12**, where noncompliance could not reasonably be expected to have a Material Adverse Effect.

9.1.13 Compliance with Laws. Each Obligor and Subsidiary has duly complied, and its Properties and business operations are in compliance, in all respects with all Applicable Law, except where noncompliance could not reasonably be expected to have a Material Adverse Effect. There have been no citations, notices or orders of material noncompliance issued to any Obligor or Subsidiary under any Applicable Law that could reasonably be expected to have a Material Adverse Effect. To the Borrowers' best knowledge, no Inventory has been produced in violation of the FLSA except where noncompliance could not reasonably be expected to have a Material Adverse Effect.

9.1.14 Compliance with Environmental Laws. (a) Except as disclosed on **Schedule 9.1.14**, and except with respect to any other matters that, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect, none of Obligors or any Subsidiary (i) has failed to comply with any Environmental Law or to obtain, maintain or comply with any permit, license or other approval required under any Environmental Law, (ii) has become subject to any Environmental Liability, (iii) has received notice of any claim with respect to any Environmental Liability, or (iv) knows of any basis for any Environmental Liability.

(b) Since the date of this Agreement, there has been no change in the status of the matters disclosed on **Schedule 9.1.14** that, individually or in the aggregate, has resulted in, or materially increased the likelihood of, a Material Adverse Effect.

9.1.15 Burdensome Contracts. No Obligor or any of its subsidiaries is party or subject to any Restrictive Agreement, except as shown in **Schedule 9.1.15**, none of which prohibits the execution or delivery of, or the performance of its obligations under, any Loan Document by such Obligor.

9.1.16 Litigation. Except as shown in **Schedule 9.1.16(a)**, there are no actions, suits or proceedings at law or in equity or by or before any Governmental Authority now pending or, to the knowledge of Obligors, threatened against or affecting any Obligor or any Subsidiary or any business, property or rights of any such Person (i) that involve any Loan Document or the Transactions or (ii) as to which there is a reasonable possibility of an adverse determination and that, if adversely determined, could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. Except as shown in **Schedule 9.1.16(b)**, no Obligor has a Commercial Tort Claim (other than a Commercial Tort Claim for less than $5,000,000). No Obligor or any of its subsidiaries is in default with respect to any order, injunction or judgment of any Governmental Authority, where such violation or default could reasonably be expected to result in a Material Adverse Effect.

9.1.17 No Defaults. No event or circumstance has occurred or exists that constitutes a Default or Event of Default. No Obligor or Subsidiary is in default, and no event or circumstance has occurred or exists that with the passage of time or giving of notice would constitute a default by an Obligor (a) under any Material Contract (b) under the Senior Term Loan Agreement, the Senior Secured Note Indenture or the PIK Indenture, or (c) in the payment of any Borrowed Money that constitutes Material Debt.

9.1.18 ERISA. Except as disclosed on **Schedule 9.1.18**:

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA and the Code except for non-compliances which, in the aggregate, would not have a Material Adverse Effect. No ERISA Event has occurred within the past five (5) years or is reasonably expected to occur that, when taken together with all other such ERISA Events, could reasonably be expected to have a Material Adverse Effect. As of the Closing Date, the present value of all benefit liabilities of all underfunded Plans (based on the assumptions used for purposes of Statement of Financial Accounting Standards No. 87) did not, as of the last annual valuation dates applicable thereto, exceed by more than $20,000,000 the fair market value of the assets of all such underfunded Plans.

(b) Each Foreign Pension Plan is in compliance in all material respects with all requirements of law applicable thereto and the respective requirements of the governing documents for such plan except for non-compliances which, in the aggregate, would not have a Material Adverse Effect. With respect to each Foreign Pension Plan, none of Obligors, their Affiliates, their Subsidiaries or any of their respective directors, officers, employees or agents has engaged in a transaction which would subject Obligors or any Subsidiary, directly or indirectly, to a tax or civil penalty which could reasonably be expected, individually or in the aggregate, to result in a Material Adverse Effect. As of the Closing Date, the present value of the aggregate accumulated benefit liabilities of all such Foreign Pension Plans (based on those assumptions used to fund each such Foreign Pension Plan) did not, as of the last annual valuation date applicable thereto, exceed by more than $75,000,000 the fair market value of the assets of all such Foreign Pension Plans.

9.1.19 Trade Relations. There exists no condition or circumstance with respect to any customer or supplier of an Obligor or Subsidiary that could reasonably be expected to impair in any material respect the ability of any Obligor or Subsidiary to conduct its business at any time hereafter in substantially the same manner as conducted on the Closing Date or as modified after the Closing Date in accordance with the terms hereof.

9.1.20 Labor Relations. Except as described on **Schedule 9.1.20**, the consummation of the Transactions or the transactions contemplated by this Agreement and the other Loan Documents will not give rise to any right of termination or right of renegotiation on the part of any union under any collective bargaining agreement to which Obligors or any Subsidiary is bound. Except as could not reasonably be expected to result in a Material Adverse Effect, there are no grievances, disputes or controversies with any union or other organization of any Obligor's or Subsidiary's employees, or, to any Obligor's knowledge, any asserted or threatened strikes, work stoppages or demands for collective bargaining.

9.1.21 Reserved.

9.1.22 Investment Company Act. No Obligor is or is required to be registered as (a) an "investment company" as defined in, or subject to the regulation under, the Investment Company Act of 1940.

9.1.23 Margin Stock. No Obligor or any of its subsidiaries is engaged principally, or as one of its important activities, in the business of extending credit for the purpose of purchasing or carrying any Margin Stock. No Loan or Letters of Credit will be used by Obligors to purchase or carry, or to reduce or refinance any Debt incurred to purchase or carry, any Margin Stock or for any related purpose that entails a violation of, or that is inconsistent with, the provisions of Regulation T, U or X.

9.1.24 Other Debt. The provisions of the Intercreditor Agreements are and will be enforceable against the Term Lenders and the holders of the Senior Secured Notes. Subject to the terms of the Intercreditor Agreements, all Obligations, including those to pay the principal of and interest on the Loans and fees and expenses in connection therewith, constitute "ABL Obligations" (as defined in the ABL Intercreditor Agreement), and such Obligations are entitled to the benefits of the provisions created therein. Obligors acknowledge that Administrative Agent and Lenders are entering into this Agreement, and extending their Revolver Commitments, in reliance upon the provisions in the ABL Intercreditor Agreement and in this **Section 9.1.24**. The Obligations constitute "Senior Debt" under and as defined in the PIK Indenture.

9.1.25 Corporate Names; Locations. During the five years preceding the Closing Date, except as shown on **Schedule 1** of the Perfection Certificate, no Obligor has been known as or used any corporate, fictitious or trade names, has been the surviving corporation of a merger, amalgamation or combination, or has acquired any substantial part of the assets of any Person. The chief executive office (if it has more than one place of business) and the location of business (if it has only one) of each Obligor are shown on **Schedule 8.6.1**. During the five years preceding the Closing Date, no Obligor has had any other office or place of business.

9.1.26 Merger Agreement. Neither any Obligor nor any Subsidiary nor, to the knowledge of each Obligor and each Subsidiary, any other Person party thereto is in default in the performance or compliance with any material provisions of the Merger Agreement (including all schedules, exhibits, amendments, supplements and modifications thereto). The Merger Agreement complies in all material respects with all Applicable Laws.

9.1.27 Foreign Corrupt Practices Act. Each Obligor and its Subsidiaries and their respective directors, officers, agents, employees, and any person acting for or on behalf of Obligors and their Subsidiaries has complied with, and will comply with, the U.S. Foreign Corrupt Practices Act, as amended from time to time, or any other applicable anti-bribery or anti-corruption law, and it and they have not made, offered, promised, or authorized, and will not make, offer, promise or authorize, whether directly or indirectly, any payment of anything of value to: (a) an executive, official, employee or agent of a governmental department. agency or instrumentality, (b) a director, officer. employee or agent of a wholly or partially government-owned or -controlled company or business, (c) a political party or official thereof, or candidate for political office or (d) an executive, official. employee or agent of a public international organization (e.g., the International Monetary Fund or the World Bank) (each a "Government Official") while knowing or having a reasonable belief that all or some portion will be used for the purpose of: (i) influencing any act. decision or failure to act by a Government Official in his or her official capacity. (ii) inducing a Government Official to use his or her influence with a government or instrumentality to affect any act or decision of such government or entity or (iii) securing an improper advantage; in order to obtain, retain. or direct business.

9.2 Complete Disclosure. No Loan Document contains any untrue statement of a material fact, nor fails to disclose any material fact necessary to make the statements contained therein not materially misleading, in each case, in light of the facts and circumstances existing at the time any such statement is made. Additionally, none of the reports, financial statements, certificates or other information (other than any projections, pro formas, budgets and general market information) concerning the Obligors furnished by or at the direction of any Obligor to any Credit Party in connection with the negotiation of this Agreement or any other Loan Document or delivered hereunder or thereunder (as modified or supplemented by other information so furnished), when taken as a whole, contains, as of the date furnished, any material misstatement of fact or omits to state any material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not materially misleading in light of the circumstances under which such statements were made.

SECTION 10. COVENANTS AND CONTINUING AGREEMENTS

10.1 Affirmative Covenants. As long as there are any Revolver Commitments outstanding and thereafter until Full Payment of the Obligations thereunder, each Obligor shall, and shall cause each of its Subsidiaries to:

10.1.1 Inspections; Appraisals.

(a) Permit Administrative Agent from time to time, subject to reasonable notice (except when an Event of Default exists) and at reasonable times during normal business hours, to visit and inspect the Properties of any Obligor or its Subsidiary, inspect, audit and make extracts from any Obligor's or Subsidiary's books and records, and discuss with its officers, employees, agents, advisors and independent accountants such Obligor's or Subsidiary's business, financial condition, assets, prospects and results of operations. Lenders may participate in any such visit or inspection, at their own expense. Neither Administrative Agent nor any Lender shall have any duty to any Obligor to make any inspection, nor to share any results of any inspection, appraisal or report with any Obligor. Obligors acknowledge that all inspections, appraisals and reports are prepared by Administrative Agent and Lenders for their purposes, and Obligors shall not be entitled to rely upon them.

(b) Reimburse Administrative Agent for all charges, costs and expenses of Administrative Agent in connection with (i) examinations of any Obligor's books and records or any other financial or Collateral matters as Administrative Agent deems appropriate**,** up to two (2) times per Loan

Year unless a Cash Dominion Period exists, and then up to three (3) times per Loan Year; and (ii) appraisals of Inventory up to two (2) times per Loan Year unless a Cash Dominion Period exists and up to three (3) times per Loan Year if a Cash Dominion Period exists; provided that Administrative Agent shall provide Borrower Agent with a reasonably detailed accounting of all such charges, costs and expenses and provided, further, that (x) Administrative Agent may conduct no more than one (1) such appraisal and field examination per Loan Year at the expense of Obligators if no Revolving Loans are outstanding at any time during such Loan Year and Availability at all times during such Loan Year is equal to or greater than the amount that is 50% of the lesser of the aggregate Revolver Commitments and the Formula Amount; provided, however, that Administrative Agent may conduct as many appraisals and field examinations at the expense of Obligors as it deems reasonable during an Event of Default. This Section shall not be construed to limit Administrative Agent's right to conduct examinations or to obtain appraisals at any time that it may reasonably require at its own expense, nor to use third parties for such purposes at Administrative Agent's expense; provided that such examination in each case shall be subject to reasonable notice (except when an Event of Default exists) and be conducted at reasonable times during normal business hours.

10.1.2 Financial and Other Information. Keep adequate records and books of account with respect to its business activities, in which proper entries are made in accordance with GAAP reflecting all financial transactions; and furnish to Administrative Agent and Lenders:

(a) within the later of (i) ninety (90) days after the end of each Fiscal Year and (ii) by the date on which the following statements would have been required to be filed under the rules and regulations of the SEC, giving effect to any automatic extension available under Rule 12b-25 of the Securities Exchange Act of 1934 for the filing of such statements), its statements of financial position, operations and shareholders equity and comprehensive income showing the financial condition of Spectrum and its consolidated Subsidiaries as of the close of such Fiscal Year and the results of its operations and the operations of such Subsidiaries during such year, together with comparative figures for the immediately preceding Fiscal Year, all audited by KPMG, LLP or other independent public accountants of recognized national standing and accompanied by an opinion of such accountants (which opinion shall be without a "going concern" or like qualification or exception and without any qualification or exception as to the scope of such audit) to the effect that such consolidated financial statements fairly present the financial condition and results of operations of Spectrum and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, together with a customary "management discussion and analysis" provision;

(b) within the later of (i) forty-five (45) days after the end of each of the first three Fiscal Quarters of each Fiscal Year and (ii) by the date on which the following statements would have been required to be filed under the rules and regulations of the SEC, giving effect to any automatic extension available under Rule 12b-25 of the Securities Exchange Act of 1934 for the filing of such statements (provided, however, that notwithstanding the foregoing, if a Cash Dominion Period exists, the following statements shall be delivered to Administrative Agent within 30 days after the end of each Fiscal Month), its consolidated statements of financial position, operations and shareholders equity and comprehensive income showing the financial condition of Spectrum and its consolidated Subsidiaries as of the close of such Fiscal Quarter (or such Fiscal Month, as applicable) and the results of its operations and the operations of such Subsidiaries during such Fiscal Quarter (or such Fiscal Month, as applicable) and the then elapsed portion of the Fiscal Year, and, other than with respect to quarterly (or monthly, as applicable) reports during the remainder of the first Fiscal Year after the Closing Date, comparative figures for the same periods in the immediately preceding Fiscal Year, all certified by one of its Financial Officers as fairly presenting the financial condition and results of operations of Spectrum and its consolidated Subsidiaries on a consolidated basis in accordance with GAAP consistently applied, subject to normal year-end audit adjustments, together with a customary "management discussion and analysis" provision;

(c) concurrently with delivery of financial statements under clauses (a) and (b) above, a Compliance Certificate executed by the chief financial officer of Borrower Agent (with such Compliance Certificates to contain a calculation of (i) the Fixed Charge Coverage Ratio under **Section 10.3.1** and (ii) Consolidated EBITDA for the immediately preceding twelve-month period ending on the last day of the applicable year or month, in each case, regardless of whether a Financial Covenant Trigger Event exists;

(d) promptly after the receipt thereof by Obligors or any Subsidiary, a copy of any final "management letter" received by any such Person from its certified public accountants and the management's response thereto;

(e) within ninety (90) days after the beginning of each Fiscal Year of Spectrum, a detailed consolidated budget for such Fiscal Year (including a projected consolidated balance sheet and related statements of projected operations and cash flows and Availability as of the end of and for such Fiscal Year and setting forth the assumptions used for purposes of preparing such budget; and, on or before the first day of each Fiscal Year (beginning with Fiscal Year 2012), an update of **Schedule 1.1(e)** listing the dates of each Fiscal Month in such Fiscal Year;

(f) during a Cash Dominion Period, at Administrative Agent's request, a listing of each Obligor's trade payables, specifying the trade creditor and balance due, and a detailed trade payable aging, all in form reasonably satisfactory to Administrative Agent;

(g) promptly after the same become publicly available, copies of, or links to copies of, all periodic and other reports, proxy statements and other materials filed by Super Holdco, Obligors or any Subsidiary with the SEC, or with any national securities exchange, or distributed to its shareholders, as the case may be; and

(h) such other reports and information (financial or otherwise) as Administrative Agent may reasonably request from time to time in connection with any Collateral or the financial condition or business or any Obligor or Subsidiary.

Documents required to be delivered pursuant to this **Section 10.1.2** may be delivered electronically and, if so delivered, shall be deemed to have been delivered to Administrative Agent and Lenders on the date on which (i) Spectrum posts such documents, or provides a link thereto, on its principal publicly accessible website or (ii) such documents are posted on Spectrum's behalf on an Internet or intranet website, if any, to which each Lender and Administrative Agent have access (which may be a commercial or a third party website or a website sponsored by Administrative Agent; provided that Spectrum shall notify Administrative Agent of the posting of any such documents and provide to Administrative Agent by electronic mail electronic versions of such documents.

10.1.3 Notices. Notify Administrative Agent (and Administrative Agent will notify Lenders) in writing, promptly after an Obligor's obtaining knowledge thereof, of any of the following that affects an Obligor: (a) the occurrence of any Default, (b) the occurrence of any "Default" under and as defined in each of the Senior Term Loan Agreement, the Senior Secured Note Indenture and the PIK Indenture, (c) any matter that has resulted or could reasonably be expected to result in a Material Adverse Effect, (d) the occurrence of a Financial Covenant Trigger Event, (e) the occurrence of any material fraud that involves management employees who have a significant role in the internal controls over financial reporting of Obligors, in each case of clause (e) as described in Securities Laws, and (f) an Event of Default under **Section 10.3.1**. Each notice pursuant to this **Section 10.1.3** shall be accompanied by a statement of a Senior Officer of Borrower Agent setting forth details of the occurrence referred to therein and stating what action Obligors have taken and propose to take with respect thereto. Each notice pursuant to clause (a) above shall describe with particularity any and all provisions of this Agreement and any other Loan Documents in respect of which a Default exists. Each notice pursuant to the foregoing clause (f) shall include a calculation setting out in reasonable detail the Fixed Charge Coverage Ratio upon the occurrence of such Event of Default.

10.1.4 Landlord and Storage Agreements. Upon reasonable request, provide Administrative Agent with copies of (a) all existing agreements and (b) all future agreements promptly after execution thereof, in each case, between an Obligor and any landlord, warehouseman, processor, shipper, bailee or other Person that owns any premises at which any Collateral may be kept or that otherwise may possess or handle any Collateral.

10.1.5 Compliance with Laws. Comply with all Applicable Laws, including ERISA, Environmental Laws, FLSA, OSHA, and Anti-Terrorism Laws, and maintain all Governmental Approvals necessary to the ownership of its Properties or conduct of its business, unless failure to comply (other than failure to comply with Anti-Terrorism Laws) or maintain could not reasonably be expected to have a Material Adverse Effect. Without limiting the generality of the foregoing, if any Environmental Release occurs at or on any Properties of any Obligor or Subsidiary, it shall act promptly and diligently to investigate and report to Administrative Agent and all appropriate Governmental Authorities the extent of, and to take appropriate remedial action to eliminate, such Environmental Release, whether or not directed to do so by any Governmental Authority.

10.1.6 Taxes. Pay and discharge all Taxes prior to the date on which they become delinquent or penalties attach, unless such Taxes are being Properly Contested.

10.1.7 Insurance. In addition to the insurance required hereunder with respect to Collateral, maintain insurance with insurers (with a rating by A.M. Best Co. as "A-VII" or higher, unless otherwise approved by Administrative Agent) reasonably satisfactory to Administrative Agent, with respect to product liability, workers' compensation, larceny, embezzlement, or other criminal misappropriation, flood insurance (to the extent applicable with respect to any Mortgaged Properties) and business interruption insurance, in each case, with coverages and deductibles as are customary for companies similarly situated.

10.1.8 Licenses. Keep each material License affecting any Eligible Inventory (including the manufacture, distribution or disposition of Eligible Inventory) in full force and effect (provided that the failure to keep any such License in full force and effect shall not constitute an Event of Default, but any Eligible Inventory relating thereto may, in Administrative Agent's discretion, be deemed ineligible); promptly notify Administrative Agent of any proposed modification to any such material License, or entry into any new material License affecting any Eligible Inventory, within ninety (90) days after its effective date (provided that, to the extent such modification or new License results in Inventory no longer being Eligible Inventory, the next Borrowing Base Certificate delivered by Borrowers after the date of such modification or new License shall accurately reflect the status of such Inventory as ineligible); pay all Royalties when due; and notify Administrative Agent of any material default or breach asserted by any Person to have occurred under any such License (after giving effect to any applicable grace or cure periods).

10.1.9 Future Subsidiaries. Promptly notify Administrative Agent upon any Person becoming a Subsidiary and, with respect to any wholly-owned, Domestic Subsidiary, cause it to become a Borrower (or, if Administrative Agent so consents, a Guarantor) by executing and delivering to Administrative Agent a joinder agreement with respect to this Agreement (if such Subsidiary is to become a Borrower) or a Guaranty, and to execute and deliver such documents, instruments and agreements and to take such other actions as Administrative Agent shall reasonably require to evidence and perfect a Lien in favor of Administrative Agent (for the benefit of Secured Parties) on all assets of such Person, including delivery of such legal opinions, in form and substance reasonably satisfactory to Administrative Agent, as it shall deem appropriate. In addition, each Obligor shall, or shall cause the applicable Obligor to, pursuant to documentation reasonably acceptable to Administrative Agent, pledge to Administrative

Agent (for the benefit of Secured Parties), all of the outstanding Equity Interests of each new Subsidiary owned directly by such Obligor or other Obligor, along with undated stock powers for such certificates, executed in blank (or, if any such Equity Interests are uncertificated, confirmation and evidence reasonably satisfactory to Administrative Agent that the security interest in such uncertificated securities has been transferred to and perfected by Administrative Agent, for the benefit of Secured Parties, in accordance with Sections 8-106 and 9-106 of the UCC or any other Applicable Law).

10.2 Negative Covenants. As long as there are any Revolver Commitments outstanding and thereafter until Full Payment of the Obligations thereunder, each Obligor shall not, and shall cause each of its Subsidiaries not to:

10.2.1 Permitted Debt. Create, incur, guarantee or suffer to exist any Debt, except:

(a) Debt existing on the date hereof and set forth in Schedule **10.2.1(a)** and any refinancing thereof pursuant to the Refinancing Conditions set forth in this Agreement;

(b) Debt created hereunder and under the other Loan Documents;

(c) Senior Term Loan Debt and any refinancing thereof pursuant to the Refinancing Conditions set forth in this Agreement;

(d) Debt under the Senior Secured Note Indenture in the aggregate principal amount not to exceed $750,000,000 at any time, and any refinancing thereof pursuant to the Refinancing Conditions set forth in this Agreement;

(e) Intercompany Debt of Borrowers and Subsidiaries to the extent permitted by **Section 10.2.5** so long as such Debt is subordinated to the Obligations pursuant to a subordination agreement satisfactory to Administrative Agent;

(f) (i) Debt of any Obligor or any Subsidiary incurred to finance the acquisition, construction, repair, replacement or improvement of any fixed or capital assets, and extensions, renewals and replacements of any such Debt that do not increase the outstanding principal amount thereof; except by an amount equal to any unpaid accrued interest and premium (including applicable prepayment premium) thereon, plus fees and expenses reasonably incurred in connection with such refinancing, renewal or extension, and (ii) Debt arising out of sales and lease back transactions; provided that (i) such Debt is incurred prior to or within one hundred and eighty (180) days after such acquisition or the completion of such construction, repair, replacement or improvement and (ii) the aggregate principal amount of Debt permitted by this **Section 10.2.1(f)**, when combined with the aggregate principal amount of all Capital Lease Obligations incurred pursuant to **Section 10.2.1(g)**, shall not exceed $40,000,000 at any time outstanding;

(g) Capital Lease Obligations in an aggregate principal amount, when combined with the aggregate principal amount of all Debt incurred pursuant to **Section 10.2.1(f)**, not in excess of $40,000,000 at any time outstanding;

(h) Debt in respect of surety, stay, customs and appeal bonds, under performance bonds or with respect to workers' compensation claims, in each case incurred in the Ordinary Course of Business;

(i) Debt incurred by Foreign Subsidiaries in an aggregate principal amount not exceeding $75,000,000 at any time outstanding;

(j) Debt of any Person that becomes a Subsidiary after the date hereof; provided that (i) such Debt exists at the time such Persons becomes a Subsidiary and is not created in contemplation of or in connection with such Person becoming a Subsidiary and (ii) immediately before and after such Person becomes a Subsidiary, no Default or Event of Default shall have occurred and be continuing;

(k) Debt in respect of those Hedging Agreements incurred in the Ordinary Course of Business and consistent with prudent business practice;

(l) Debt in respect of netting services, overdraft protections and similar arrangements in connection with Bank Products;

(m) Debt consisting of (i) the financing of insurance premiums or (ii) take or pay obligations contained in supply arrangements, in each case, in the Ordinary Course of Business and, in the case of clause (ii), not to exceed $100,000,000 in the aggregate;

(n) Debt constituting indemnification obligations or obligations in respect of purchase price or others similar adjustments in connection with acquisitions and dispositions permitted under this Agreement;

(o) Debt in respect of letters of credit, bank guarantees, bankers' acceptance or similar instruments issued or created in the Ordinary Course of Business; provided that any such documentary letter of creditor other similar instrument may be secured only by Liens attaching to the related documents of title and not the Inventory represented thereby;

(p) Debt representing deferred compensation or equity based compensation to current or former officers, directors, consultants advisors or employees of Obligors, any of their Subsidiaries or any of their respective Affiliates incurred in the Ordinary Course of Business and (ii) Debt consisting of obligations of Obligors or any of their Subsidiaries under deferred compensation or other similar arrangements incurred in connection with any Investments or Permitted Distributions in an aggregate outstanding amount for this **Section 10.2.1(p)** not to exceed $15,000,000;

(q) Debt issued by Obligors or any of their Subsidiaries to current and former officers, directors, consultants, advisors and employees of Obligors, any of their Subsidiaries or any of their respective Affiliates, in lieu of or combined with cash payments to finance the purchase of Equity Interests of Obligors, any of their Subsidiaries or any of their respective Affiliates, in each case, to the extent such purchase is otherwise permitted hereunder and in an aggregate amount not to exceed $5,000,000 in any Fiscal Year;

(r) Guarantees of Debt of Borrowers or any of the Subsidiaries; provided such Debt is permitted by another subsection of this **Section 10.2.1**;

(s) Guarantees resulting from endorsement of negotiable instruments in the Ordinary Course of Business;

(t) any Permitted Specified Refinancing of the PIK Notes in accordance with **Section 10.2.8(a)**;

(u) Debt incurred by Borrowers or any Subsidiaries constituting reimbursement obligations with respect to letters of credit issued in the Ordinary Course of Business in respect of workers compensation claims, health, disability or other employee benefits or property, casualty or liability insurance or self-insurance, other Debt with respect to reimbursement-type obligations regarding workers compensation claims and other Debt in respect of bankers' acceptance, letter of credit, warehouse receipts or similar facilities entered into in the Ordinary Course of Business; provided that, upon the drawing of such letters of credit or the incurrence of such Debt, such obligations are reimbursed within five (5) Business Days following such drawing or incurrence;

(v) all premiums (if any), interest (including post-petition interest), fees, expenses, charges and additional or contingent interest on obligations described in clauses (a) through (u) above; and

(w) Other Debt of any Obligor or any Subsidiary in an aggregate principal amount not exceeding $50,000,000 at any time outstanding.

10.2.2 Permitted Liens. Create or suffer to exist any Lien upon any of its Property, except the following (collectively, "Permitted Liens"):

(a) Liens on property or assets of any Obligor or any Subsidiary existing on the date hereof and set forth in **Schedule 10.2.2(a)**; provided that such Liens shall secure only those obligations which they secure on the date hereof and any refinancing thereof pursuant to the Refinancing Conditions set forth in this Agreement;

(b) Any Lien created under the Loan Documents;

(c) Liens securing Debt incurred pursuant to **Sections 10.2.1(c)** and **10.2.1(d)**, subject to the terms and conditions of the Intercreditor Agreements;

(d) Any Lien existing on any property or asset prior to the acquisition thereof by any Obligor or any Subsidiary or existing on any property or assets of any Person that becomes a Subsidiary after the date hereof prior to the time such Person becomes a Subsidiary, as the case may be; provided that (i) such Lien is not created in contemplation of or in connection with such acquisition or such Person becoming a Subsidiary, (ii) such Lien does not apply to any other property or assets of Obligors or any Subsidiary and (iii) such Lien secures only those obligations which it secures on the date of such acquisition or the date such Person becomes a Subsidiary, as the case may be;

(e) Liens for Taxes not yet due or which are being contested in compliance with **Section 9.1.9**;

(f) Liens of landlords, laborers and employees arising by operation of law and carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the Ordinary Course of Business and securing obligations that are (i) not overdue for a period of more than thirty (30) days or (ii) being Properly Contested;

(g) pledges and deposits made in the Ordinary Course of Business (i) in compliance with workmen's compensation, unemployment insurance and other social security laws or regulations, (ii) securing insurance premiums or reimbursement obligations under insurance policies, in each case payable to insurance carriers that provide insurance to Borrowers or any Subsidiaries or (iii) pledges that may be required under applicable foreign laws relating to claims by terminated employees and other employee claims;

(h) Deposits to secure the performance of bids, trade contracts (other than for Debt), leases (other than Capital Lease Obligations), statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the Ordinary Course of Business;

(i) Intellectual Property licenses entered into in the Ordinary Course of Business;

(j) survey exceptions or encumbrances, zoning restrictions, easements or other reservations, rights of others' utilities or other similar purposes, rights-of-way, restrictions on use of Real Estate and other similar encumbrances incurred in the Ordinary Course of Business which, in the aggregate, do not materially interfere with the ordinary conduct of the business of Obligors or any Subsidiary;

(k) Liens securing Debt permitted under **Section 10.2.1(f)**; provided that (i) such Liens attach concurrently with or within one hundred and eighty (180) days after the acquisition or the completion of construction, repair, replacement or improvement, (ii) the Debt secured thereby does not exceed the lesser of the cost or the fair market value of such fixed or capital assets at the time of such acquisition, construction, repair, replacement or improvement, and (iii) such Liens do not apply to any other property or assets of any other Obligor or any other Subsidiary, except that individual financings of property provided by one lender may be cross collateralized to other financings of property provided by such lender;

(l) judgment Liens securing judgments not constituting an Event of Default under **Section 11**;

(m) Liens on assets of Foreign Subsidiaries; provided that (i) such Liens do not extend to, or encumber, assets that constitute Collateral or the Equity Interests of any Obligor or any Subsidiaries, and (ii) such Liens extending to the assets of any Foreign Subsidiary secure only Debt incurred by such Foreign Subsidiary pursuant to **Section 10.2.1(i)**;

(n) Liens arising solely by virtue of any statutory or common law provision relating to banker's liens, rights of set-off or similar rights and remedies as to deposit or commodity trading or brokerage accounts or other funds maintained with a creditor depository institution, provided that such accounts and funds are not primarily intended by Holding, any Borrower or any Subsidiary to provide collateral to the depository institution or the commodity intermediary;

(o) Liens that are contractual rights of set-off under agreements entered into with customers of Borrowers or any Subsidiary in the Ordinary Course of Business;

(p) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods in the Ordinary Course of Business;

(q) Liens arising from precautionary UCC financing statements or similar filings made in respect of operating leases entered into by any Borrower or any of its Subsidiaries and Liens in favor of Qualified Factors on Factoring Transaction Assets owing by Qualified Account Debtors to secure obligations in connection with Permitted Factoring Transactions;

(r) Liens on Goods or Inventory the purchase, shipment or storage price of which is financed by a documentary letter of credit or bankers' acceptance issued or created for the account of a Borrower or any of its Subsidiaries; provided that such Lien attaches only to the applicable Goods or Inventory (and no Eligible Inventory or Eligible In-Transit Inventory), and such Lien secures only the obligations of such Borrower or such Subsidiary in respect of such letter of credit to the extent permitted under **Section 10.2.1**;

(s) Liens arising out of conditional sale, title retention, consignment or similar arrangements for sale of goods entered into by a Borrower or any of its Subsidiaries in the Ordinary Course of Business;

(t) leases, licenses, subleases and sublicenses granted in the Ordinary Course of Business and that do not (i) interfere in any material respect with the business of any Borrower or any of its material Subsidiaries or (ii) secure any Debt with respect to Borrowed Money or (ii) the rights reserved or vested in any Person by the terms of any lease, license, franchise, grant or permit held by a Borrower or any of its Subsidiaries, or by Applicable Law to terminate any such lease, license, franchise, grant or permit or to require annual or periodic payments as a condition to the continuance thereof;

(u) in the case of leased Real Estate, Liens on which the fee interest (or any superior interest) on such property is subject and, in the case of Mortgaged Properties, "Permitted Encumbrances" (as such term is defined in the applicable Mortgage); and

(v) Other Liens securing Debt or other obligations permitted hereunder in an aggregate amount not to exceed $50,000,000 at any time outstanding, provided however that any such Liens that extend to or cover any Current Asset Collateral shall not secure Debt or other obligations in an aggregate principal amount at any time outstanding in excess of $15,000,000.

10.2.3 Reserved.

10.2.4 Distributions; Upstream Payments. Declare or make any Distributions, except:

(a) Permitted Distributions;

(b) Any Subsidiary may declare and pay dividends or make other distributions ratably to its equity holders;

(c) so long as no Event of Default or Default shall have occurred and be continuing or would result therefrom, Borrowers may, or Borrowers may make Distributions to Holdings (and Holdings may in turn make distributions to Super Holdco) so that Holdings (or Super Holdco) may, repurchase its Equity Interests owned by current and former officers, directors, consultants, advisors or employees of Holdings, Borrowers or Subsidiaries or make payments to current and former officers, directors, consultants, advisors or employees of Holdings, Borrowers or Subsidiaries (x) in connection with the exercise of stock options, stock appreciation rights or similar equity incentives or equity based incentives pursuant to any management incentive plan, equity based compensation plan, equity subscription agreement, equity award agreement, shareholders' or members' agreement or other similar agreement, plan or arrangement, or (y) in connection with the retention, promotion, separation from service, death or disability of such individuals, in an aggregate amount for this clause (c) not to exceed $5,000,000 in any Fiscal Year;

(d) Borrowers may make Distributions to Holdings (and Holdings may in turn make Restricted Payments to Super Holdco) in order to allow Holdings and/or Super Holdco to (x) pay Holdings and/or Super Holdco's administrative expenses and corporate overhead, franchise fees, public company costs (including SEC fees and auditing fees) and customary director fees in an aggregate amount not to exceed $2,000,000 in any calendar year, (y) pay premiums and deductibles in respect of directors and officers insurance policies and excess liability policies obtained from third-party insurers, (z) pay Tax liabilities attributable to Holdings and its subsidiaries in an amount not to exceed the amount of such Taxes that would be payable by Spectrum and its Subsidiaries on a stand-alone basis (if Holdings were a corporation and parent of a consolidated group including its Subsidiaries); provided that (i) any payments made pursuant to this clause (z) in any period that are not otherwise deducted in calculating Consolidated Net Income shall be deducted in calculating Consolidated Net Income for such period and (ii) all Distributions made to Super Holdco or Holdings pursuant to this clause (d) shall be used by Super Holdco or Holdings, as the case may be, for the purposes specified herein within twenty (20) days of the receipt thereof;

(e) Spectrum and each Subsidiary may declare and make dividend payments or other distributions payable solely in the common stock or other common Equity Interests of such Person;

(f) Spectrum and each Subsidiary may purchase, redeem or otherwise acquire its common Equity Interests with the proceeds received from the substantially concurrent issuance of new common Equity Interests of such Person (other than any such issuance to such Borrower or Subsidiary);

(g) Spectrum may make cash payments in lieu of issuing fractional shares in connection with the exercise of warrants, options or other securities convertible into or exchangeable for Equity Interests of Spectrum or Subsidiaries so long as no Event of Default exists or would result therefrom; and

(h) Spectrum may make other payments to Holdings otherwise restricted by this **Section 10.2.4** (and Holdings may in turn make such Distributions to Super Holdco) in an aggregate amount not to exceed $40,000,000 in any Fiscal Year, provided that, at the time of such payment, (x) Availability is not less than the greater of (i) $100,000,000 and (ii) the amount that is equal to 33% of the aggregate Revolver Commitments at such time and (y) no Event of Default exists at the time of such payment or would result therefrom.

10.2.5 Restricted Investments. Make any Restricted Investment.

10.2.6 Disposition of Assets. Make any Asset Disposition, except (a) Asset Dispositions specified in **Schedule 10.2.6** or (b) a Permitted Asset Disposition. Notwithstanding the foregoing, neither any Obligor nor any Subsidiary may enter into any arrangement, directly or indirectly, with any Person whereby it shall sell or transfer any property, real or personal, used or useful in its business, whether now owned or hereafter acquired, and thereafter rent or lease such property or other property which it intends to use for substantially the same purpose or purposes as the property being sold or transferred unless (x) the sale or transfer of such property is otherwise permitted by this **Section 10.2.6** and (y) any obligations arising under any Capital Leases or Liens arising in connection therewith are permitted by **Sections 10.2.1** and **10.2.2**, as the case may be.

10.2.7 Loans. Make any loans or other advances of money to any Person, except (a) loans and advances in the ordinary course of business to their respective employees so long as the aggregate principal amount thereof at any time outstanding (determined without regard to any write-downs or write-offs of such loans and advances) shall not exceed $5,000,000; (b) prepaid expenses and extensions of trade credit made in the Ordinary Course of Business; (c) deposits with financial institutions permitted hereunder; (d) Intercompany Loans and (e) loans which are not Restricted Investments.

10.2.8 Restrictions on Payment of Certain Debt.

(a) Make any payments (whether voluntary or mandatory, or a prepayment, redemption, retirement, defeasance or acquisition) with respect to (i) any Subordinated Debt (other than Debt among Holdings, the Borrowers and Subsidiaries, so long as no Event of Default has occurred and is continuing), except (A) regularly scheduled payments of principal, interest and fees, but only to the extent permitted under any subordination agreement relating to such Debt, (B) refinancing of Debt permitted under **Section 10.2.1**, (C) any Permitted Specified Refinancing of the PIK Notes or (D) payments made in the Ordinary Course of Business with respect to intercompany debt consisting of trade payables arising from the sale of Inventory in a transaction not violative of **Section 10.2.17**; provided that in each case of

clauses (B) and (C), at the time of such transaction after giving effect thereto, no Default or Event of Default shall have occurred and be continuing; and (ii) if a Default exists or would result therefrom, any Debt, other than (A) the payment of the Debt created hereunder and under the Senior Term Loan Agreement or the Senior Secured Note Indenture and (B) the payment of secured Debt that becomes due as a result of the voluntary sale or transfer of the property or assets securing such Debt.

(b) Prepay, redeem, retire or defease any other Borrowed Money (other than the Obligations), including Senior Term Loan Debt, Debt arising under the Senior Secured Notes, prior to its regularly scheduled payment, amortization or maturity date under the agreements evidencing such Debt as in effect on the Closing Date (or as amended thereafter with the consent of Administrative Agent or otherwise in accordance with the Intercreditor Agreements, provided that (i) the consent of Administrative Agent to such amendment shall not be required if such amendment is not materially adverse to the interests of Administrative Agent and Lenders under this Agreement and the other Loan Documents (it being understood that amendments to increase interest rates or shorten regularly scheduled payment, amortization or maturity dates, in each case, shall be considered materially adverse to the interests of Administrative Agent and Lenders)) except to the extent constituting a Permitted Debt Prepayment; (ii) that any mandatory prepayments (including pursuant to mandatory offers to purchase) of the Senior Term Loan Debt and the Debt arising under the Senior Secured Notes as required in the Senior Term Loan Agreement or the Senior Secured Note Indenture (as such agreements are in effect on the Closing Date), as applicable, shall not be prohibited under this **Section 10.2.8**; and (iii) any payment of Debt that constitute a Permitted Debt Prepayment shall not be prohibited under this **Section 10.2.8**.

10.2.9 Fundamental Changes. (a) Merge, combine or consolidate with and into any Person, or liquidate, wind up its affairs or dissolve itself, in each case whether in a single transaction or in a series of related transactions, except for mergers or consolidations of (i) a wholly-owned Subsidiary with another wholly-owned Subsidiary, (ii) an Obligor with an Obligor, (iii) an Obligor with and into a Borrower in a transaction in which such Borrower is the surviving Person of (iv) in connection with a Permitted Acquisition; or (b) change (i) its name or conduct business under any fictitious name, (ii) its tax, charter or other organizational identification number or (iii) its form or jurisdiction of organization, except for each case of clause (b) in connection with a transaction permitted under clause (a) of this **Section 10.2.9**.

10.2.10 Subsidiaries. (a) Form or acquire any Subsidiary after the Closing Date, except in accordance with **Sections 10.1.9** and **10.2.5**; or (b) permit any existing Subsidiary that is an Obligor to issue any additional Equity Interests other than Equity Interests to current and former officers, directors, consultants, advisors or employees of such Person or to a Borrower or a Subsidiary.

10.2.11 Organic Documents. Amend, modify or otherwise change any of its Organic Documents as in effect on the Closing Date, except for (a) changes in connection with transactions permitted under **Section 10.2.9** and (b) changes that do not affect in any adverse way such Obligor's or any subsidiary's rights and obligations to enter into and perform the Loan Documents to which it is a party or to pay all of the Obligations, that do not affect or impair the perfection, priority or enforceability of any Liens granted by such Obligor or such Subsidiary pursuant to any Loan Documents, and that would not reasonably be expected to have a Material Adverse Effect.

10.2.12 Reserved.

10.2.13 Accounting Changes. (a) Make any material change in accounting treatment or reporting practices, except as required by GAAP and in accordance with **Section 1.2**, or (b) change its Fiscal Year.

10.2.14 Restrictive Agreements. Become a party to any Restrictive Agreement, except a Restrictive Agreement (a) in effect on the Closing Date; (b) imposed by law or any Loan Document, any Secured Term Loan Document, any Senior Secured Note Document or any PIK Document, or relating to secured Debt permitted hereunder as long as the restrictions apply only to collateral for such Debt; (c) constituting customary restrictions and conditions contained in agreements relating to the sale of a Subsidiary pending such sale, provided such restrictions and conditions apply only to the Subsidiary that is to be sold and such sale is permitted hereunder; (d) constituting restrictions and conditions imposed on any Foreign Subsidiary by the terms of any Debt of such Foreign Subsidiary permitted to be incurred hereunder; or (e) constituting customary restrictions on assignment in leases and other contracts.

10.2.15 Hedging Agreements. Enter into any Hedging Agreement, except to hedge risks arising in the Ordinary Course of Business and not for speculative purposes.

10.2.16 Reserved.

10.2.17 Affiliate Transactions. Enter into or be party to any transaction with an Affiliate, except (a) transactions contemplated by or permitted under the Loan Documents; (b) expense reimbursement, indemnities, salaries and other compensation to current and former officers, directors, consultants, advisors and employees, and loans and advances permitted by **Section 10.2.7**; (c) payment of customary directors' fees and indemnities; (d) transactions solely among Obligors; (e) transactions with Affiliates that were consummated prior to the Closing Date, as shown on **Schedule 10.2.17**; (f) transactions with Affiliates in the Ordinary Course of Business, upon fair and reasonable terms fully disclosed to Administrative Agent and no less favorable than would be obtained in a comparable arm's-length transaction with a non-Affiliate; (g) entering into employment, service, retention, bonus, change in control, severance, or other compensation or employee benefit arrangements between any Obligor or any of the Subsidiaries and their respective current and former officers, directors, consultants, advisors and employees, as determined in good faith by the board of directors (or a committee thereof) or senior management of the relevant entity; or (h) transactions listed on **Schedule 10.2.17**.

10.2.18 Plans. Become party to any Multiemployer Plan or Foreign Plan, other than any in existence on the Closing Date.

10.2.19 Amendments to Certain Documents. Amend, supplement or otherwise modify the PIK Indenture, the Senior Term Loan Agreement, the Senior Secured Note Indenture or any other document, instrument or agreement relating to any Material Debt without the prior written approval of Administrative Agent, except either (a) to the extent any of the foregoing is not adverse to the interests of Lenders under the Loan Documents or any party (other than an Obligor or a Subsidiary) to a Hedging Agreement in any material respect, (b) in connection with any refinancing, refunding, renewal or extension of any Debt permitted under **Section 10.2.1**, or (c) as otherwise provided in **Section 10.2.8**.

10.2.20 Conduct of Business.

(a) With respect to Holdings, (i) engage in any material activities or hold any material assets or liabilities other than its ownership of the Equity Interests of Spectrum and those activities incidental thereto and (ii) incur any material liabilities other than pursuant to any Loan Documents, the Senior Term Loan Documents or the Senior Secured Note Documents to which it is a party and any other obligations or liabilities incidental to its activities as a holding company or expressly permitted hereunder.

(b) With respect to Spectrum and Subsidiaries, engage at any time in any business or business activity other than business conducted or proposed to be conducted by Spectrum and Subsidiaries on the Closing Date and other businesses complementary, similar or reasonably related, ancillary or incidental thereto or reasonable extensions thereof.

10.2.21 Amendment to Indemnification Agreement. Permit any waiver, supplement, modification or amendment of that certain indemnification agreement dated as of February 9, 2010 between Russell Hobbs and Harbinger Capital Partners Master Fund I, Ltd., in each case to the extent any such waiver, supplement, modification or amendment would be adverse to the Lenders in any material respect.

10.3 Financial Covenants. As long as any Revolver Commitments or Obligations are outstanding, Spectrum and Subsidiaries shall:

10.3.1 Fixed Charge Coverage Ratio: Upon and after the occurrence of a Financial Covenant Trigger Event and until a Financial Covenant Trigger Event Deactivation Date, maintain (a) as of the last day of the Fiscal Month ending immediately prior to the date on which a Financial Covenant Trigger Event occurs, and (b) as of the last day of each Fiscal Month thereafter, a Fixed Charge Coverage Ratio of at least 1.10 to 1.00 for the period of 12 months then ending. Immediately upon the occurrence of a Financial Covenant Trigger Event, Obligors shall deliver to Administrative Agent a Compliance Certificate demonstrating its compliance or non-compliance with the provisions of **Section 10.3.1** based upon the financial statements and calculation of the Fixed Charge Coverage Ratio most recently delivered pursuant to **Section 10.1.2**.

10.3.2 Availability. Maintain at all times a minimum Availability equal to the greater of: (a) 7.5% of the lesser of (i) the Formula Amount or (ii) the aggregate Revolver Commitments, or (b) $20,000,000.

SECTION 11. EVENTS OF DEFAULT; REMEDIES ON DEFAULT

11.1 Events of Default. Each of the following shall be an "Event of Default" hereunder, if the same shall occur for any reason whatsoever, whether voluntary or involuntary, by operation of law or otherwise:

(a) (i) The Borrowers fail to pay (i) any principal amount of any of the Obligations when due (whether at stated maturity, on demand, upon acceleration thereof or otherwise); or (ii) any interest on any of the Obligations when due (whether at stated maturity, on demand, upon acceleration thereof or otherwise) and such default and such default under this clause (a)(ii) shall continue unremedied for a period of three (3) Business Days; or (iii) any expenses or any other Obligations (to the extent not covered by the foregoing clauses (a)(i) and (a)(ii)) when due (whether at stated maturity, on demand, upon acceleration thereof or otherwise) and such default under this clause (a)(iii) shall continue unremedied for a period of three (3) Business Days;

(b) Any representation, warranty or other written statement of an Obligor made in connection with any Loan Documents or transactions contemplated thereby is incorrect or misleading in any material respect when given or deemed given;

(c) An Obligor breaches or fails to perform (i) any covenant contained in **Sections 7.2, 7.6, 8.1, 8.2.4, 8.2.5, 10.1.1, 10.1.2, 10.1.3(a), 10.2 or 10.3**, or (ii) **Sections 7.3, 7.4,** or **10.1.3** (other than **Section 10.1.3(a)**) and, in the case of this clause (ii) (but only if no Cash Dominion Period then exists) any such breach shall continue unremedied for a period of fifteen (15) consecutive days;

(d) An Obligor breaches or fails to perform any covenant contained in any Loan Documents (other than those specified in clauses (a) and (c) above), and such breach or failure is not cured within thirty (30) days after the earlier of (i) notice thereof from Administrative Agent to Borrower Agent (which notice shall also be given at the request of any Lender) and (ii) knowledge thereof of Obligors;

(e) (i) A Guarantor repudiates, revokes or attempts to revoke its Guaranty (other than as a result of the discharge of such Guarantor in accordance with the terms of the Loan Documents); (ii) any security interest purported to be created by any Security Document shall cease to be, or shall be asserted by any Obligor not to be, a valid, perfected, first priority security interest in the Collateral covered thereby, except (A) as otherwise expressly provided in this Agreement, the ABL Intercreditor Agreement or such Security Document, (B) to the extent that any such loss of perfection or priority is pursuant to the terms hereunder of thereunder, or results from the failure of Administrative Agent to maintain possession of certificates actually delivered to it representing securities pledged under the Loan Documents or to file UCC continuation statements, or results from the filing of any UCC termination statement by Administrative Agent, and (C) as to Collateral consisting of Real Estate to the extent that such losses are covered by a lender's title insurance policy and such insurer has been notified and has not denied coverage; or (iii) any material portion of any Loan Document ceases to be in full force or effect for any reason (other than pursuant to the terms hereunder or thereunder, or by virtue of a waiver or release by Administrative Agent and Lenders);

(f) Any breach or default of an Obligor occurs under any document, instrument or agreement to which it is a party or by which it or any of its Properties is bound, relating to any Material Debt (other than the Obligations), if the maturity of or prepayment, redemption, repurchase or defeasance of such Material Debt may be accelerated or demanded due to such breach;

(g) Any judgment or order for the payment of money is entered against an Obligor in an amount that exceeds, either individually or cumulatively with all unsatisfied judgments or orders against all Obligors, $25,000,000 (to the extent not covered by insurance), unless such judgment or order is discharged within a period of forty-five (45) consecutive days or a stay of enforcement of such judgment or order is in effect, by reason of a pending appeal or otherwise; provided that no such Lien securing any such judgment may be senior to Administrative Agent's Liens in any Current Asset Collateral, and if Holdings, Spectrum or the relevant Subsidiary shall not have received notice or been served in connection with the legal proceeding or proceedings resulting in any such judgment, such 45-consecutive-day period shall be measured from the date on which Holdings, Spectrum or the relevant Subsidiary has knowledge of such judgment;

(h) Reserved;

(i) Reserved;

(j) An Insolvency Proceeding is commenced by an Obligor; an Obligor makes an offer of settlement, extension or composition to its unsecured creditors generally; a trustee is appointed to take possession of any substantial Property of or to operate any of the business of an Obligor; or an Insolvency Proceeding is commenced against an Obligor and the Obligor consents to the institution of the proceeding, the petition commencing the proceeding is not timely contested by the Obligor, the petition is not dismissed within thirty (30) days after filing, or an order for relief is entered in the proceeding (it being understood that no Inactive Subsidiary shall be deemed an Obligor for purposes of this **Section 11.1(j)**);

(k) an ERISA Event shall have occurred that, in the reasonable opinion of the Required Lenders, when taken together with all other such ERISA Events, could reasonably be expected to result in a Material Adverse Effect;

(l) Reserved;

(m) A Change of Control occurs;

(n) If the Obligations shall cease to be "Senior Debt" (or any comparable terms) for purposes of the PIK Indenture, or any Obligor shall so assert in writing; and

(o) (i) Any "Event of Default" occurs under (and as defined in) the Senior Term Loan Agreement or the Senior Secured Note Indenture, or (ii) Administrative Agent shall receive from any of the Term/Notes Secured Parties any notice pursuant to Section 3.1 of the ABL Intercreditor Agreement, or any of the Term/Notes Secured Parties shall commence any lien enforcement remedies with respect to any Collateral.

11.2 Remedies upon Default. If an Event of Default described in **Section 11.1(j)** occurs with respect to any Obligor, then to the extent permitted by Applicable Law, all Obligations (other than Secured Bank Product Obligations) shall become automatically due and payable and all Revolver Commitments shall terminate, without any action by Administrative Agent or notice of any kind. In addition, or if any other Event of Default exists, Administrative Agent may in its discretion (and shall upon written direction of Required Lenders), do any one or more of the following from time to time:

(a) declare any Obligations (other than Secured Bank Product Obligations) immediately due and payable, whereupon they shall be due and payable without diligence, presentment, demand, protest or notice of any kind, all of which are hereby waived by Obligors to the fullest extent permitted by law;

(b) terminate, reduce or condition any Revolver Commitment, or make any adjustment to the Borrowing Base;

(c) require Obligors to Cash Collateralize LC Obligations, Secured Bank Product Obligations and other Obligations that are contingent or not yet due and payable, and, if Obligors fail promptly to deposit such Cash Collateral, Administrative Agent may (and shall upon the direction of Required Lenders) advance the required Cash Collateral as Revolver Loans (whether or not an Overadvance exists or is created thereby, or the conditions in **Section 6** are satisfied); and

(d) exercise any other rights or remedies afforded under any agreement, by law, at equity or otherwise, including the rights and remedies of a secured party under the UCC or other Applicable Laws. Such rights and remedies include the rights to (i) take possession of any Collateral; (ii) require Obligors to assemble Collateral, at Obligors' expense, and make it available to Administrative Agent at a place designated by Administrative Agent; (iii) enter any premises where Collateral is located and store Collateral on such premises until sold (and if the premises are owned or leased by an Obligor, Obligors agree not to charge for such storage); and (iv) sell or otherwise dispose of any Collateral in its then condition, or after any further manufacturing or processing thereof, at public or private sale, with such notice as may be required by Applicable Law, in lots or in bulk, at such locations, all as Administrative Agent, in its discretion, deems advisable. Each Obligor agrees that ten (10) days notice of any proposed sale or other disposition of Collateral by Administrative Agent shall be reasonable. Administrative Agent shall have the right to conduct such sales on any Obligor's premises, without charge, and such sales may be adjourned from time to time in accordance with Applicable Law. Administrative Agent shall have the right to sell, lease or otherwise dispose of any Collateral for cash, credit or any combination thereof, and Administrative Agent may purchase any Collateral at public or, if permitted by Applicable Law, private sale and, in lieu of actual payment of the purchase price, may credit bid and set off the amount of such price against the Obligations.

11.3 License. During such time as an Event of Default exists, Administrative Agent is hereby granted an irrevocable, non-exclusive license or other right to use, license or sub-license (without payment of royalty or other compensation to any Obligor), subject to the terms of the ABL Intercreditor Agreement, any or all Intellectual Property of Obligors, including computer hardware and software, trade secrets, brochures, customer lists, and such Intellectual Property embodied in promotional and advertising

materials, labels, packaging materials and other Property, in advertising for sale, marketing, selling, collecting, completing manufacture of, or otherwise exercising any rights or remedies with respect to, any Collateral. The foregoing license shall be subject to the terms of any agreements between the Obligors and any Licensor or licensee of such Intellectual Property and, in the case of trademarks, shall be further subjected to the requirement that such trademarks be used in connection with goods and services that are of a quality that is substantially consistent with the quality of goods and services provided by the Obligors under such trademarks prior to the exercise of rights and remedies by the Administrative Agent hereunder.

11.4 Setoff. At any time during an Event of Default, Administrative Agent (and subject to Administrative Agent's consent, Issuing Bank or Lenders), and any of their Affiliates are authorized, to the fullest extent permitted by Applicable Law and subject to the terms of the ABL Intercreditor Agreement, to set off and apply any and all deposits (general or special, time or demand, provisional or final, in whatever currency) at any time held and other obligations (in whatever currency) at any time owing by Administrative Agent, Issuing Bank, such Lender or such Affiliate to, or for the credit or the account of, an Obligor against any Obligations, irrespective of whether or not Administrative Agent, Issuing Bank, such Lender or such Affiliate shall have made any demand under this Agreement or any other Loan Document and although such Obligations may be contingent or unmatured or are owed to a branch or office of Administrative Agent, Issuing Bank, such Lender or such Affiliate different from the branch or office holding such deposit or obligated on such indebtedness. The rights of Administrative Agent (and subject to Administrative Agent's consent, Issuing Bank or Lenders), and each such Affiliate under this Section are in addition to other rights and remedies (including other rights of setoff) that such Person may have.

11.5 Remedies Cumulative; No Waiver.

11.5.1 Cumulative Rights. All covenants, conditions, provisions, agreements, warranties, guaranties, indemnities and other undertakings of Obligors under the Loan Documents are cumulative and not in derogation or substitution of each other. The rights and remedies of Administrative Agent and Lenders are cumulative, may be exercised at any time and from time to time, concurrently or in any order, and are not exclusive of any other rights or remedies that Administrative Agent and Lenders may have, whether under any agreement, by law, at equity or otherwise. All such rights and remedies shall continue in full force and effect until Full Payment of all Obligations.

11.5.2 Waivers. No waiver or course of dealing shall be established by (a) the failure or delay of Administrative Agent or any Lender to require strict performance by Obligors with any terms of the Loan Documents, or to exercise any rights or remedies with respect to Collateral or otherwise; (b) the making of any Loan or issuance of any Letter of Credit during a Default, Event of Default or other failure to satisfy any conditions precedent; or (c) acceptance by Administrative Agent or any Lender of any payment or performance by an Obligor under any Loan Documents in a manner other than that specified therein. It is expressly acknowledged by Obligors that any failure to satisfy a financial covenant on a measurement date shall not be cured or remedied by satisfaction of such covenant on a subsequent date.

SECTION 12. AGENTS

12.1 Appointment, Authority and Duties of Agents.

12.1.1 Appointment and Authority of Administrative Agent. Each Secured Party appoints and designates Bank of America as Administrative Agent under all Loan Documents. Administrative Agent may, and each Lender authorizes Administrative Agent to, enter into all Loan Documents to which Administrative Agent is intended to be a party and accept all Security Documents, for the benefit of Secured Parties. Each Secured Party agrees that any action taken by Administrative

Agent or Required Lenders in accordance with the provisions of the Loan Documents, and the exercise by Administrative Agent or Required Lenders of any rights or remedies set forth therein, together with all other powers reasonably incidental thereto, shall be authorized by and binding upon all Secured Parties. Without limiting the generality of the foregoing, Administrative Agent shall have the sole and exclusive authority to (a) act as the disbursing and collecting agent for Lenders with respect to all payments and collections arising in connection with the Loan Documents; (b) execute and deliver as Administrative Agent each Loan Document, including any intercreditor or subordination agreement (including the ABL Intercreditor Agreement), and accept delivery of each Loan Document from any Obligor or other Person; (c) act as collateral agent for Secured Parties for purposes of perfecting and administering Liens under the Loan Documents, and for all other purposes stated therein; provided that Administrative Agent hereby appoints, authorizes and directs each Lender to act as a collateral sub-agent for Administrative Agent and the other Lenders for purposes of the perfection of all Liens with respect to a Borrower's Deposit Accounts maintained with, and all cash and Cash Equivalents held by, such Lender; (d) manage, supervise or otherwise deal with the Collateral of Borrowers; and (e) take any Enforcement Action or otherwise exercise any rights or remedies with respect to any Collateral under the Loan Documents, Applicable Law or otherwise. The duties of Administrative Agent shall be ministerial and administrative in nature, and Administrative Agent shall not have a fiduciary relationship with any Secured Party, Participant or other Person, by reason of any Loan Document or any transaction relating thereto. Administrative Agent alone shall be authorized to determine whether any Accounts or Inventory constitute Eligible Accounts, Eligible In-Transit Inventory or Eligible Inventory or whether to impose or release any reserve, and to exercise its discretion in connection therewith, which determinations and judgments, if exercised in good faith, shall exonerate Administrative Agent from liability to any Lender or other Person for any error in judgment.

12.1.2 Duties. Administrative Agent (which term, as used in this sentence, shall include reference to Administrative Agent's officers, directors, employees, attorneys, agents and affiliates and to the officers, directors, employees, attorneys and agents of Administrative Agent's affiliates) shall not have any duties except those expressly set forth in the Loan Documents. The conferral upon Administrative Agent of any right shall not imply a duty on Administrative Agent's part to exercise such right, unless instructed to do so by Required Lenders in accordance with this Agreement. The duties of Administrative Agent shall be ministerial and administrative in nature, and Administrative Agent shall not have by reason of this Agreement or any of the other Loan Documents a fiduciary or trust relationship with any Credit Party or any Participants.

12.1.3 Agent Professionals. Administrative Agent may perform its duties through agents and employees. Administrative Agent may consult with and employ Agent Professionals, and shall be entitled to act upon, and shall be fully protected in any action taken in good faith reliance upon, any advice given by an Agent Professional. Administrative Agent shall not be responsible for the negligence or misconduct of any agents, employees or Agent Professionals selected by it with reasonable care.

12.1.4 Instructions of Required Lenders. The rights and remedies conferred upon Administrative Agent under the Loan Documents may be exercised without the necessity of joinder of any other party, unless required by Applicable Law. Administrative Agent may request instructions from Required Lenders or other Secured Parties with respect to any act (including the failure to act) in connection with any Loan Documents, and may seek assurances to its satisfaction from Secured Parties of their indemnification obligations against all Claims that could be incurred by Administrative Agent in connection with any act. Administrative Agent shall be entitled to refrain from any act until it has received such instructions or assurances, and Administrative Agent shall not incur liability to any Person by reason of so refraining. Instructions of Required Lenders shall be binding upon all Secured Parties, and no Secured Party shall have any right of action whatsoever against Administrative Agent as a result of Administrative Agent acting or refraining from acting in accordance with the instructions of Required Lenders. Notwithstanding the foregoing, instructions by and consent of Secured Parties shall be required

in the circumstances described in **Section 14.1.1**, and in no event shall Required Lenders, without the prior written consent of each Lender, direct Administrative Agent to accelerate and demand payment of Loans held by one Lender without accelerating and demanding payment of all other Loans, nor to terminate the Revolver Commitments of one Lender without terminating the Revolver Commitments of all Lenders. In no event shall Administrative Agent be required to take any action that, in its opinion, is contrary to Applicable Law or any Loan Documents or could subject any Agent Indemnitee to personal liability.

12.2 Agreements Regarding Collateral and Field Examination Reports.

12.2.1 Lien Releases; Care of Collateral. Secured Parties authorize Administrative Agent to release any Lien with respect to any Collateral (a) upon Full Payment of the Obligations; (b) that is the subject of an Asset Disposition which Borrowers certify in writing to Administrative Agent is a Permitted Asset Disposition or a Lien which Borrowers certify is a Permitted Lien entitled to priority over Administrative Agent's Liens (and Administrative Agent may rely conclusively on any such certificate without further inquiry); (c) that does not constitute a material part of the Collateral; or (d) with the written consent of all Lenders. Administrative Agent shall not have any obligation whatsoever to any Secured Party to assure that any Collateral exists or is owned by a Borrower, or is cared for, protected, insured or encumbered, nor to assure that Administrative Agent's Liens have been properly created, perfected or enforced, or are entitled to any particular priority, nor to exercise any duty of care with respect to any Collateral.

12.2.2 Possession of Collateral. Administrative Agent and Secured Parties appoint each Lender as agent (for the benefit of Secured Parties) for the purpose of perfecting Liens in any Collateral held or controlled by such Lender, to the extent such Liens are perfected by possession or control. If any Lender obtains possession or control of any Collateral, it shall notify Administrative Agent thereof and, promptly upon Administrative Agent's request, deliver such Collateral to Administrative Agent or otherwise deal with such Collateral in accordance with Administrative Agent's instructions.

12.2.3 Reports. Administrative Agent shall promptly forward to each Lender, when complete, copies of any field audit, examination or appraisal report prepared by or for Administrative Agent with respect to any Obligor or Collateral (each a "Report"). Each Lender agrees (a) that neither Bank of America nor Administrative Agent makes any representation or warranty as to the accuracy or completeness of any Report, and shall not be liable for any information contained in or omitted from any Report; (b) that the Reports are not intended to be comprehensive audits or examinations, and that Administrative Agent or any other Person performing any audit or examination will inspect only specific information regarding Obligations or the Collateral and will rely significantly upon Borrowers' books and records as well as upon representations of Borrowers' officers and employees; and (c) to keep all Reports confidential and strictly for such Lender's internal use, and not to distribute any Report (or the contents thereof) to any Person (except to such Lender's Participants, attorneys and accountants) or use any Report in any manner other than administration of the Loans and other Obligations. Each Lender agrees to indemnify and hold harmless Administrative Agent and any other Person preparing a Report from any action such Lender may take as a result of or any conclusion it may draw from any Report, as well as from any Claims arising as a direct or indirect result of Administrative Agent furnishing a Report to such Lender.

12.3 Reliance By Agent. Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any certification, notice or other communication (including those by telephone, telex, telegram, telecopy or e-mail) believed by it to be genuine and correct and to have been signed, sent or made by the proper Person, and upon the advice and statements of Agent Professionals. As to any matters not expressly provided for by this Agreement or any of the other Loan Documents, Administrative Agent shall in all cases be fully protected in acting or refraining from acting hereunder and thereunder in accordance with the instructions of Lenders or Required Lenders, as applicable, and such instructions and any action taken or failure to act pursuant thereto shall be binding upon Credit Parties.

12.4 Action Upon Default. Administrative Agent shall not be deemed to have knowledge of any Default or Event of Default unless it has received written notice from a Lender or Borrower specifying the occurrence and nature thereof. If any Lender acquires knowledge of a Default or Event of Default, it shall promptly notify Administrative Agent and the other Lenders thereof in writing. Each Secured Party agrees that, except as otherwise provided in any Loan Documents or with the written consent of Administrative Agent and Required Lenders, it will not take any Enforcement Action, accelerate its Obligations (other than Secured Bank Product Obligations), or exercise any right that it might otherwise have under Applicable Law to credit bid at foreclosure sales, UCC sales or other similar dispositions of Collateral or to assert any rights relating to any Collateral. Notwithstanding the foregoing, however, a Secured Party may take action to preserve or enforce its rights against an Obligor where a deadline or limitation period is applicable that would, absent such action, bar enforcement of Obligations held by such Secured Party, including the filing of proofs of claim in an Insolvency Proceeding.

12.5 Ratable Sharing. If any Lender shall obtain any payment or reduction of any Obligation, whether through set-off or otherwise, in excess of its share of such Obligation, determined on a Pro Rata basis or in accordance with **Section 5.7.1**, as applicable, such Lender shall forthwith purchase from Administrative Agent, Issuing Bank and the other Lenders such participations in the affected Obligation as are necessary to cause the purchasing Lender to share the excess payment or reduction on a Pro Rata basis or in accordance with **Section 5.7.1**, as applicable. If any of such payment or reduction is thereafter recovered from the purchasing Lender, the purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest. No Lender shall set off against any Dominion Account without the prior consent of Administrative Agent.

12.6 Indemnification of Agent Indemnitees.

12.6.1 Indemnification. EACH LENDER SHALL INDEMNIFY AND HOLD HARMLESS AGENT INDEMNITEES, TO THE EXTENT NOT REIMBURSED BY OBLIGORS (BUT WITHOUT LIMITING THE INDEMNIFICATION OBLIGATIONS OF OBLIGORS UNDER ANY LOAN DOCUMENTS), ON A PRO RATA BASIS, AGAINST ALL CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY AGENT INDEMNITEE, PROVIDED THE CLAIM RELATES TO OR ARISES FROM AN AGENT INDEMNITEE ACTING AS OR FOR AN AGENT (IN ITS CAPACITY AS AN AGENT) (BUT EXCLUDING ANY CLAIM ARISING SOLELY FROM AN AGENT'S GROSS NEGLIGENCE OR WILLFUL MISCONDUCT AS DETERMINED BY A NON-APPEALABLE JUDGMENT FROM A COURT OF COMPETENT JURISDICTION). **In Administrative Agent's discretion, it may reserve for any Claims made against an Agent Indemnitee, and may satisfy any judgment, order or settlement relating thereto, from proceeds of Collateral prior to making any distribution of Collateral proceeds to Secured Parties. If Administrative Agent is sued by any receiver, bankruptcy trustee, debtor-in-possession or other Person for any alleged preference or fraudulent transfer, then any monies paid by Administrative Agent in settlement or satisfaction of such proceeding, together with all interest, costs and expenses (including attorneys' fees) incurred in the defense of same, shall be promptly reimbursed to Administrative Agent by Lenders to the extent of each Lender's Pro Rata share.**

12.6.2 Proceedings. Without limiting the generality of the foregoing, if at any time (whether prior to or after the Commitment Termination Date) any proceeding is brought against any Agent Indemnitees by an Obligor, or any Person claiming through an Obligor, to recover damages for any act taken or omitted by Administrative Agent in connection with any Obligations, Collateral, Loan Documents or matters relating thereto, or otherwise to obtain any other relief of any kind on account of any transaction relating to any Loan Documents, each Lender agrees to indemnify and hold harmless Agent Indemnitees with respect thereto and to pay to Agent Indemnitees such Lender's Pro Rata share of

any amount that any Agent Indemnitee is required to pay under any judgment or other order entered in such proceeding or by reason of any settlement, including all interest, costs and expenses (including attorneys' fees) incurred in defending same. In Administrative Agent's discretion, Administrative Agent may reserve for any such proceeding, and may satisfy any judgment, order or settlement, from proceeds of Collateral prior to making any distributions of Collateral proceeds to Lenders.

12.7 Limitation on Responsibilities of Administrative Agent. Administrative Agent shall not be liable to any Secured Party for any action taken or omitted to be taken under the Loan Documents, except for losses directly and solely caused by Administrative Agent's gross negligence or willful misconduct. Administrative Agent assumes no responsibility for any failure or delay in performance or any breach by any Obligor, Lender or other Secured Party of any obligations under the Loan Documents. Administrative Agent does not make to Secured Parties any express or implied warranty, representation or guarantee with respect to any Obligations, Collateral, Loan Documents or Obligor. No Agent Indemnitee shall be responsible to Secured Parties for any recitals, statements, information, representations or warranties contained in any Loan Documents; the execution, validity, genuineness, effectiveness or enforceability of any Loan Documents; the genuineness, enforceability, collectibility, value, sufficiency, location or existence of any Collateral, or the validity, extent, perfection or priority of any Lien therein; the validity, enforceability or collectibility of any Obligations; or the assets, liabilities, financial condition, results of operations, business, creditworthiness or legal status of any Obligor or Account Debtor. No Agent Indemnitee shall have any obligation to any Secured Party to ascertain or inquire into the existence of any Default or Event of Default, the observance or performance by any Obligor of any terms of the Loan Documents, or the satisfaction of any conditions precedent contained in any Loan Documents.

12.8 Successor Agents and Co-Agents.

12.8.1 Resignation; Successor Administrative Agent. Subject to the appointment and acceptance of a successor Administrative Agent as provided below, Administrative Agent may resign at any time by giving at least thirty (30) days written notice thereof to Lenders and Borrowers. Upon receipt of such notice, Required Lenders shall have the right, with the consent of Borrower Agent (so long as no Default or Event of Default exists), to appoint a successor Administrative Agent which shall be (a) a Lender or an Affiliate of a Lender; or (b) a commercial bank that is organized under the laws of the United States or any state or district thereof, has a combined capital surplus of at least $200,000,000. If no successor agent is appointed prior to the effective date of the resignation of Administrative Agent, then Administrative Agent may appoint a successor agent from among Lenders. Upon acceptance by a successor Administrative Agent of an appointment to serve as Administrative Agent hereunder, such successor Administrative Agent shall thereupon succeed to and become vested with all the powers and duties of the retiring Administrative Agent without further act, and the retiring Administrative Agent shall be discharged from its duties and obligations hereunder but shall continue to enjoy the benefits of the indemnification set forth in **Sections 12.6** and **14.2**. Notwithstanding Administrative Agent's resignation, the provisions of this **Section 12** shall continue in effect for its benefit with respect to any actions taken or omitted to be taken by it while Administrative Agent. Any successor by merger or acquisition of the stock or assets of Bank of America shall continue to be Administrative Agent hereunder without further act on the part of the parties hereto, unless such successor resigns as provided above.

12.8.2 Separate Collateral Agent. It is the intent of the parties that there shall be no violation of any Applicable Law denying or restricting the right of financial institutions to transact business in any jurisdiction. If Administrative Agent believes that it may be limited in the exercise of any rights or remedies under the Loan Documents due to any Applicable Law, Administrative Agent may appoint an additional Person who is not so limited, as a separate collateral agent or co-collateral agent. If Administrative Agent so appoints a collateral agent or co-collateral agent, each right and remedy intended to be available to Administrative Agent under the Loan Documents shall also be vested in such separate agent. Every covenant and obligation necessary to the exercise thereof by such agent shall run to and be

enforceable by it as well as Administrative Agent. Secured Parties shall execute and deliver such documents as Administrative Agent deems appropriate to vest any rights or remedies in such agent. If any collateral agent or co-collateral agent shall die or dissolve, become incapable of acting, resign or be removed, then all the rights and remedies of such agent, to the extent permitted by Applicable Law, shall vest in and be exercised by Administrative Agent until appointment of a new agent.

12.9 Due Diligence and Non-Reliance. Each Lender acknowledges and agrees that it has, independently and without reliance upon Administrative Agent or any other Lenders, and based upon such documents, information and analyses as it has deemed appropriate, made its own credit analysis of each Obligor and its own decision to enter into this Agreement and to fund Loans and participate in LC Obligations hereunder. Each Secured Party has made such inquiries as it feels necessary concerning the Loan Documents, the Collateral and each Obligor. Each Secured Party further acknowledges and agrees that the other Secured Parties have made no representations or warranties concerning any Obligor, any Collateral or the legality, validity, sufficiency or enforceability of any Loan Documents or Obligations. Each Secured Party will, independently and without reliance upon any other Secured Party, and based upon such financial statements, documents and information as it deems appropriate at the time, continue to make and rely upon its own credit decisions in making Loans and participating in LC Obligations, and in taking or refraining from any action under any Loan Documents. Except for notices, reports and other information expressly requested by a Lender, Administrative Agent shall not have any duty or responsibility to provide any Secured Party with any notices, reports or certificates furnished to Administrative Agent by any Obligor or any credit or other information concerning the affairs, financial condition, business or Properties of any Obligor (or any of its Affiliates) which may come into possession of Administrative Agent or any of Administrative Agent's Affiliates.

12.10 Reserved.

12.11 Replacement of Certain Lenders. If (a) a Lender (i) is a Defaulting Lender, (ii) fails to give its consent to any amendment, waiver or action for which consent of all Lenders was required and Required Lenders consented, or (iii) delivers a certificate requesting compensation pursuant to **Section 3.6** or **3.7** or a notice described in **Section 3.5**, or (b) any Borrower is required to pay any additional amount to any Lender or any Governmental Authority on account of any Lender pursuant to **Section 5.10**, then, in addition to any other rights and remedies that any Person may have, Administrative Agent may, by notice to such Lender within one hundred and twenty (120) days of such event, require such Lender to assign all of its rights and obligations under the Loan Documents to Eligible Assignee(s) specified by Administrative Agent, pursuant to appropriate Assignment and Acceptance(s) and within twenty (20) days after Administrative Agent's notice. Administrative Agent is irrevocably appointed as attorney-in-fact to execute any such Assignment and Acceptance if the Lender fails to execute same. Such Lender shall be entitled to receive, in cash, concurrently with such assignment, all amounts owed to it under the Loan Documents, including all principal, interest and fees through the date of assignment (but excluding any prepayment charge or any assignment fee).

12.12 Remittance of Payments and Collections.

12.12.1 Remittances Generally. All payments by any Lender to Administrative Agent shall be made by the time and on the day set forth in this Agreement, in immediately available funds. If no time for payment is specified or if payment is due on demand by Administrative Agent and request for payment is made by Administrative Agent by 11:00 a.m. (prevailing time in the location of the Appropriate Notice Office) on a Business Day, payment shall be made by Lender not later than 2:00 p.m. (prevailing time in the location of the Appropriate Notice Office) on such day, and if request is made after 11:00 a.m. (prevailing time in the location of the Appropriate Notice Office) , then payment shall be made by 11:00 a.m. (prevailing time in the location of the Appropriate Notice Office) on the next Business Day. Payment by Administrative Agent to any Secured Party shall be made by wire transfer, in the type of funds received by Administrative Agent. Any such payment shall be subject to Administrative Agent's right of offset for any amounts due from such payee under the Loan Documents.

12.12.2 Failure to Pay. If any Secured Party fails to pay any amount when due by it to Administrative Agent pursuant to the terms hereof, such amount shall bear interest from the due date until paid at the rate determined by Administrative Agent as customary in the banking industry for interbank compensation. In no event shall Borrowers be entitled to receive credit for any interest paid by a Secured Party to Administrative Agent, nor shall any Defaulting Lender be entitled to interest on any amounts held by Administrative Agent pursuant to **Section 4.2**.

12.12.3 Recovery of Payments. If Administrative Agent pays any amount to a Secured Party in the expectation that a related payment will be received by Administrative Agent from an Obligor and such related payment is not received, then Administrative Agent may recover such amount from each Secured Party that received it. If Administrative Agent determines at any time that an amount received under any Loan Document must be returned to an Obligor or paid to any other Person pursuant to Applicable Law or otherwise, then, notwithstanding any other term of any Loan Document, Administrative Agent shall not be required to distribute such amount to any Lender. If any amounts received and applied by Administrative Agent to any Obligations are later required to be returned by Administrative Agent pursuant to Applicable Law, each Lender shall pay to Administrative Agent, on demand, such Lender's Pro Rata share of the amounts required to be returned.

12.13 Agent in Its Individual Capacity. As a Lender, Bank of America shall have the same rights and remedies under the other Loan Documents as any other Lender, and the terms "Lenders," "Required Lenders" or any similar term shall include Bank of America in its capacity as a Lender. Each of Bank of America and its Affiliates may accept deposits from, maintain deposits or credit balances for, invest in, lend money to, provide Bank Products to, act as trustee under indentures of, serve as financial or other advisor to, and generally engage in any kind of business with, Obligors and their Affiliates, as if Bank of America were any other bank, without any duty to account therefor (including any fees or other consideration received in connection therewith) to the other Lenders. In their individual capacity, Bank of America and its Affiliates may receive information regarding Obligors, their Affiliates and their Account Debtors (including information subject to confidentiality obligations), and each Secured Party agrees that Bank of America and its Affiliates shall be under no obligation to provide such information to Secured Parties, if acquired in such individual capacity and not as Administrative Agent hereunder.

12.14 Agent Titles. Each Lender, other than Bank of America, that is designated (on the cover page of this Agreement or otherwise) by Bank of America as an "Agent" or "Arranger" of any type shall not have any right, power, responsibility or duty under any Loan Documents other than those applicable to all Lenders, and shall in no event be deemed to have any fiduciary relationship with any other Lender.

12.15 Bank Product Providers. Each Secured Bank Product Provider, by delivery of a notice to Administrative Agent of a Bank Product, agrees to be bound by **Section 5.7** and this **Section 12**. Each Secured Bank Product Provider shall indemnify and hold harmless Agent Indemnitees, to the extent not reimbursed by Obligors, against all Claims that may be incurred by or asserted against any Agent Indemnitee attributable to such provider's Secured Bank Product Obligations; provided that such indemnity shall not, as to any Agent Indemnitee, be available to the extent such Claims are determined by a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Agent Indemnitee.

12.16 No Third Party Beneficiaries. This **Section 12** is an agreement solely among Lenders and Administrative Agent, and shall survive Full Payment of the Obligations. This **Section 12** does not confer any rights or benefits upon Borrowers or any other Person. As between Borrowers and Administrative Agent, any action that Administrative Agent may take under any Loan Documents or with respect to any Obligations shall be conclusively presumed to have been authorized and directed by Lenders.

12.17 Co-Syndication Agents and Co-Documentation Agent. For avoidance of doubt, it is expressly acknowledged and agreed by Administrative Agent and each Lender for the benefit of each Co-Syndication Agent and Co-Documentation Agent that, other than any rights or obligations explicitly reserved to or imposed upon such Co-Syndication Agents or Co-Documentation Agents under this Agreement, neither any Co-Syndication Agents, in such capacity, or any Co-Documentation Agent, in such capacity, has any rights or obligations hereunder, nor shall any Co-Syndication Agent, in such capacity, or any Co-Documentation Agent, in such capacity, be responsible or accountable to any other party hereto for any action or failure to act hereunder, other than in connection with such explicitly reserved rights or such obligations and then only for claims, damages, losses (other than consequential losses) and other liabilities arising out of any Co-Syndication Agent's or Co-Documentation Agent's own gross negligence or willful misconduct.

SECTION 13. BENEFIT OF AGREEMENT; ASSIGNMENTS AND PARTICIPATIONS

13.1 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of Borrowers, Administrative Agent, Lenders, Secured Parties and their respective successors and assigns, except that (a) no Borrower shall have the right to assign its rights or delegate its obligations under any Loan Documents, and (b) any assignment by a Lender must be made in compliance with **Section 13.3**. Administrative Agent may treat the Person which made any Loan as the owner thereof for all purposes until such Person makes an assignment in accordance with **Section 13.3**. Any authorization or consent of a Lender shall be conclusive and binding on any subsequent transferee or assignee of such Lender.

13.2 Participations.

13.2.1 Permitted Participants; Effect. Any Lender may, in the ordinary course of its business and in accordance with Applicable Law, at any time sell to a financial institution ("Participant") a participating interest in the rights and obligations of such Lender under any Loan Documents. Despite any sale by a Lender of participating interests to a Participant, such Lender's obligations under the Loan Documents shall remain unchanged, such Lender shall remain solely responsible to the other parties hereto for performance of such obligations, such Lender shall remain the holder of its Loans and Revolver Commitments for all purposes, all amounts payable by Borrowers shall be determined as if such Lender had not sold such participating interests, and Borrowers and Administrative Agent shall continue to deal solely and directly with such Lender in connection with the Loan Documents. Each Lender shall be solely responsible for notifying its Participants of any matters under the Loan Documents, and Administrative Agent and the other Lenders shall not have any obligation or liability to any such Participant. A Participant shall not be entitled to the benefits of **Section 5.10** unless (a) Borrowers agree otherwise in writing and (b) such Participant shall have complied with the requirements of **Section 5.11** including, without limitation, **Sections 5.11.2**, **5.11.3** and **5.11.4**, provided, that, no such Participant shall be entitled to receive any greater amount pursuant to **Section 5.10** than the Lender would have been entitled to receive in respect of the amount of the participation transferred by such Lender to such Participant had no such transfer occurred.

13.2.2 Voting Rights. Each Lender shall retain the sole right to approve, without the consent of any Participant, any amendment, waiver or other modification of any Loan Documents other than that which increases the Revolver Commitment of such Participant, forgives principal, interest or fees, reduces the stated interest rate or fees payable with respect to any Loan or Revolver Commitment in which such Participant has an interest, postpones the Commitment Termination Date or any date fixed for any regularly scheduled payment of principal, interest or fees on such Loan or Revolver Commitment, or releases any Borrower, Guarantor or substantial portion of the Collateral.

13.2.3 Benefit of Set-Off. Borrowers agree that each Participant shall have a right of set-off in respect of its participating interest to the same extent as if such interest were owing directly to a Lender, and each Lender shall also retain the right of set-off with respect to any participating interests sold by it. By exercising any right of set-off, a Participant agrees to share with Lenders all amounts received through its set-off, in accordance with **Section 12.5** as if such Participant were a Lender.

13.3 Assignments.

13.3.1 Permitted Assignments. A Lender may assign to any Eligible Assignee any of its rights and obligations under the Loan Documents, as long as (a) each assignment is of a constant, and not a varying, percentage of the transferor Lender's rights and obligations under the Loan Documents and, in the case of a partial assignment, is in a minimum principal amount of $5,000,000 (unless otherwise agreed by Administrative Agent in its discretion) and integral multiples of $1,000,000 in excess of that amount; (b) except in the case of an assignment in whole of a Lender's rights and obligations, the aggregate amount of the Revolver Commitments retained by the transferor Lender be at least $5,000,000 (unless otherwise agreed by Administrative Agent in its discretion); (c) the parties to each such assignment shall execute and deliver to Administrative Agent, for its acceptance and recording, an Assignment and Acceptance; and (d) prior written consent of Administrative Agent (not to be unreasonably withheld or delayed) and, prior written consent of the Borrower Agent (which approval by Borrower Agent shall not be unreasonably withheld or delayed, and shall be deemed given if no objection is made within two (2) Business Days after notice of the proposed assignment and provided, that such approval shall not be required during the initial syndication of the Loans until a successful syndication is achieved (as defined in the Fee Letter) or at any time that an Event of Default exists) shall have been obtained by the assigning Lender; provided, that the consent of Administrative Agent and Borrower Agent shall not be required for assignments between Lenders. Nothing herein shall limit the right of a Lender to pledge or assign any rights under the Loan Documents to (i) any Federal Reserve Bank or the United States Treasury as collateral security pursuant to Regulation A of the Board of Governors and any Operating Circular issued by such Federal Reserve Bank, or (ii) counterparties to swap agreements relating to any Loans; provided, however, that any payment by Borrowers to the assigning Lender in respect of any Obligations assigned as described in this sentence shall satisfy Borrowers' obligations hereunder to the extent of such payment, and no such assignment shall release the assigning Lender from its obligations hereunder.

13.3.2 Effect; Effective Date. Upon delivery to Administrative Agent of an assignment notice in the form of **Exhibit C** and a processing fee of $3,500 (unless otherwise agreed by Administrative Agent in its discretion), such assignment shall become effective as specified in the notice, if it complies with this **Section 13.3**. From the effective date of such assignment, the Eligible Assignee shall for all purposes be a Lender under the Loan Documents, and shall have all rights and obligations of a Lender thereunder. Upon consummation of an assignment, the transferor Lender, Administrative Agent and Borrowers shall make appropriate arrangements for issuance of replacement and/or new Notes, as applicable, provided, that, no transferee Lender (including a transferee Lender that is already a Lender hereunder at the time of the assignment) shall be entitled to receive any greater amount pursuant to **Section 5.10** than that to which the transferor Lender would have been entitled to receive had no such assignment occurred. The transferee Lender shall comply with **Section 5.11** and deliver, upon request, an administrative questionnaire satisfactory to Administrative Agent.

SECTION 14. MISCELLANEOUS

14.1 Consents, Amendments and Waivers.

14.1.1 Amendment. No modification of any Loan Document, including any extension or amendment of a Loan Document or any waiver of a Default or Event of Default, shall be effective without the prior written agreement of Administrative Agent (with the consent of Required Lenders) and each Obligor party to such Loan Document; provided, however, that

(a) without the prior written consent of Administrative Agent, no modification shall be effective with respect to any provision in a Loan Document that relates to any rights, duties or discretion of Administrative Agent;

(b) without the prior written consent of Issuing Bank, no modification shall be effective with respect to any LC Obligations or **Section 2.2**;

(c) without the prior written consent of each Lender directly and adversely affected thereby, no modification shall be effective that would (i) increase or extend the maturity of any Revolver Commitment of such Lender; (ii) amend the definition of "Revolver Termination Date"; or (iii) reduce the amount of, or waive or delay payment of, any principal, interest (other than Default Rate) or fees payable to such Lender;

(d) without the prior written consent of the Supermajority Lenders (except a Defaulting Lender as provided in **Section 4.2**), no modification shall be effective that would amend the definition of "Borrowing Base" (and the defined terms used in such definition, including the definitions of "Eligible Accounts", "Eligible In-Transit Inventory", "Eligible Inventory", "Accounts Formula Amount" and "Inventory Formula Amount"), that would have the effect of increasing Availability;

(e) without the prior written consent of all Lenders (except a Defaulting Lender as provided in **Section 4.2**), no modification shall be effective that would (i) alter **Sections 5.7, 7.1** (except to add Collateral, provided that, for the avoidance of doubt, Administrative Agent may enter into any amendment to the ABL Intercreditor Agreement with the consent of the Required Lenders), or **14.1.1**; (ii) amend the definitions of "Pro Rata", "Required Lenders" or "Supermajority Lenders"; (iii) increase any advance rate or increase total Revolver Commitments; (iv) release all or substantially all of the value of the Guarantees, or all or substantially all of the Collateral; (v) alter the time or amount of repayment of any of the Loans or waive any Event of Default resulting from nonpayment of the Loans on the due date thereof (or within any applicable period of grace); (vi) forgive any of the Obligations, except any portion of the Obligations held by a Lender who consents in writing to such forgiveness; (vii) increase the Maximum Revolver Facility Amount other than pursuant to **Section 2.1.8**; or (viii) release any Obligor from liability for any Obligations, if such Obligor is Solvent at the time of the release;

(f) Required Lenders may waive any Default or an Event of Default, except where the written consent of all Lenders is required pursuant to clause (e) of this **Section 14.1.1**; and

(g) without the prior written consent of a Secured Bank Product Provider, no modification shall be effective that affects (i) such Secured Bank Product Provider's relative payment priority under **Section 5.7**, (ii) the rights of such Secured Bank Product Provider hereunder more adversely than it affects the comparable rights of Lenders hereunder or (iii) any provision in a Loan Document that relates to any duties or obligations of such Secured Bank Product Provider.

14.1.2 Limitations. The agreement of Obligor shall not be necessary to the effectiveness of any modification of a Loan Document that deals solely with the rights and duties of Administrative Agent, Lenders, or Issuing Bank as among themselves. Only the consent of the parties to the Fee Letter or any agreement relating to a Bank Product shall be required for any modification of such agreement, and no Affiliate of a Lender that is party to a Bank Product agreement shall have any other right to consent to or participate in any manner in modification of any other Loan Document. The making of any Loans during the existence of a Default or Event of Default shall not be deemed to constitute a waiver of such Default or Event of Default, nor to establish a course of dealing. Any waiver or consent granted by Lenders hereunder shall be effective only if in writing, and then only in the specific instance and for the specific purpose for which it is given.

14.1.3 Payment for Consents. No Obligor will, directly or indirectly, pay any remuneration or other thing of value, whether by way of additional interest, fee or otherwise, to any Lender (in its capacity as a Lender hereunder) as consideration for agreement by such Lender with any modification of any Loan Documents, unless such remuneration or value is concurrently paid, on the same terms, on a Pro Rata basis to all Lenders providing their consent.

14.2 Indemnity. EACH OBLIGOR SHALL INDEMNIFY AND HOLD HARMLESS THE INDEMNITEES AGAINST ANY CLAIMS THAT MAY BE INCURRED BY OR ASSERTED AGAINST ANY INDEMNITEE, INCLUDING CLAIMS ARISING FROM THE NEGLIGENCE OF AN INDEMNITEE. **In no event shall any party to a Loan Document have any obligation thereunder to indemnify or hold harmless an Indemnitee with respect to a Claim that is determined in a final, non-appealable judgment by a court of competent jurisdiction to result from the gross negligence or willful misconduct of such Indemnitee.**

14.3 Notices and Communications.

14.3.1 Notice Address. Subject to **Section 4.1.4**, all notices, requests, and other communications by or to a party hereto shall be in writing and shall be given to any Obligor, at Borrower Agent's address shown on the signature pages hereof (with a copy to Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of The Americas, New York, New York 10019, Attention: Eric Goodison, Esq., Telecopy: (212) 757-3990), and to any other Person at its address shown on the signature pages hereof (or, in the case of a Person who becomes a Lender after the Closing Date, at the address shown on its Assignment and Acceptance), or at such other address as a party may hereafter specify by notice in accordance with this **Section 14.3**. Each such notice, request, or other communication shall be effective only (a) if given by facsimile transmission, when transmitted to the applicable facsimile number, if confirmation of receipt is received; (b) if given by mail, three (3) Business Days after deposit in the U.S. mail, with first-class postage pre-paid, addressed to the applicable address; or (c) if given by personal delivery or nationally recognized overnight courier, when duly delivered to the notice address with receipt acknowledged. Notwithstanding the foregoing, no notice to Administrative Agent pursuant to **Sections 2.1.5, 2.2, 3.1.2** or **4.1.1** shall be effective until actually received by the individual to whose attention at Administrative Agent such notice is required to be sent. Any written notice, request, or other communication that is not sent in conformity with the foregoing provisions shall nevertheless be effective on the date actually received by the noticed party. Any notice received by Borrower Agent shall be deemed received by all Borrowers.

14.3.2 Electronic Communications; Voice Mail. Except as provided in **Section 4.1.4**, electronic mail and internet websites may be used only for routine communications, such as financial statements, Borrowing Base Certificates and other information required by **Section 10.1.2**, administrative matters, distribution of Loan Documents for execution, and matters permitted under **Section 4.1.4**. Administrative Agent and the other Credit Parties make no assurances as to the privacy and security of electronic communications. Electronic and voice mail may not be used as effective notice under the Loan Documents.

14.3.3 Non-Conforming Communications. Administrative Agent and the other Credit Parties may rely upon any notices (including telephonic communications) purportedly given by or on behalf of any Obligor even if such notices were not made in a manner specified herein, were incomplete or were not confirmed, or if the terms thereof, as understood by the recipient, varied from a later confirmation. Each Obligor shall indemnify and hold harmless each Indemnitee from any liabilities, losses, costs and expenses arising from any telephonic communication purportedly given by or on behalf of an Obligor.

14.4 Performance of Borrowers' Obligations. Administrative Agent may, in its discretion at any time and from time to time, at Borrowers' expense, pay any amount or do any act required of a Borrower under any Loan Documents or otherwise lawfully requested by Administrative Agent to (a) enforce any Loan Documents or collect any Obligations; (b) protect, insure, maintain or realize upon any Collateral; or (c) defend or maintain the validity or priority of Administrative Agent's Liens in any Collateral, including any payment of a judgment, insurance premium, warehouse charge, finishing or processing charge, or landlord claim, or any discharge of a Lien. All payments, costs and expenses (including Extraordinary Expenses) of Administrative Agent under this Section shall be reimbursed to Administrative Agent by Borrowers, on demand, with interest from the date incurred to the date of payment thereof at the Default Rate applicable to Base Rate Revolver Loans. Any payment made or action taken by Administrative Agent under this Section shall be without prejudice to any right to assert an Event of Default or to exercise any other rights or remedies under the Loan Documents.

14.5 Credit Inquiries. Each Obligor hereby authorizes Administrative Agent and the other Credit Parties (but they shall have no obligation) to respond to usual and customary credit inquiries from third parties concerning any Obligor or Subsidiary.

14.6 Severability. Wherever possible, each provision of the Loan Documents shall be interpreted in such manner as to be valid under Applicable Law. If any provision is found to be invalid under Applicable Law, it shall be ineffective only to the extent of such invalidity and the remaining provisions of the Loan Documents shall remain in full force and effect.

14.7 Cumulative Effect; Conflict of Terms. The provisions of the Loan Documents are cumulative. The parties acknowledge that the Loan Documents may use several limitations, tests or measurements to regulate similar matters, and they agree that these are cumulative and that each must be performed as provided. Except as otherwise provided in another Loan Document (by specific reference to the applicable provision of this Agreement), if any provision contained herein is in direct conflict with any provision in another Loan Document, the provision herein shall govern and control.

14.8 Counterparts. Any Loan Document may be executed in counterparts, each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when Administrative Agent has received counterparts bearing the signatures of all parties hereto. Delivery of a signature page of any Loan Document by telecopy or other electronic means shall be effective as delivery of a manually executed counterpart of such agreement.

14.9 Entire Agreement. Time is of the essence of the Loan Documents. The Loan Documents constitute the entire contract among the parties relating to the subject matter hereof, and supersede any and all previous agreements and understandings, oral or written, relating to the subject matter hereof.

14.10 Relationship with Lenders. The obligations of each Lender hereunder are several, and no Lender shall be responsible for the obligations or Revolver Commitments of any other Lender. Amounts payable hereunder to each Lender shall be a separate and independent debt. It shall not be necessary for Administrative Agent or any other Lender to be joined as an additional party in any proceeding for such purposes. Nothing in this Agreement and no action of Administrative Agent, any Lender or any other Secured Party pursuant to the Loan Documents or otherwise shall be deemed to constitute Administrative Agent and any Secured Party to be a partnership, association, joint venture or any other kind of entity, nor to constitute control of any Borrower.

14.11 No Advisory or Fiduciary Responsibility. In connection with all aspects of each transaction contemplated by any Loan Document, Obligors acknowledge and agree that (a)(i) this credit facility and any related arranging or other services by Administrative Agent, any Lender, any of their Affiliates or any arranger are arm's-length commercial transactions between Obligors and such Person;

(ii) Obligors have consulted their own legal, accounting, regulatory and tax advisors to the extent they have deemed appropriate; and (iii) Obligors are capable of evaluating and understanding, and do understand and accept, the terms, risks and conditions of the transactions contemplated by the Loan Documents; (b) each of Administrative Agent, Lenders, their Affiliates and any arranger is and has been acting solely as a principal in connection with this credit facility, is not the financial advisor, agent or fiduciary for Obligors, any of their Affiliates or any other Person, and has no obligation with respect to the transactions contemplated by the Loan Documents except as expressly set forth therein; and (c) Administrative Agent, Lenders, their Affiliates and any arranger may be engaged in a broad range of transactions that involve interests that differ from those of Obligors and their Affiliates, and have no obligation to disclose any of such interests to Obligors or their Affiliates. To the fullest extent permitted by Applicable Law, each Obligor hereby waives and releases any claims that it may have against Administrative Agent, Lenders, their Affiliates and any arranger with respect to any breach or alleged breach of agency or fiduciary duty in connection with any aspect of any transaction contemplated by a Loan Document.

14.12 Confidentiality. Each of Administrative Agent, Lenders and Issuing Bank agrees to maintain the confidentiality of all Information (as defined below), except that Information may be disclosed (a) to its Affiliates, and to its and their partners, directors, officers, employees, agents, advisors and representatives (provided such Persons are informed of the confidential nature of the Information and instructed to keep it confidential); (b) to the extent requested by any governmental, regulatory or self-regulatory authority purporting to have jurisdiction over it or its Affiliates; (c) to the extent required by Applicable Law or by any subpoena or other legal process; (d) to any other party hereto; (e) in connection with any action or proceeding, or other exercise of rights or remedies, relating to any Loan Documents or Obligations; (f) subject to an agreement containing provisions substantially the same as this Section, to any Transferee or any actual or prospective party (or its advisors) to any Bank Product; (g) with the consent of Borrower Agent; or (h) to the extent such Information (i) becomes publicly available other than as a result of a breach of this Section or (ii) is available to Administrative Agent, any Lender, Issuing Bank or any of their Affiliates on a nonconfidential basis from a source other than Obligors. Notwithstanding the foregoing, Administrative Agent and Lenders may publish or disseminate general information describing this credit facility, including the names and addresses of Obligors and a general description of Obligors' businesses, and may use Obligors' logos, trademarks or product photographs in advertising materials. As used herein, "Information" shall mean all information received from Obligors and related to Obligors or their business, other than any such information that was available to Administrative Agent, Collateral Trustee or any Lender on a nonconfidential basis prior to its disclosure by any Obligor. Any Person required to maintain the confidentiality of Information pursuant to this Section shall be deemed to have complied if it exercises the same degree of care that it accords its own confidential information. Each of Administrative Agent, Lenders and Issuing Bank acknowledges that (i) Information may include material non-public information concerning an Obligor or Subsidiary; (ii) it has developed compliance procedures regarding the use of material non-public information; and (iii) it will handle such material non-public information in accordance with Applicable Law, including federal and state securities laws.

14.13 Reserved.

14.14 GOVERNING LAW. THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS, UNLESS OTHERWISE SPECIFIED, SHALL BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO ANY CONFLICT OF LAW PRINCIPLES (OTHER THAN SECTION 5-1401 AND SECTION 5-1402 OF THE NEW YORK GENERAL OBLIGATION LAWS) (BUT GIVING EFFECT TO FEDERAL LAWS RELATING TO NATIONAL BANKS); PROVIDED HOWEVER THAT IF THE LAWS OF ANY JURISDICTION OTHER THAN NEW YORK SHALL GOVERN IN REGARD TO THE VALIDITY, PERFECTION OR EFFECT OF PERFECTION OF ANY LIEN OR IN REGARD TO PROCEDURAL MATTERS AFFECTING ENFORCEMENT OF ANY LIENS IN COLLATERAL, SUCH LAWS OF SUCH OTHER JURISDICTIONS SHALL CONTINUE TO APPLY TO THAT EXTENT.

14.15 Consent to Forum. EACH OBLIGOR HEREBY CONSENTS TO THE NON-EXCLUSIVE JURISDICTION OF ANY FEDERAL OR STATE COURT SITTING IN OR WITH JURISDICTION OVER NEW YORK, IN ANY PROCEEDING OR DISPUTE RELATING IN ANY WAY TO ANY LOAN DOCUMENTS, AND AGREES THAT ANY SUCH PROCEEDING SHALL BE BROUGHT BY IT SOLELY IN ANY SUCH COURT. EACH OBLIGOR IRREVOCABLY WAIVES ALL CLAIMS, OBJECTIONS AND DEFENSES THAT IT MAY HAVE REGARDING SUCH COURT'S PERSONAL OR SUBJECT MATTER JURISDICTION, VENUE OR INCONVENIENT FORUM. EACH PARTY HERETO IRREVOCABLY CONSENTS TO SERVICE OF PROCESS IN THE MANNER PROVIDED FOR NOTICES IN **SECTION 14.3.1**. Nothing herein shall limit the right of Administrative Agent or any Lender to bring proceedings against any Obligor in any other court, nor limit the right of any party to serve process in any other manner permitted by Applicable Law. Nothing in this Agreement shall be deemed to preclude enforcement by Administrative Agent of any judgment or order obtained in any forum or jurisdiction.

14.16 Waivers by Obligors. To the fullest extent permitted by Applicable Law, each Obligor waives (a) the right to trial by jury (which Administrative Agent and each other Credit Party hereby also waives) in any proceeding, claim, counterclaim, or dispute of any kind relating in any way to any Loan Documents, Obligations or Collateral; (b) presentment, demand, protest, notice of presentment, default, non-payment, maturity, release, compromise, settlement, extension or renewal of any commercial paper, accounts, documents, instruments, chattel paper and guaranties at any time held by Administrative Agent on which an Obligor may in any way be liable, and hereby ratifies anything Administrative Agent may do in this regard; (c) notice prior to taking possession or control of any Collateral; (d) any bond or security that might be required by a court prior to allowing Administrative Agent to exercise any rights or remedies; (e) the benefit of all valuation, appraisement and exemption laws; (f) any claim against Administrative Agent or any other Credit Party, on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) in any way relating to any Enforcement Action, Obligations, Loan Documents or transactions relating thereto; and (g) notice of acceptance hereof. Each Obligor acknowledges that the foregoing waivers are a material inducement to Administrative Agent and the other Credit Parties entering into this Agreement and that Administrative Agent and the other Credit Parties are relying upon the foregoing in their dealings with Obligors. Each Obligor has reviewed the foregoing waivers with its legal counsel and has knowingly and voluntarily waived its jury trial and other rights following consultation with legal counsel. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

14.17 PATRIOT Act Notice. Administrative Agent and the other Credit Parties hereby notify Obligors that pursuant to the requirements of the PATRIOT Act, Administrative Agent and the other Credit Parties are required to obtain, verify and record information that identifies each Obligor, including its legal name, address, tax ID number and other information that will allow Administrative Agent and the other Credit Parties to identify it in accordance with the PATRIOT Act. Administrative Agent and the other Credit Parties will also require information regarding each personal guarantor, if any, and may require information regarding Obligors' management and owners, such as legal name, address, social security number and date of birth.

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

IN WITNESS WHEREOF, this Agreement has been executed and delivered as of the date set forth above.

BORROWERS:

SPECTRUM BRANDS, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Senior Vice President, Secretary and General Counsel

Address:
601 Rayovac Drive
Madison, WI 53711

DB ONLINE, LLC,
ROVCAL, INC.,
SPECTRUM JUNGLE LABS CORPORATION,
SPECTRUM NEPTUNE US HOLDCO CORPORATION
TETRA HOLDING (US), INC.
UNITED PET GROUP, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Secretary

Address:
601 Rayovac Drive
Madison, WI 53711

ROV HOLDING, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Secretary

Address:
601 Rayovac Drive
Madison, WI 53711

[Signatures continue on following page.]

SCHULTZ COMPANY,
UNITED INDUSTRIES CORPORATION

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Assistant Secretary

Address:
601 Rayovac Drive
Madison, WI 53711

[Signatures continue on following page.]

APN HOLDING COMPANY, INC.
APPLICA AMERICAS, INC.
APPLICA CONSUMER PRODUCTS, INC.,
APPLICA MEXICO HOLDINGS, INC.,
HOME CREATIONS DIRECT, LTD.,
HP DELAWARE, INC.,
HPG LLC,
RUSSELL HOBBS, INC.,
SALTON HOLDINGS, INC.,
TOASTMASTER INC.

By: /s/ Lisa Carstarphen
Name: Lisa Carstarphen
Title: Vice President and Secretary

Address:
3633 S Flamingo Road
Mirimar, FL 33027

GUARANTORS:

SB/RH HOLDINGS, LLC

By: /s/ Lisa Carstarphen
Name: Lisa Carstarphen
Title: Vice President and Secretary

Address:
3633 S Flamingo Road
Mirimar, FL 33027

[Signatures continue on following page.]

AGENTS AND LENDERS:

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

By: /s/ Lisa Freeman
Name: Lisa Freeman
Title: SVP

Address:
200 Glastonbury Boulevard
Glastonbury, CT 06033
Attn: Spectrum Brands Loan Administration
Telecopy: (860) 368-6029

[Signatures continue on following page.]

CREDIT SUISSE SECURITIES (USA) LLC,
as Co-Syndication Agent

By: /s/ Joseph Kieffe
Name: Joseph Kieffe
Title: Director

Address:
Eleven Madison Avenue
New York, NY 10010
Attn: John Toronto
Telecopy: (212) 743-2144

[Signatures continue on following page.]

DEUTSCHE BANK SECURITIES INC.,
as Co-Syndication Agent

By: /s/ Frank Fazio
Name: Frank Fazio
Title: Managing Director

By: /s/ Philip Saliba
Name: Philip Saliba
Title: Director

Address:
60 Wall Street
New York, NY 10005

[Signatures continue on following page.]

CREDIT SUISSE AG, CAYMANS ISLANDS BRANCH, as a Lender

By: /s/ John D. Toronto
Name: John D. Toronto
Title: Director

By: /s/ John D. Toronto
Name: Vipul Dhadda
Title: Associate

Address:
Eleven Madison Avenue
New York, NY 10010
Attn: John Toronto
Telecopy: (212) 743-2144

[Signatures continue on following page.]

DEUTSCHE BANK TRUST COMPANY AMERICAS, as a Lender

By: /s/ Scottye Lindsey
Name: Scottye Lindsey
Title: Director

By: /s/ Erin Morrissey
Name: Erin Morrissey
Title: Vice President

Address:

Deutsche Bank
60 Wall Street
New York, NY 10005
Attn: Scottye D. Lindsey
Telecopy: (646) 736-7095

REGIONS BANK,
as Lender

By: /s/ Curtis J. Correa
Name: Curtis J. Correa
Title: Senior Vice President

Address:
191 Peachtree Street, Suite 3800
Atlanta, GA 30303
Attn: Legal Administration/ Lisa Washington
Telecopy: 404-221-4361

[Signatures continue on following page.]

SUNTRUST BANK,
as Co-Documentation Agent and Lender

By: /s/ Jerra Fortner
Name: Jerra Fortner
Title: Vice President

Address:
303 Peachtree Street, NE
MC: GA-Atlanta-1981
Atlanta, GA 30303
Attn: Earl Garris
Telecopy: (404) 813-5890

[Signatures continue on following page.]

WELLS FARGO CAPITAL FINANCE, LLC,
as Lender

By: /s/ Jeff Royston
Name: Jeff Royston
Title: Vice President

Address:
2450 Colorado Ave STE 3000W
Santa Monica, CA 90404

[Signatures continue on following page.]

GENERAL ELECTRIC CAPITAL CORPORATION,
as Lender

By: /s/ Steven Flowers
Name: Steven Flowers
Title: Duly Authorized Signatory

Address:
GE Capital Corp.
299 Park Ave., 3rd Floor
New York, NY 10171
Attn: Spectrum Brands Account Manager
Telecopy: (646) 428-7094

[Signatures continue on following page.]

HARRIS N.A.,
as Co-Documentation Agent and Lender

By: /s/ Craig Thistlethwaite
Name: Craig Thistlethwaite
Title: Director

Address:
111 West Monroe Street
20th Floor East
Chicago, IL 60603
Attn: Asset Based Lending
Telecopy: 312-765-1641

[Signatures continue on following page.]

RBS ASSET FINANCE, INC. through its division RBS Business Capital, as a Lender

By: /s/ Patrick Aarons
Name: Patrick Aarons
Title: Senior Vice President

Address:
100 Galleria Parkway, Suite 1100
Atlanta, Georgia 30339
Attn: Portfolio Manager
Telecopy: 770-850-4895

Exhibit 10.17

CONTINUING GUARANTY AGREEMENT

THIS CONTINUING GUARANTY AGREEMENT (this "Guaranty") is made as of June 16, 2010, by **SB/RH HOLDINGS, LLC**, a Delaware limited liability company ("Holdings" or the "Guarantor"), in favor of **BANK OF AMERICA, N.A.**, a national banking association, with an address at 200 Glastonbury Boulevard, Glastonbury, Connecticut 06033, in its capacity as administrative agent (together with its successors in such capacity, "Agent") for certain financial institutions ("Lenders"; Agent and each of the Lenders is sometimes referred to individually hereinafter as a "Guaranteed Party" and, collectively, as the "Guaranteed Parties") party to the Loan Agreement (as defined below), and such Lenders.

Recitals:

Guaranteed Parties are parties to that certain Loan and Security Agreement dated as of the date hereof (as at any time amended, modified, restated or supplemented, the "Loan Agreement") with Spectrum Brands, Inc., a Delaware corporation and a wholly-owned Subsidiary of Holdings ("Spectrum"), and Spectrum's Subsidiaries listed on the signature pages thereto, each as a borrower (together with each other wholly-owned, Domestic Subsidiary of Spectrum that, in accordance with Section 10.1.9 of the Loan Agreement, becomes a borrower thereunder after the Closing Date, collectively, "Borrowers"), and Holdings. Pursuant to the Loan Agreement, Guaranteed Parties have agreed, subject to all the terms and conditions thereof, to make loans and other extensions of credit to Borrowers from time to time secured by security interests in and liens upon all or substantially all assets of Borrowers.

A condition set forth in the Loan Agreement to Guaranteed Parties' obligation to make loans or other extensions of credit to Borrowers is the Guarantor's execution and delivery of this Guaranty.

To induce Guaranteed Parties to make loans or otherwise extend credit or other financial accommodations from time to time to Borrowers under the Loan Agreement, the Guarantor is willing to execute this Guaranty.

Agreement:

NOW, THEREFORE, the Guarantor hereby agrees as follows:

1. Definitions; Rules of Construction. Capitalized terms used herein, unless otherwise defined, shall have the meanings ascribed to them in the Loan Agreement. As used herein, the words "herein," "hereof," "hereunder," and "hereon" shall have reference to this Guaranty taken as a whole and not to any particular provision hereof; and the word "including" shall mean "including, without limitation."

2. Guaranty. (a) The Guarantor hereby unconditionally and absolutely guarantees to each Guaranteed Party the due and punctual payment, performance and discharge (whether upon stated maturity, demand, acceleration or otherwise in accordance with the terms thereof) of all of the Obligations, whether direct or indirect, absolute or contingent, secured or unsecured, due or to become due, joint or several, primary or secondary, liquidated or unliquidated, now existing or hereafter incurred, created or arising, and howsoever evidenced, whether created directly to or acquired by assignment or otherwise by any Guaranteed Party, and whether Borrowers may be liable individually or jointly with others, and regardless of whether recovery upon any of such Obligations becomes barred by any statute of limitations, is void or voidable under any law relating to fraudulent obligations or otherwise or is or becomes invalid or unenforceable for any other reason (all of the Obligations being jointly referred to

herein as the "Guaranteed Obligations"). Without limiting the generality of the foregoing, the term "Guaranteed Obligations" as used herein shall include all debts, liabilities and obligations incurred by any Borrower to any of Guaranteed Parties in any bankruptcy case of such Borrower and any interest, fees or other charges accrued in any such bankruptcy, whether or not any such interest, fees or other charges are recoverable from such Borrower or its estate under 11 U.S.C. § 506.

(b) No Guaranteed Party shall be under any obligation to marshal any assets in favor of the Guarantor or in payment of any of the Guaranteed Obligations. If and to the extent any Guaranteed Party receives any payment on account of any of the Guaranteed Obligations (whether from a Borrower, the Guarantor or a third party obligor or from the sale or other disposition of any Collateral) and such payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to a trustee, receiver or any other Person under any state, federal or foreign bankruptcy or other insolvency law, common law or equitable cause, then the part of the Guaranteed Obligations intended to be satisfied shall be revived and continued in full force and effect as if said payment had not been made. The foregoing provisions of this paragraph shall survive payment in full of the Obligations and the termination of this Guaranty.

(c) Guaranteed Parties shall have the right to seek recourse against the Guarantor to the full extent provided for herein and against each Borrower to the full extent provided for in any of the Loan Documents. No election to proceed in one form of action or proceeding, or against any Person, or on any obligation, shall constitute a waiver of any Guaranteed Party's right to proceed in any other form of action or proceeding or against any other Person unless such Guaranteed Party has expressly waived such right in writing. Specifically, but without limiting the generality of the foregoing, no action or proceeding by Guaranteed Parties against any Borrower under the Loan Documents or any other instrument or agreement evidencing or securing Guaranteed Obligations shall serve to diminish the liability of the Guarantor for the balance of the Guaranteed Obligations.

3. Nature of Guaranty. This Guaranty is a primary, immediate and original obligation of the Guarantor; is an absolute, unconditional, continuing and irrevocable guaranty of payment of the Guaranteed Obligations and not of collectibility only; is not contingent upon the exercise or enforcement by Guaranteed Parties of whatever rights or remedies Guaranteed Parties may have against any Borrower or others, or the enforcement of any Lien or realization upon any Collateral or other security that any of Guaranteed Parties may at any time possess; and shall remain in full force and effect without regard to future changes in conditions, including change of law or any invalidity or unenforceability of any Guaranteed Obligations or agreements evidencing same. This Guaranty shall be in addition to any other present or future guaranty or other security for any of the Guaranteed Obligations, shall not be prejudiced or unenforceable by the invalidity of any such other guaranty or security, and is not conditioned upon or subject to the execution by any other Person of this Guaranty or any other guaranty or suretyship agreement.

4. Payment and Enforcement of Guaranteed Obligations. (a) If the Guarantor should dissolve or become insolvent (within the meaning of the New York Uniform Commercial Code), or if a petition for an order for relief with respect to the Guarantor should be filed by or against the Guarantor under any chapter of the Bankruptcy Code, or if a receiver, trustee, conservator or other custodian should be appointed for the Guarantor or any of the Guarantor's property, or if an Event of Default shall occur and be continuing, then, in any such event and whether or not any of the Guaranteed Obligations are then due and payable or the maturity thereof has been accelerated or demand for payment thereof has been made, Guaranteed Parties may, without notice to the Guarantor, make the Guaranteed Obligations immediately due and payable hereunder as to the Guarantor, and Guaranteed Parties shall be entitled to enforce the obligations of the Guarantor hereunder if the Guaranteed Obligations are then due and payable in full. If any of the Guaranteed Obligations are collected by or through an attorney at law, the Guarantor agrees to pay to Guaranteed Parties attorneys' fees and court costs. The Guarantor shall be obligated to make multiple payments under this Guaranty to the extent necessary to cause full payment of the Guaranteed Obligations.

(b) Any and all payments by the Guarantor hereunder shall be made free and clear of and without deduction for any setoff, counterclaim, or subject to the Loan Agreement, withholding so that, in each case, Guaranteed Parties shall receive, after giving effect to any taxes required to be grossed up pursuant to the Loan Agreement, the full amount that they would otherwise be entitled to receive with respect to the Guaranteed Obligations (but without duplication of amounts for taxes already included in the Guaranteed Obligations). If for any reason any Borrower has no legal existence or is under no legal obligation to discharge any of the Guaranteed Obligations, or if any of the Guaranteed Obligations become unrecoverable from any or all Borrowers by reason of one or more Borrowers' insolvency, bankruptcy or reorganization or by other operation of law or for any other reason, this Guaranty shall nevertheless be binding on the Guarantor to the same extent as if the Guarantor had at all times been the principal obligor on all such Guaranteed Obligations. If acceleration of the time for payment of any of the Guaranteed Obligations is stayed upon the insolvency, bankruptcy, dissolution or reorganization of debt or for any other reason, all such amounts otherwise subject to acceleration under the terms of any Loan Documents or other instrument or agreement evidencing or securing the payment of the Guaranteed Obligations shall nevertheless be immediately due and payable by the Guarantor.

(c) The books and records of Guaranteed Parties showing the account between Guaranteed Parties and Borrowers shall be admissible in evidence in any action or proceeding against or involving the Guarantor as *prima facie* proof of the items therein set forth, and the monthly statements of Guaranteed Parties rendered to Borrowers, to the extent no written objection thereto is made within 30 days from the date of sending thereof to Borrowers, shall be deemed conclusively correct and shall constitute an account stated between Guaranteed Parties and Borrowers and shall be binding on the Guarantor.

(d) The Guarantor acknowledges that Agent is authorized and empowered to enforce this Guaranty for the benefit of all of the Guaranteed Parties and to collect from the Guarantor the amount of the Guaranteed Obligations from time to time, in Agent's own name and without the necessity of joining any other Guaranteed Party in any action, suit or other proceeding to enforce this Guaranty.

5. Specific Waivers of the Guarantor. (a) To the fullest extent permitted by Applicable Law, the Guarantor does hereby waive notice of each Guaranteed Party's acceptance hereof and reliance hereon; notice of the extension of credit from time to time by Guaranteed Parties to any Borrower and the creation, existence or acquisition of any Guaranteed Obligations; notice of the amount of Guaranteed Obligations of Borrowers to Guaranteed Parties from time to time (subject, however, to the Guarantor's right to make inquiry of Agent to ascertain the amount of Guaranteed Obligations at any reasonable time); notice of any adverse change in any Borrower's financial condition or of any other fact that might increase the Guarantor's risk; notice of presentment for payment, demand, protest and notice thereof as to any instrument; notice of default or acceleration; all other notices and demands to which the Guarantor might otherwise be entitled; any right the Guarantor may have, by statute or otherwise, to require Guaranteed Parties to institute suit against any Borrower after notice or demand from the Guarantor or to seek recourse first against any Borrower or otherwise, or to realize upon any security for the Guaranteed Obligations, as a condition to enforcing the Guarantor's liability and obligations hereunder; any defense that any Borrower may at any time have or assert based upon the statute of limitations, the statute of frauds, failure of consideration, fraud, bankruptcy, lack of legal capacity, usury, or accord and satisfaction; any defense that other indemnity, guaranty, or security was to be obtained; any defense or claim that any Person purporting to bind any Borrower to the payment of any of the Guaranteed Obligations did not have actual or apparent authority to do so; any right to contest the commercial

reasonableness of the disposition of any Collateral; any defense or claim that any other act or failure to act by any Guaranteed Party had the effect of increasing the Guarantor's risk of payment; and any other legal or equitable defense to payment hereunder (except any defense that Borrowers have made indefeasible payment of the Guaranteed Obligations, and such payment has not been disgorged).

(b) To the fullest extent permitted by Applicable Law, the Guarantor also hereby waives and renounces (for itself and its successors and assigns) any and all rights or defenses arising by reason of any "one action" or "anti-deficiency" law that would otherwise prevent Guaranteed Parties from bringing any action, including any claim for a deficiency, or exercising any other right or remedy (including any right of setoff) against the Guarantor before or after any Guaranteed Party's commencement or completion of any foreclosure action, whether by judicial action, by exercise of power of sale or otherwise, or any other law that in any other manner would otherwise require any election of remedies by any Guaranteed Party; and any right that the Guarantor may have to claim or recover in any litigation arising out of this Guaranty or any of the other Loan Documents, any special, exemplary, punitive or consequential damages or any damages other than, or in addition to, actual damages.

6. Guarantor's Consents and Acknowledgments. (a) The Guarantor consents and agrees that, without notice to or by the Guarantor and without reducing, releasing, diminishing, impairing or otherwise affecting the liability or obligations of the Guarantor hereunder, any Guaranteed Party may (with or without consideration) compromise or settle any of the Guaranteed Obligations; accelerate the time for payment of any of the Guaranteed Obligations; extend the period of duration or the time for the payment, discharge or performance of any of the Guaranteed Obligations; increase the amount of the Guaranteed Obligations; refuse to enforce, or release all or any Persons liable for the payment of, any of the Guaranteed Obligations; increase, decrease or otherwise alter the rate of interest payable with respect to the principal amount of any of the Guaranteed Obligations or grant other indulgences to any Borrower in respect thereof; amend, modify, terminate, release, or waive any Loan Documents or any other documents or agreements evidencing, securing or otherwise relating to the Guaranteed Obligations (other than this Guaranty); release, surrender, exchange, modify or impair, or consent to the sale, transfer or other disposition of, any Collateral or other property at any time securing (directly or indirectly) any of the Guaranteed Obligations or on which Guaranteed Parties may at any time have a Lien; fail or refuse to perfect (or to continue the perfection of) any Lien granted or conveyed to any Guaranteed Party with respect to any Collateral, or to preserve rights to any Collateral, or to exercise care with respect to any Collateral in any Guaranteed Party's possession; extend the time of payment of any Collateral consisting of accounts, notes, chattel paper, payment intangibles or other rights to the payment of money; refuse to enforce or forbear from enforcing its rights or remedies with respect to any Collateral or any Person liable for any of the Guaranteed Obligations or make any compromise or settlement or agreement therefor in respect of any Collateral or with any party to the Guaranteed Obligations; release or substitute any one or more of the endorsers or guarantors of the Guaranteed Obligations, whether parties to this Guaranty or not; subordinate payment of any of the Guaranteed Obligations to the payment of any other liability of any Borrower; or apply any payments or proceeds of Collateral received to the liabilities of any Borrower to any Guaranteed Party regardless of whether such liabilities consist of Guaranteed Obligations and regardless of the manner order or of any such application.

(b) The Guarantor is fully aware of the financial condition of each Borrower. The Guarantor delivers this Guaranty based solely upon the Guarantor's own independent investigation and in no part upon any representation or statement of any Guaranteed Party with respect thereto. The Guarantor is in a position to and hereby assumes full responsibility for obtaining any additional information concerning each Borrower's financial condition as the Guarantor may deem material to its obligations hereunder, and the Guarantor is not relying upon, nor expecting any Guaranteed Party to furnish the Guarantor, any information in any Guaranteed Party's possession concerning Borrower's financial condition. If any Guaranteed Party, in its sole discretion, undertakes at any time or from time to

time to provide any information to the Guarantor regarding any Borrower, any of the Collateral or any transaction or occurrence in respect of any of the Loan Documents, such Guaranteed Party shall be under no obligation to update any such information or to provide any such information to the Guarantor on any subsequent occasion. The Guarantor hereby knowingly accepts the full range of risks encompassed within a contract of "Guaranty," which risks include, without limitation, the possibility that any Borrower will contract additional Guaranteed Obligations for which the Guarantor may be liable hereunder after such Borrower's financial condition or ability to pay its lawful debts when they fall due has deteriorated.

7. Continuing Nature of Guaranty. (a) This Guaranty shall continue in full force and effect until the Guaranteed Obligations have been fully paid and discharged (or, in the case of Contingent Obligations, such as those arising from any Letter of Credit, Cash Collateralized as required by the Loan Documents) and all financing commitments under the Loan Agreement or otherwise have been terminated. The Guarantor acknowledges that there may be future advances by Guaranteed Parties, after the date hereof but before the Full Payment of the Guaranteed Obligations, to Borrowers (although Guaranteed Parties may be under no obligation to make such advances) and that the number and amount of the Guaranteed Obligations are unlimited and may fluctuate from time to time hereafter, and this Guaranty shall remain in force at all times hereafter, whether there are any Guaranteed Obligations outstanding from time to time or not.

(b) To the fullest extent permitted by Applicable Law, the Guarantor waives any right that it may have to terminate or revoke this Guaranty. If, notwithstanding the foregoing waiver, the Guarantor shall nevertheless have any right under Applicable Law to terminate or revoke this Guaranty, which right cannot be waived by the Guarantor, such termination or revocation shall not be effective until a written notice of such termination or revocation, specifically referring to this Guaranty and signed by the Guarantor, is actually delivered pursuant to Section 14.3 of the Loan Agreement to the individual to whose attention at Agent such notice is required to be sent; but any such termination or revocation shall not affect the obligation of the Guarantor or its successors or assigns with respect to any of the Guaranteed Obligations owing to Guaranteed Parties and existing at the time of the receipt by Agent of such revocation or to arise out of or in connection with any transactions theretofore entered into by Guaranteed Parties with or for the account of Borrowers. If any Guaranteed Party grants loans or other extensions of credit to or for the benefit of any Borrower or takes other action after the termination or revocation by the Guarantor but prior to Agent's receipt of such written notice of termination or revocation, then the rights of such Guaranteed Party hereunder with respect thereto shall be the same as if such termination or revocation had not occurred.

8. Reserved.

9. Subordination; Postponement of Subrogation Rights. (a) Any and all present and future debts and obligations of each Borrower to the Guarantor are hereby subordinated to the full payment of the Guaranteed Obligations by such Borrower to Guaranteed Parties. If any payment shall be made to the Guarantor on account of any indebtedness owing by a Borrower to the Guarantor during any time that any Guaranteed Obligations are outstanding, the Guarantor shall hold such payment in trust for the benefit of Guaranteed Parties and shall make such payments to Agent to be credited and applied against the Guaranteed Obligations, whether matured or unmatured, in accordance with the discretion of Guaranteed Parties. The provisions of this Guaranty shall be supplemental to and not in derogation of any rights and remedies of any Guaranteed Party or any affiliate of any Guaranteed Party under any separate subordination agreement that such Guaranteed Party or such affiliate may at any time or from time to time enter into with the Guarantor.

(b) Until the Guaranteed Obligations have been paid in full and the Loan Agreement and all commitments of Guaranteed Parties thereunder have been terminated, the Guarantor shall not assert any claim, right or remedy (whether or not arising in equity, by contract or under Applicable Law) against any Borrower or any other Person by reason of the Guarantor's payment or other performance hereunder. Without limiting the generality of the foregoing, the Guarantor hereby subordinates to the full and final payment of the Guaranteed Obligations any and all legal or equitable rights or claims that the Guarantor may have to reimbursement, subrogation, indemnity and exoneration and agrees that until all of the Guaranteed Obligations have been paid in full and the Loan Agreement and all commitments thereunder have been terminated, the Guarantor shall have no recourse to any assets or property of any Borrower (including any Collateral) and no right of recourse against or contribution from any other Person in any way directly or contingently liable for any of the Guaranteed Obligations, whether any of such rights arise under contract, in equity or under Applicable Law.

10. Other Guaranties. If on the date of the Guarantor's execution of this Guaranty or at any time thereafter any Guaranteed Party receives any other guaranty from the Guarantor or from any other Person of any of the Guaranteed Obligations, the execution and delivery to such Guaranteed Party and such Guaranteed Party's acceptance of any such additional guaranty shall not be deemed in lieu of or to supersede, terminate or diminish this Guaranty, but shall be construed as an additional or supplementary guaranty unless otherwise expressly provided in such additional or supplementary guaranty; and if, prior to the date hereof, the Guarantor or any other Person has given to any Guaranteed Party a previous guaranty or guaranties, this Guaranty shall be construed to be an additional or supplementary guaranty and not to be in lieu thereof or to supersede, terminate or diminish such previous guaranty or guaranties.

11. Application of Payments. Unless otherwise required by Applicable Law or a specific agreement to the contrary, all payments received by Guaranteed Parties from any Borrower, the Guarantor or any other Person with respect to the Guaranteed Obligations or from proceeds of the Collateral may be applied (or reversed and reapplied) by Guaranteed Parties to the Guaranteed Obligations in accordance with the Loan Agreement and the ABL Intercreditor Agreement, without affecting in any manner the Guarantor's liability hereunder.

12. Limitation on Guaranty. To the extent any performance of this Guaranty would violate any applicable usury statute or other Applicable Law, the obligation to be fulfilled shall be reduced to the limit legally permitted, so that this Guaranty shall not require any performance in excess of the limit legally permitted, but such obligations shall be fulfilled to the limit of legal validity. Nothing in this Guaranty shall be construed to authorize Guaranteed Parties to collect from the Guarantor any interest that has not yet accrued, is unearned or subject to rebate or is otherwise not entitled to be collected by Guaranteed Parties under Applicable Law. The provisions of this paragraph shall control every other provision of this Guaranty.

13. Notices. All notices, demands, requests, consents, approvals and other communications required or permitted hereunder at any time shall be given pursuant to Section 14.3 of the Loan Agreement at such time.

14. Governing Law; Venue. This Guaranty, all acts and transactions hereunder and the rights and obligations of the parties hereto shall be governed, construed and interpreted according to the internal laws of the State of New York. All actions, suits or proceedings arising directly or indirectly hereunder may, at the option of Agent, be litigated in courts having suits within the State of New York, and the Guarantor hereby expressly consents to the jurisdiction of any state or federal court located within said state and agrees that any service of process in such action or proceedings may be made by personal service upon the Guarantor wherever the Guarantor may be then located, or by certified or registered mail directed to the Guarantor at the Guarantor's last known address; provided, however, that the foregoing shall not prevent Guaranteed Parties from bringing any action, enforcing any Lien or judgment or exercising any rights or remedies against the Guarantor, against any Collateral, or against any property of the Guarantor, within any other county, state or other foreign or domestic jurisdiction. The Guarantor waives any objection to venue and any objection based on a more convenient form in any action instituted under this Guaranty.

15. Successors and Assigns. All the rights, benefits and privileges of Guaranteed Parties shall vest in and be enforceable by Guaranteed Parties and their respective successors, transferees and assigns. This Guaranty shall be binding upon the Guarantor and the Guarantor's successors and assigns. Without limiting the generality of the foregoing, any Guaranteed Party may assign, in accordance with the terms of the Loan Agreement, to one or more Eligible Assignee(s) all or any part of the Guaranteed Obligations, whereupon each such Eligible Assignee shall become vested with all of the rights in respect thereof granted to such Guaranteed Party herein or otherwise in respect hereof.

16. Miscellaneous. This Guaranty expresses the entire understanding of the parties with respect to the subject matter hereof and may not be changed orally, and no obligation of the Guarantor can be released or waived by any Guaranteed Party or any officer or agent of any Guaranteed Party, except by a writing signed by a duly authorized officer of Agent. If any part of this Guaranty is determined to be invalid, the remaining provisions of this Guaranty shall be unaffected and shall remain in full force and effect. No delay or omission on any Guaranteed Party's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will any Guaranteed Party's action or inaction impair any such right or power, and all of Guaranteed Parties' rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies that Guaranteed Parties may have under other agreements, at law or in equity. Time is of the essence of this Guaranty and of each provision hereof. The section headings in this Guaranty are inserted for convenience of reference only and shall in no way alter, modify or define, or be used in construing, the text of this Guaranty. This Guaranty may be executed in multiple counterparts, all of which taken together shall constitute one and the same Guaranty and the signature page of any counterpart may be removed therefrom and attached to any other counterpart. Any manually executed signature page to this Guaranty that is delivered by a party by facsimile or electronic transmission shall be deemed to be an original signature hereto.

17. Severability. If any provision of this Guaranty is determined to be illegal, unconscionable or unenforceable, all other terms and provisions hereof will nevertheless remain effective and will be enforced to the fullest extent permitted by law.

18. Jury Trial Waiver. **The Guarantor and Guaranteed Parties (by their acceptance hereof) each hereby waives the right to a jury trial in any action, suit, proceeding or counterclaim arising out of or related to this Guaranty, and the Guarantor further waives rights arising under applicable statutes or otherwise to require any Guaranteed Party to institute suit against any Borrower or to exhaust any Guaranteed Party's rights and remedies against any Borrower or any Collateral, the Guarantor being bound to the payment of any and all Guaranteed Obligations to Guaranteed Parties, whether now existing or hereafter accruing as fully as if such Guaranteed Obligations were directly owing to Guaranteed Parties by the Guarantor.**

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

IN WITNESS WHEREOF, the Guarantor has caused this Guaranty to be signed, sealed and delivered by its duly authorized officers as of the day and year first written above.

SB/RH HOLDINGS, LLC
("Guarantor")

By: /s/ Lisa Carstarphen
Name: Lisa Carstarphen
Title: Vice President, Secretary

Address for Notices:

c/o Spectrum Brands, Inc.
Six Concourse Parkway
Suite 3300
Atlanta, Georgia 30328
Attention: John Beattie
Email: John.Beattie@spectrumbrands.com

Exhibit 10.18

EXECUTION COPY

COLLATERAL TRUST AGREEMENT

Dated as of June 16, 2010

among

SPECTRUM BRANDS, INC.,

SB/RH HOLDINGS, LLC,

THE OTHER GRANTORS PARTY HERETO,

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as administrative agent under the Term Loan Credit Agreement

US BANK, NATIONAL ASSOCIATION,
as trustee under the Senior Secured Note Indenture,

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Collateral Trustee

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This COLLATERAL TRUST AGREEMENT, dated as of June 16, 2010, by and among SPECTRUM BRANDS, INC., a Delaware corporation (the "**Company**"), SB/RH HOLDINGS, LLC, a Delaware limited liability company ("**Holdings**"), the subsidiaries of the Company listed on the signature pages hereof and the Additional Grantors described herein (the Company, Holdings, the subsidiaries so listed and the Additional Grantors being, collectively, the "**Grantors**"), CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as administrative agent under the Term Loan Credit Agreement described herein (in such capacity, together with its successors and assigns from time to time, the "**Term Loan Agent**"), US BANK, NATIONAL ASSOCIATION, as trustee under the Senior Secured Note Indenture described herein (in such capacity, together with its successors and assigns from time to time, the "**Senior Indenture Trustee**"), WELLS FARGO BANK, NATIONAL ASSOCIATION, as collateral agent (in such capacity, together with its successors and assigns from time to time, the "**Collateral Trustee**") for the Secured Parties, and each Additional Authorized Representative party hereto from time to time. Capitalized terms not otherwise defined shall have the meanings set forth in Section 1 below.

WHEREAS, the Company has entered into the Term Loan Credit Agreement described in Section 1 hereof, pursuant to which the Company will borrow funds for the purposes set forth therein;

WHEREAS, the Company has entered into the Senior Secured Note Indenture described in Section 1 hereof, pursuant to which the Company will issue its 9.50% Senior Secured Notes due 2018 (the "**Senior Secured Notes**");

WHEREAS, Holdings has guaranteed the foregoing obligations of the Company pursuant to the Holdings Term Loan Guaranty and the Holdings Senior Secured Note Guaranty, respectively, and has secured its guarantees thereof by granting Transaction Liens on its assets to the Collateral Trustee as provided in the Security Documents;

WHEREAS, the Company has caused each of its Domestic Subsidiaries to guarantee the foregoing obligations of the Company pursuant to the Subsidiary Term Loan Guaranties and the Subsidiary Senior Secured Note Guaranties, respectively (subsidiaries that are party to such guaranties are collectively, the "**Subsidiary Guarantors**" and, together with Holdings, the "**Guarantors**"), and has caused each such Domestic Subsidiary to secure its guarantees thereof by granting Transaction Liens on its assets to the Collateral Trustee as provided in the Security Documents;

WHEREAS, the Company and the Guarantors may, from time to time, incur and guarantee additional indebtedness permitted to be secured on an equal and ratable basis with the obligations under the Term Loan Documents and the Senior Secured Note Documents, which indebtedness the Company shall designate as having a security interest in the Collateral and shall be incurred under an Additional Secured Debt Facility, in each case in accordance with this Agreement, the ABL Intercreditor Agreement and the other Secured Debt Documents;

WHEREAS, the Transaction Liens securing the obligations of the applicable Grantors in respect of any Additional Secured Debt Facility shall be granted pursuant to the Security Documents;

WHEREAS, the Collateral Trustee has agreed to act on behalf of all Secured Parties with respect to the Collateral; and

WHEREAS, the Term Lenders are not willing to make loans under the Term Loan Credit Agreement and the Senior Noteholders are not willing to purchase the Senior Secured Notes, unless the Company, the Guarantors, the Term Loan Agent, the Senior Indenture Trustee and the Collateral Trustee enter into this Agreement and the other Security Documents in order to secure the payment and performance of the Secured Obligations;

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

SECTION 1. *Definitions.*

(a) *Defined Terms*. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and the plural forms of the terms defined):

"**ABL Agent**" shall have the meaning assigned to such term in the ABL Intercreditor Agreement.

"**ABL Documents**" shall have the meaning assigned to such term in the ABL Intercreditor Agreement.

"**ABL Intercreditor Agreement**" shall mean the Intercreditor Agreement dated as of June 16, 2010 among Bank of America, N.A., as ABL Agent, the Collateral Trustee, the Company, Holdings and the subsidiaries of the Company party thereto, as amended, restated, supplemented or otherwise modified from time to time.

"**ABL Obligations**" shall have the meaning assigned to such term in the ABL Intercreditor Agreement.

"**Actionable Default**" shall have the meaning assigned to such term in the Security Agreement.

"**Additional Authorized Representative**" shall mean (a) any agent or trustee for, or other representative of, the lenders or holders of obligations, as applicable, under an Additional Secured Debt Facility, together with its successors and permitted assigns, or (b) an Additional Secured Party, solely to the extent that such Additional Secured Party (i) is the sole lender or other holder of obligations under a particular Additional Secured Debt Facility and (ii) is not represented by an agent, trustee or other representative.

"**Additional Grantor**" shall have the meaning assigned to such term in Section 5(g).

"**Additional Secured Debt Documents**" shall mean, collectively, with respect to any Additional Secured Debt Facility, the agreements, documents and instruments providing for or evidencing any related Additional Secured Obligations, including the

definitive documentation in respect of such Additional Secured Debt Facility, the Security Documents and any intercreditor or joinder agreement among any Additional Secured Parties with respect to such Additional Secured Debt Facility (or binding upon through one or more of their representatives), to the extent such are effective at the relevant time, as each may be amended, restated, modified or Refinanced from time to time in accordance with this Agreement.

"**Additional Secured Debt Facility**" shall mean any credit facility, indenture or similar debt facility entered into by the Company after the date hereof, if any, pursuant to which the Company or any of its Subsidiaries will incur Additional Secured Obligations (and which has been designated as an Additional Secured Debt Facility in accordance with Section 2(b)).

"**Additional Secured Obligations**" shall have the meaning assigned to such term in the Security Agreement.

"**Additional Secured Parties**" shall mean, at any time, subject to Section 2(b), the holders of any Additional Secured Obligations at such time, including each applicable Additional Authorized Representative.

"**Affiliate**" shall mean, when used with respect to a specified Person, another Person that directly, or indirectly through one or more intermediaries, Controls or is Controlled by or is under common Control with the Person specified. For purposes of this definition, "**Control**" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise. The term "**Controlled**" shall have a correlative meaning.

"**Agreement**" shall mean this Agreement, as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms hereof and the ABL Intercreditor Agreement.

"**Applicable Authorized Representative**" shall mean, with respect to the Collateral, (a) until the earliest of (i) the Discharge of Term Loan Obligations, (ii) the occurrence of the Non-Controlling Authorized Representative Enforcement Date and (iii) the date that the outstanding Term Loan Obligations are less than $25,000,000 (such earliest date, the "**Transition Date**"), the Term Loan Agent and (b) from and after the Transition Date, the Major Non-Controlling Authorized Representative.

"**Authorized Representatives**" shall mean the Term Loan Agent, the Senior Indenture Trustee and each Additional Authorized Representative.

"**Bankruptcy Code**" shall mean the United States Bankruptcy Code (11 U.S.C. §101 et seq.), as amended from time to time, and any successor statute.

"**Bankruptcy Proceeding**" shall mean that the Company or any Grantor shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or there shall be an assignment for the benefit of creditors relating to the Company or any Grantor whether or not voluntary; or any case shall be commenced by or against the Company or any Grantor under the Bankruptcy Code or any similar federal or state law for the relief of debtors, whether or not

voluntary; or any proceeding shall be instituted by or against the Company or any Grantor seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, dissolution, marshaling of assets or liabilities, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency, or seeking the entry of an order for relief or the appointment of a receiver, trustee, administrator or other similar official for it or for any substantial part of its property and assets, whether or not voluntary; or any event or action analogous to or having a substantially similar effect to any of the events or actions set forth above in this definition (other than a solvent reorganization) shall occur under the law of any jurisdiction applicable to the Company or any Grantor; or the Company or any Grantor shall take any corporate, partnership, limited liability company or other similar action to authorize any of the actions set forth above in this definition.

"**Business Day**" shall mean any day except a Saturday, Sunday or other day on which commercial banks in The City of New York are authorized by law to close.

"**Cash Collateral Account**" shall have the meaning assigned to such term in the Security Agreement.

"**Class**", when used in reference to (a) any Secured Obligations, refers to whether such Secured Obligations are the Term Loan Obligations, the Senior Secured Note Obligations or the Additional Secured Obligations of any Series, (b) any Authorized Representative, refers to whether such Authorized Representative is the Term Loan Agent, the Senior Indenture Trustee or the Additional Authorized Representative with respect to the Additional Secured Obligations of any Series, (c) any Secured Parties, refers to whether such Secured Parties are the Term Loan Secured Parties, the Senior Secured Note Secured Parties or the holders of the Additional Secured Obligations of any Series and (d) any Secured Debt Documents, refers to whether such Secured Debt Documents are the Term Loan Documents, the Senior Secured Note Documents or the Additional Secured Debt Documents with respect to Additional Secured Obligations of any Series.

"**Collateral**" shall mean all property of the Company and the Guarantors, whether now owned or hereafter acquired, on which a Lien is granted or purports to be granted to the Collateral Trustee pursuant to the Security Documents to secure any Secured Obligations. For the avoidance of doubt, so long as the ABL Intercreditor Agreement is in effect, the term "**Collateral**" shall be deemed to have the same meaning as the term "**Common Collateral**".

"**Collateral Trustee**" shall have the meaning assigned to such term in the introductory statement.

"**Collateral Trustee's Fees**" shall mean all fees, costs and expenses of the Collateral Trustee (or any co-trustee or agent thereof) of the type described in Sections 5(c), 5(d), 5(e) and 5(f) of this Agreement.

"**Collateral Trust Joinder**" shall mean a joinder agreement substantially in the form of Exhibit B.

"**Common Collateral**" shall have the meaning assigned to such term in the ABL Intercreditor Agreement.

"**Company**" shall have the meaning assigned to such term in the introductory statement.

"**Contingent Secured Obligation**" shall mean, at any time, any Secured Obligation (or portion thereof) that is contingent in nature at such time, including any Secured Obligation that is any contingent indemnification, expense reimbursement or other obligation (including any guarantee) in respect of which no assertion of liability (whether oral or written) and no claim or demand for payment (whether oral or written) has been made.

"**Controlling Secured Parties**" shall mean, at any time with respect to any Collateral, the Secured Parties of the same Class as the Authorized Representative that is the Applicable Authorized Representative with respect to such Collateral at such time.

"**Discharge of Term Loan Obligations**" shall mean (i) payment in full of the principal of, and interest (including any Post-Petition Interest) and premium (if any) on, all Indebtedness outstanding under the Term Loan Documents and (ii) payment in full in cash of all other Term Loan Obligations that then are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid (other than any Contingent Secured Obligations); *provided* that the Discharge of the Term Loan Obligations shall not be deemed to have occurred in connection with a Refinancing of the Term Loan Obligations with a credit agreement, secured by the Collateral under Security Documents that has been designated in writing by the Company to the Collateral Trustee and each Authorized Representative as the "Term Loan Credit Agreement" for purposes of this Agreement.

"**Distribution Dates**" shall mean the dates fixed by the Collateral Trustee (the first of which shall occur within 60 days after receipt of a Notice of Actionable Default that has not theretofore been withdrawn and the balance of which shall be monthly thereafter) for the distribution of all moneys held by the Collateral Trustee in the Trust Account.

"**Domestic Subsidiary**" shall mean all Subsidiaries incorporated or organized under the laws of the United States of America, any State thereof or the District of Columbia.

"**Governmental Authority**" shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

"**Grantors**" shall have the meaning assigned to such term in the introductory statement.

"**Guarantors**" shall have the meaning assigned to such term in the recitals.

"**Holdings Secured Debt Guaranties**" shall mean the Holdings Term Loan Guaranties, the Holdings Senior Secured Note Guaranties and any guaranty by Holdings in favor of any Additional Secured Party.

"**Holdings Senior Secured Note Guaranty**" shall mean the guaranty made by Holdings in favor of the Senior Secured Note Secured Parties.

"**Holdings Term Loan Guaranty**" shall mean the guaranty made by Holdings in favor of the Term Loan Secured Parties.

"**Lien**" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"**Major Non-Controlling Authorized Representative**" shall mean, with respect to any Collateral, the Authorized Representative of the Class of the Secured Obligations (other than the Secured Obligations of the Controlling Secured Parties) secured by Transaction Liens on such Collateral, the aggregate amount of which exceeds the aggregate amount of Secured Obligations of any other Class (other than the Secured Obligations of the Controlling Secured Parties) secured by Transaction Liens on such Collateral, *provided* that for purposes of clause (b) of the definition of Applicable Authorized Representative, "Major Non-Controlling Authorized Representative" shall mean, with respect to any Collateral, the Authorized Representative of the Class of the Secured Obligations secured by Transaction Liens on such Collateral, the aggregate amount of which exceeds the aggregate amount of Secured Obligations of any other Class secured by Transaction Liens on such Collateral.

"**Moody's**" shall mean Moody's Investors Service, Inc.

"**Non-Contingent Secured Obligation**" shall mean at any time any Secured Obligation (or portion thereof) that is not a Contingent Secured Obligation at such time.

"**Non-Controlling Authorized Representative**" shall mean, at any time with respect to any Collateral, any Authorized Representative that is not the Applicable Authorized Representative at such time with respect to such Collateral.

"**Non-Controlling Authorized Representative Enforcement Date**" shall mean, with respect to any Non-Controlling Authorized Representative in respect of the Collateral, the date that is 180 days (throughout which 180-day period such Non-Controlling Authorized Representative was the Major Non-Controlling Authorized Representative with respect to the Collateral and not the Applicable Authorized Representative) after the occurrence of both (a) an Event of Default (under and as defined in the Senior Secured Note Documents or the Additional Secured Debt Documents, in each case, under which such Non-Controlling Authorized Representative is the Authorized Representative) and (b) the Collateral Trustee's and each other Authorized Representative's receipt of written notice from (i) such Non-Controlling Authorized Representative certifying that such Non-Controlling Authorized Representative is the Major Non-Controlling Authorized Representative with respect to the Collateral and that an Event of Default (under and as defined in the Senior Secured Note Documents or the Additional Secured Debt Documents, in each case, under which such Non-Controlling Authorized Representative is the Authorized Representative) has occurred and is continuing and (ii) the Secured Obligations with respect to which such Non-Controlling

Authorized Representative is the Authorized Representative are currently due and payable in full (whether as a result of acceleration thereof or otherwise) in accordance with the terms of the applicable Senior Secured Note Documents and/or Additional Documents; *provided* that the Non-Controlling Authorized Representative Enforcement Date shall be stayed and shall not occur (and shall be deemed not to have occurred for all purposes hereof) with respect to the Collateral (A) at any time the Collateral Trustee has commenced and is diligently pursuing any enforcement action with respect to the Collateral (or the Term Loan Agent shall have instructed the Collateral Trustee to do the same) or (B) at any time the Grantor that has granted a security interest in such Collateral is then a debtor under or with respect to (or otherwise subject to) any Bankruptcy Proceeding.

"**Non-Controlling Secured Parties**" shall mean, at any time with respect to any Collateral, the Secured Parties that are not Controlling Secured Parties at such time with respect to such Collateral.

"**Notice of Actionable Default**" shall mean a direction in writing delivered to the Collateral Trustee by or with the written consent of the Applicable Authorized Representative notifying the Collateral Trustee of an Actionable Default under the applicable Secured Debt Documents.

"**Officer's Certificate**" shall mean a certificate of the Company with respect to compliance with a condition or covenant provided for in this Agreement, signed on behalf of the Company by the principal executive officer, the principal financial officer, the treasurer or the principal accounting officer of the Company, including:

(a) a statement that the Person making such certificate has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him or her to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

"**Permitted Investments**" shall mean:

(i) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, the United States of America (or by any agency thereof to the extent such obligations are backed by the full faith and credit of the United States of America), in each case maturing within one year from the date of issuance thereof;

(ii) investments in commercial paper maturing within 270 days from the date of issuance thereof and having, at such date of acquisition, the highest credit rating obtainable from S&P or from Moody's;

(iii) investments in certificates of deposit, banker's acceptances and time deposits maturing within one year from the date of acquisition thereof issued or guaranteed by or placed with, and money market deposit accounts issued or offered by, the Collateral Trustee or any domestic office of any commercial bank organized under the laws of the United States of America or any State thereof that has a combined capital and surplus and undivided profits of not less than $500,000,000 and that issues (or the parent of which issues) commercial paper rated at least "Prime 1" (or the then equivalent grade) by Moody's or "A 1" (or the then equivalent grade) by S&P;

(iv) fully collateralized repurchase agreements with a term of not more than 30 days for securities described in clause (i) above and entered into with a financial institution satisfying the criteria of clause (iii) above; or

(v) investments in "money market funds" within the meaning of Rule 2a-7 of the Investment Company Act of 1940, as amended, substantially all of whose assets are invested in investments of the type described in clauses (i) through (iv) above.

"**Person**" shall mean any natural person, corporation, business trust, joint venture, association, company, limited liability company, partnership, Governmental Authority or other entity.

"**Post-Petition Interest**" shall mean any interest and fees that accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of any one or more of the Grantors (or would accrue but for the operation of applicable bankruptcy or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such proceeding.

"**Proceeds**" shall have the meaning assigned to such term in the Security Agreement.

"**Refinance**" shall mean, in respect of any indebtedness or other obligation, to refinance, extend, renew, defease, amend and restate, restructure, replace, refund or repay, or to issue other indebtedness or other obligation in exchange or replacement for, such indebtedness or other obligation in whole or in part. "**Refinancing**" shall have a correlative meaning.

"**Release Conditions**" shall mean the following conditions for terminating all the Transaction Liens:

(i) all Non-Contingent Secured Obligations shall have been paid in full in cash or, in respect of any Class of Secured Obligations not so paid, the applicable Secured Debt Documents authorize such release or the holders thereof have consented thereto; and

(ii) no Contingent Secured Obligation (other than contingent indemnification and expense reimbursement obligations as to which no claim shall have been asserted) shall remain outstanding.

"**Required Controlling Secured Parties**" shall mean, at any time with respect to any Collateral, the Controlling Secured Parties owed or holding more than 50% of the aggregate principal amount of indebtedness constituting Secured Obligations of all Controlling Secured Parties, at such time or such other requisite percentage or number of holders of such Secured Obligations as set forth in the applicable Secured Debt Agreement.

"**Required Secured Parties**" shall mean, at any time with respect to any Collateral, the Secured Parties of any Class owed or holding more than 50% of the aggregate principal amount of indebtedness constituting Secured Obligations of all Secured Parties of such Class at such time or such other requisite percentage or number of holders of such Secured Obligations as set forth in the applicable Secured Debt Agreement.

"**Responsible Officer**" of any Person shall mean the chief financial officer, principal accounting officer, treasurer or controller or any other executive officer of such Person and any other officer or similar official thereof responsible for the administration of the obligations of such Person in respect of this Agreement or any of the Secured Debt Documents.

"**S&P**" shall mean Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"**Secured Debt Agreement**" shall mean (i) the Term Loan Credit Agreement, (ii) the Senior Secured Note Indenture and (iii) each Additional Secured Debt Facility.

"**Secured Debt Documents**" shall mean, collectively, the Term Loan Documents, the Senior Secured Note Documents and the Additional Secured Debt Documents.

"**Secured Debt Guaranties**" shall mean the Holdings Secured Debt Guaranties and the Subsidiary Secured Debt Guaranties.

"**Secured Obligations**" shall have the meaning assigned to such term in the Security Agreement.

"**Secured Parties**" shall mean, collectively, the Term Loan Secured Parties, the Senior Secured Note Secured Parties and any Additional Secured Parties.

"**Securities**" shall mean any stock, shares, partnership interests, voting trust certificates, certificates of interests or participation in any profit-sharing agreement or arrangement, options, warrants, bonds, debentures, notes, or other evidences or indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities" or any certificates of interest, shares or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire, any of the foregoing.

"**Security Agreement**" shall mean the Security Agreement, dated as of June 16, 2010, among the Company, the other Grantors and the Collateral Trustee, as the same may be amended, supplemented, modified or Refinanced from time to time in accordance with this Agreement and the ABL Intercreditor Agreement.

"**Security Documents**" shall mean, collectively, the Security Agreement, each Collateral Trust Joinder and each other Security Document (as defined in the Security Agreement).

"**Senior Indenture Trustee**" shall have the meaning assigned to such term in the recitals of the parties to this Agreement.

"**Senior Noteholders**" shall mean the holders from time to time of the Senior Secured Notes.

"**Senior Secured Note Documents**" shall mean, collectively, the Senior Secured Note Indenture, the Senior Secured Notes, the Holdings Senior Secured Note Guaranty, the Subsidiary Senior Secured Note Guaranties, the Security Documents and each of the other agreements, documents and instruments providing for or evidencing any Senior Secured Note Obligation, any other document or instrument executed or delivered at any time in connection with any Senior Secured Note Obligation, including pursuant to the Security Documents, and any intercreditor or joinder agreement among holders of Senior Secured Note Obligations (or binding upon one or more of them through their representatives), to the extent such are effective at the relevant time, as each may be amended, supplemented, modified or Refinanced from time to time in accordance with this Agreement and the ABL Intercreditor Agreement.

"**Senior Secured Note Indenture**" shall mean that certain Indenture dated as of June 16, 2010, among the Company, the guarantors party thereto and US Bank, National Association, as trustee, as the same may be amended, supplemented, modified or Refinanced from time to time in accordance with this Agreement and the ABL Intercreditor Agreement.

"**Senior Secured Note Obligations**" shall have the meaning assigned to such term in the Security Agreement.

"**Senior Secured Note Secured Parties**" shall mean the holders from time to time of the Senior Secured Note Obligations, including the Senior Indenture Trustee.

"**Senior Secured Notes**" shall have the meaning assigned to such term in the recitals.

"**Series**", when used in reference to Additional Secured Obligations, refers to such Additional Secured Obligations as shall have been issued or incurred pursuant to the same indenture, credit agreement or similar agreement and with respect to which the same Person acts as the Additional Authorized Representative.

"**Subsidiary**" shall mean any subsidiary of the Company.

"**Subsidiary Guarantor**" shall have the meaning assigned to such term in the recitals.

"**Subsidiary Secured Debt Guaranties**" shall mean the Subsidiary Term Loan Guaranties, the Subsidiary Senior Secured Note Guaranties and any guaranty by any Subsidiary Guarantor in favor of any Additional Secured Party.

"**Subsidiary Senior Secured Note Guaranties**" shall mean the guaranties made by the Subsidiary Guarantors in favor of the Senior Secured Note Secured Parties.

"**Subsidiary Term Loan Guaranties**" shall mean the guaranties made by the Subsidiary Guarantors in favor of the Term Loan Secured Parties.

"**Term Lender**" shall have the meaning assigned to the term "Lender" in the Term Loan Credit Agreement.

"**Term Loan Agent**" shall have the meaning assigned to such term in the introductory statement.

"**Term Loan Credit Agreement**" shall mean that certain Credit Agreement dated as of June 16, 2010, among the Company, Holdings, the lenders party thereto and, Credit Suisse AG, Cayman Islands Branch, as administrative agent for the lenders, as the same may be amended, supplemented, modified or Refinanced from time to time in accordance with this Agreement and the ABL Intercreditor Agreement. For the avoidance of doubt, the credit agreement that is designated by the Company as the "**Term Loan Agreement**" in connection with a Refinancing of the Term Loan Obligations as described in the definition of "**Discharge of Term Loan Obligations**" shall be the Term Loan Credit Agreement for all purposes of this Agreement.

"**Term Loan Documents**" shall mean, collectively, the Term Loan Credit Agreement, the Holdings Term Loan Guaranty, the Subsidiary Term Loan Guaranties, the Security Documents and each of the other agreements, documents and instruments providing for or evidencing any Term Loan Obligation, any other document or instrument executed or delivered at any time in connection with any Term Loan Obligation, including pursuant to the Security Documents, and any intercreditor or joinder agreement among holders of Term Loan Obligations (or binding upon one or more of them through their representatives), to the extent such are effective at the relevant time, as each may be amended, supplemented, modified or Refinanced from time to time in accordance with this Agreement and the ABL Intercreditor Agreement.

"**Term Loan Obligations**" have the meaning assigned to such term in the Security Agreement.

"**Term Loan Secured Parties**" shall mean the holders from time to time of the Term Loan Obligations, including the Term Loan Agent.

"**Term Loans**" shall have the meaning assigned to such term in the Term Loan Credit Agreement.

"**Transaction Liens**" shall mean the Liens granted by the Grantors to the Collateral Trustee under the Security Documents.

"**Trust Account**" shall have the meaning assigned to such term in Section 4.

"**Trust Estate**" shall have the meaning assigned to such term in Section 2(a).

(b) *Terms Generally.* The definitions in Section 1 shall apply equally to both the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall"; and the words "asset" and "property" shall be construed as having the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights. All references herein to Sections, Exhibits and Schedules shall be deemed references to Sections of, and Exhibits and Schedules to, this Agreement unless the context shall otherwise require. All references herein to any Person shall be construed to include such Person's successors and permitted assigns.

SECTION 2. *The Trust Estate.*

(a) *Declaration of Trust*.

(i) To secure the payment and performance of the Secured Obligations, each of the Grantors has granted to the Collateral Trustee, pursuant to the Security Agreement, and the Collateral Trustee has accepted and agreed to hold, in trust thereunder and under this Agreement for the benefit of all present and future Secured Parties, all of such Grantor's right, title and interest in, to and under the Collateral for the benefit of all present and future Secured Parties, together with all of the Collateral Trustee's right, title and interest in, to and under the Security Documents and all interests, rights, powers and remedies of the Collateral Trustee thereunder or in respect thereof and all cash and non-cash proceeds thereof constituting Collateral (collectively, the "**Trust Estate**").

(ii) The Collateral Trustee and its successors and assigns under this Agreement will hold the Trust Estate in trust for the benefit solely and exclusively of all present and future Secured Parties as security for the payment of all present and future Secured Obligations; *provided*, *however*, that if at any time the Company, the Grantors and their successors or assigns, shall satisfy the applicable conditions set forth in Section 7 in connection with the release of all Collateral, then this Agreement, and the estates and rights assigned in the Security Documents, shall cease, terminate and be void; otherwise they shall remain and be in full force and effect in accordance with their respective terms; *provided*, *further*, that notwithstanding the foregoing, all provisions set forth in Sections 5(c), 5(d), 5(e) and 5(f) that are enforceable by the Collateral Trustee or any of its co-trustees or agents (whether in an individual or representative capacity) will remain enforceable in accordance with their terms.

(iii) The parties to this Agreement further covenant and declare that the Trust Estate will be held and distributed by the Collateral Trustee, subject to the further covenants, conditions and agreements hereinafter set forth.

(b) *Additional Secured Debt Facilities.*

(i) The Collateral Trustee will act as agent hereunder for, and perform its duties set forth in this Agreement on behalf of, each holder of Secured Obligations in respect of indebtedness that is issued or incurred after the date hereof that:

(A) holds Additional Secured Obligations that are identified as such in accordance with the procedures set forth in clause (ii) of this Section 2(b); and

(B) signs, through its designated Additional Authorized Representative identified pursuant to clause (ii) of this Section 2(b), a Collateral Trust Joinder and delivers the same to the Collateral Trustee.

(ii) The Company will be permitted to incur indebtedness in respect of an Additional Secured Debt Facility and to designate as an additional holder of Secured Obligations hereunder the lenders, agents and each Additional Authorized Representative, as applicable, under such Additional Secured Debt Facility, in each case only to the extent such indebtedness is designated by the Company in accordance with the following sentence and only to the extent such incurrence is permitted under the terms of the Secured Debt Documents and the ABL Documents. The Company may only effect such designation by delivering to the Collateral Trustee (with copies to the ABL Agent (if any), the Term Loan Agent, the Senior Indenture Trustee and to each previously identified Additional Authorized Representative), each of the following:

(A) on or prior to the date on which such Additional Secured Debt Facility is incurred, an Officer's Certificate stating that the Company intends to incur additional indebtedness under such Additional Secured Debt Facility, and certifying that (1) such incurrence is permitted and does not violate or result in any default under the ABL Documents, the Term Loan Documents, the Senior Secured Note Documents or any then existing Additional Secured Debt Documents (other than any incurrence of Secured Obligations that would simultaneously repay all Secured Obligations of any Class or ABL Obligations, as applicable, under the Secured Debt Documents of such Class or the ABL Documents, as applicable, under which such default would arise), (2) the definitive documentation associated with such Additional Secured Debt Facility contains a written agreement of the holders of such indebtedness, for the enforceable benefit of all holders of ABL Obligations, all other holders of existing and future Secured Obligations, and each existing and future ABL Agent, each existing and future Term Loan Agent, each existing and future Senior Indenture Trustee and each existing and future Additional Authorized Representative substantially as follows: (x) that all Secured Obligations will be and are secured equally and ratably by all Transaction Liens granted to the Collateral Trustee, for the benefit of the Secured Parties, at any time granted by any Grantor to secure any Secured Obligations whether or not upon property otherwise constituting collateral to such Secured Obligations and that all Transaction Liens granted pursuant to the Security Documents will be enforceable by the Collateral Trustee for the benefit of all holders of

Secured Obligations equally and ratably as contemplated by this Agreement, (y) that the holders of Secured Obligations in respect of such Additional Secured Debt Facility are bound by the provisions of, and agree to the terms of, the ABL Intercreditor Agreement and this Agreement, including the provisions relating to the ranking of Transaction Liens and the order of application of proceeds from the enforcement of Transaction Liens and (z) consenting to and directing the Collateral Trustee to perform its obligations under this Agreement, the ABL Intercreditor Agreement and the other Security Documents; *provided* that such indebtedness in respect of such Additional Secured Debt Facility shall not be permitted to also constitute ABL Obligations, and (3) the Company and each other Grantor has duly authorized, executed (if applicable) and recorded (or caused to be recorded), or intends to authorize, execute and record (if applicable), in each appropriate governmental office all relevant filings and recordations, if any, necessary to ensure that the Additional Secured Obligations in respect of such Additional Secured Debt Facility are secured by the Collateral to the extent set forth in the Security Documents and in accordance with this Agreement, the ABL Intercreditor Agreement and the other Security Documents;

(B) a written notice specifying the name and address of the Additional Authorized Representative in respect of such Additional Secured Debt Facility for purposes of Section 9; and

(C) a copy of the executed Collateral Trust Joinder referred to in clause (i) of this Section 2(b), executed by the applicable Additional Authorized Representative (on behalf of each Additional Secured Party represented by it).

(iii) Although the Grantors shall be required to deliver a copy of each of the foregoing documents described in clauses (A) through (C) of Section 2(b)(ii) to the ABL Agent, the Term Loan Agent, the Senior Indenture Trustee and to each then existing Additional Authorized Representative, the failure to so deliver a copy of any such document to the ABL Agent, the Term Loan Agent, the Senior Indenture Trustee and to any such Additional Authorized Representative (other than the certification described in clause (A) of Section 2(b)(ii) and the Collateral Trust Joinder referred to in clause (C) of Section 2(b)(ii), which shall in all cases be required and which shall be delivered to each of the ABL Agent, the Term Loan Agent, the Senior Indenture Trustee and to each then existing Additional Authorized Representative on or prior to the incurrence of indebtedness under the applicable Additional Secured Debt Facility) shall not affect the status of such Additional Secured Debt Facility as Additional Secured Obligations or Secured Obligations entitled to the benefits of this Agreement, the ABL Intercreditor Agreement and the other Security Documents if the other requirements of this Section 2(b) are complied with.

(c) *Acknowledgment of Security Interests.*

(i) Each of the Term Loan Agent, for itself and on behalf of each Term Loan Secured Party, the Senior Indenture Trustee, for itself and on behalf of each Senior Secured Note Secured Party, and each Additional Authorized Representative, for itself and on behalf of each Additional Secured Party represented by it, acknowledges and agrees that, pursuant to the Security Documents, each of the Grantors has granted to the Collateral Trustee, for the benefit of the Secured Parties, a security interest in all such Grantor's rights, title and interest in, to and under the Collateral to secure the payment and performance of all present and future Secured Obligations. Each of the Term Loan Agent, for itself and on behalf of each Term Loan Secured Party, the Senior Indenture Trustee, for itself and on behalf of each Senior Secured Note Secured Party, and each Additional Authorized Representative, for itself and on behalf of each Additional Secured Party represented by it, acknowledges and agrees that, pursuant to the Security Documents, the aforementioned security interest granted to the Collateral Trustee, for the benefit of the Secured Parties, shall (subject to Section 7(a)(iv)) for all purposes and at all times secure the Term Loan Obligations, the Senior Secured Note Obligations and the Additional Secured Obligations (if any) on an equal and ratable basis. It is acknowledged and agreed by the parties hereto that the Secured Obligations will be, pursuant to the proviso to Section 4(a) of the ABL Intercreditor Agreement, secured on an equal and ratable basis with the ABL Hedging Obligations (as defined in the ABL Intercreditor Agreement).

(ii) The Collateral Trustee and its successors and assigns under this Agreement will act for the benefit solely and exclusively of all present and future Secured Parties and will hold the Collateral and the Transaction Liens thereon as security for the payment and performance of all present and future Secured Obligations, in each case, under terms and conditions of this Agreement, the ABL Intercreditor Agreement and the other Security Documents.

(d) *ABL Intercreditor Agreement.* The Collateral Trustee shall concurrently with the execution of this Agreement enter into the ABL Intercreditor Agreement with the ABL Agent, the Company and the Guarantors party thereto and, so long as any ABL Obligations remain outstanding, shall comply with all applicable terms and conditions thereunder.

SECTION 3. *Actionable Default; Remedies; Administration of Trust Property.*

(a) *Notice of Default; Written Instructions*.

(i) Upon receipt of a Notice of Actionable Default, the Collateral Trustee shall, within five Business Days thereafter, notify the Term Loan Agent, the Senior Indenture Trustee and each Additional Authorized Representative (if any) that an Actionable Default exists.

(ii) Upon receipt of any written directions pursuant to Section 3(h)(i), the Collateral Trustee shall, within five Business Days thereafter, send a copy thereof to the Term Loan Agent, the Senior Indenture Trustee and each Additional Authorized Representative (if any).

(b) *Remedies*.

(i) Upon the receipt of a Notice of Actionable Default and so long as such Notice of Actionable Default shall not have been withdrawn in a writing by the Applicable Authorized Representative delivered to the Collateral Trustee and subject to the provisions of the ABL Intercreditor Agreement and, in the case of Collateral securing Permitted Liens (as defined in the Security Agreement), applicable law and the terms of the agreements governing such Permitted Liens, the Collateral Trustee may exercise the rights and remedies provided in this Agreement, the ABL Intercreditor Agreement and the other Security Documents.

(ii) To the extent permitted by applicable law, the Grantors hereby waive presentment, demand, protest or any notice of any kind in connection with this Agreement, the ABL Intercreditor Agreement, any Collateral or any Security Document.

(c) *Administration of Trust Property*.

(i) Each Secured Party (acting through the Term Loan Agent, the Senior Indenture Trustee or its applicable Additional Authorized Representative, as applicable) hereby appoints the Collateral Trustee to serve as collateral trustee and agent hereunder on the terms and conditions set forth herein. Subject to, and in accordance with, this Agreement, the Collateral Trustee will serve as collateral trustee and agent hereunder, for the benefit solely and exclusively of the present and future Secured Parties, and will, subject to the ABL Intercreditor Agreement:

(A) accept, enter into, hold, maintain, administer and enforce all Security Documents, including all Collateral subject thereto, and all Transaction Liens created thereunder, perform its obligations under the Security Documents and protect, exercise and enforce the interests, rights, powers and remedies granted or available to it under, pursuant to or in connection with the Security Documents;

(B) take all lawful and commercially reasonable actions permitted under the ABL Intercreditor Agreement and the Security Documents that it may deem necessary or advisable to protect or preserve its interest in the Collateral subject thereto and such interests, rights, powers and remedies;

(C) deliver and receive notices pursuant to the ABL Intercreditor Agreement and the Security Documents;

(D) sell, assign, collect, assemble, foreclose on, institute legal proceedings with respect to, or otherwise exercise or enforce the rights and remedies of a secured party (including a mortgagee, trust deed beneficiary and insurance beneficiary or loss payee) with respect to the Collateral under the Security Documents and its other interests, rights, powers and remedies;

(E) remit as provided in Section 4(d) all cash proceeds received by the Collateral Trustee from the collection, foreclosure or enforcement of its interest in the Collateral under the Security Documents or any of its other interests, rights, powers or remedies;

(F) execute and deliver amendments to this Agreement and the Security Documents as from time to time authorized pursuant to Section 8 accompanied by an Officer's Certificate to the effect that the amendment was permitted under Section 8; and

(G) release or subordinate any Transaction Lien granted to it by any Security Document upon any Collateral if and as required by Section 7.

(ii) Each Secured Party (acting through the Term Loan Agent, the Senior Indenture Trustee or its applicable Additional Authorized Representative, as applicable) acknowledges and consents to the undertaking of the Collateral Trustee set forth in Section 3(c)(i) and agrees to each of the other provisions of this Agreement applicable to the Collateral Trustee.

(iii) Each Secured Party (acting through the Term Loan Agent, the Senior Indenture Trustee or its applicable Additional Authorized Representative, as applicable) acknowledges and agrees that the payment and satisfaction of all of the Secured Obligations will be secured equally and ratably by the Transaction Liens established in favor of the Collateral Trustee for the benefit of the Secured Parties.

(d) *Power of Attorney*. The Grantors hereby irrevocably constitute and appoint the Collateral Trustee and any officer or agent thereof, with full power of substitution, as their true and lawful attorney-in-fact with full power and authority in the name of the Company and the other Grantors or in its own name, from time to time upon the occurrence and during the continuance of an Actionable Default, for the purpose of carrying out the terms of this Agreement, the ABL Intercreditor Agreement and the Security Documents, to take any and all appropriate action and to execute any and all documents and instruments that may be necessary or desirable to accomplish the purposes hereof and thereof and, without limiting the generality of the foregoing, hereby gives the Collateral Trustee the power and right on behalf of the Grantors, upon the occurrence and during the continuance of an Actionable Default, without notice to or assent by any Grantor to do the following:

(i) to ask for, demand, sue for, collect, receive, recover, compromise and give acquittance and receipts for any and all moneys due or to become due upon or by virtue hereof and thereof,

(ii) to receive, take, endorse, assign and deliver any and all checks, notes, drafts, acceptances, documents and other negotiable and non-negotiable instruments and chattel paper taken or received by the Collateral Trustee in connection herewith and therewith,

(iii) to commence, file, institute, prosecute, defend, settle, compromise or adjust any claim, suit, action or proceeding with respect hereto and thereto or in connection herewith and therewith,

(iv) to sell, transfer, assign or otherwise deal in or with the Collateral or any part thereof as fully and effectually as if the Collateral Trustee were the absolute owner thereof, and

(v) to do, at its option and at the expense and for the account of the Grantors, at any time or from time to time, all acts and things that the Collateral Trustee deems necessary to protect or preserve the Collateral or the Trust Estate and to realize upon the Collateral.

(e) *Right to Initiate Judicial Proceedings, Etc*. Upon the receipt of a Notice of Actionable Default and so long as such Notice of Actionable Default shall not have been withdrawn:

(i) the Collateral Trustee shall have the right and power to institute and maintain such suits and proceedings as it may deem appropriate to protect and enforce the rights vested in it by this Agreement, the ABL Intercreditor Agreement and each Security Document to the fullest extent permitted by applicable law, and

(ii) the Collateral Trustee may, either after entry or without entry, proceed by suit or suits at law or in equity to enforce such rights and to foreclose upon the Collateral and to sell all or, from time to time, any of the Trust Estate under the judgment or decree of a court of competent jurisdiction to the fullest extent permitted by applicable law.

(f) *Appointment of a Receiver*. If a receiver of the Trust Estate shall be appointed in judicial proceedings, the Collateral Trustee may be appointed as such receiver. Notwithstanding the appointment of a receiver, the Collateral Trustee shall be entitled to retain possession and control of all cash held by or deposited with it or its agents pursuant to any provision of this Agreement, the ABL Intercreditor Agreement or any Security Document.

(g) *Exercise of Powers*. All of the powers, remedies and rights of the Collateral Trustee as set forth in this Agreement may be exercised by the Collateral Trustee in respect of any Security Document as though set forth at length therein and all the powers, remedies and rights of the Collateral Trustee and the Secured Parties as set forth in any Security Document may be exercised from time to time as herein and therein provided.

(h) *Control by Secured Parties*.

(i) Subject to Section 3(h)(ii), if an Actionable Default shall have occurred and be continuing and if the Collateral Trustee shall have received a Notice of Actionable Default with respect thereto, subject to the provisions of the ABL Intercreditor Agreement, the Applicable Authorized Representative shall have the right, by an instrument in writing executed and delivered to the Collateral Trustee, to direct the time, method and place of conducting any

proceeding for any right or remedy available to the Collateral Trustee, or of exercising any trust or power conferred on the Collateral Trustee, or for the appointment of a receiver, or for the taking of any action authorized by Section 3. It is understood and agreed that the Applicable Authorized Representative shall deliver any written instruction that is contemplated to be delivered by the Applicable Authorized Representative to the Collateral Trustee hereunder upon receipt of approval of such instruction from the Required Controlling Secured Parties (to the extent required by the terms of the applicable Secured Debt Documents).

(ii) The Collateral Trustee shall not follow any written directions received pursuant to Section 3(h)(i) to the extent such written directions are known by the Collateral Trustee to be in conflict with any provisions of law or if the Collateral Trustee shall have received from independent counsel an unqualified opinion to the effect that following such written directions would result in a breach of a provision or covenant contained in the ABL Intercreditor Agreement, the Term Loan Credit Agreement, the Senior Secured Note Indenture or any Additional Secured Debt Facility or impose individual liability on the Collateral Trustee.

(iii) Nothing in this Section 3(h) shall impair the right of the Collateral Trustee in its discretion to take or omit to take any action deemed proper by the Collateral Trustee and which action or omission is not inconsistent with the direction of the Secured Parties entitled to direct the Collateral Trustee pursuant to this Section 3(h); *provided*, *however*, that the Collateral Trustee shall not be under any obligation to take any action that is discretionary with the Collateral Trustee under the provisions of this Agreement, under the ABL Intercreditor Agreement or under any Security Document.

(i) *Remedies Not Exclusive*.

(i) No remedy conferred upon or reserved to the Collateral Trustee in this Agreement, in the ABL Intercreditor Agreement or in any Security Document is intended to be exclusive of any other remedy or remedies, but every such remedy shall be cumulative and shall be in addition to every other remedy conferred in this Agreement, in the ABL Intercreditor Agreement or in any Security Document or now or hereafter existing at law or in equity or by statute.

(ii) No delay or omission of the Collateral Trustee to exercise any right, remedy or power accruing upon any Actionable Default shall impair any such right, remedy or power or shall be construed to be a waiver of any such Actionable Default or an acquiescence therein; and every right, power and remedy given by this Agreement, the ABL Intercreditor Agreement or any Security Document to the Collateral Trustee may be exercised from time to time and as often as may be deemed expedient by the Collateral Trustee.

(iii) In case the Collateral Trustee shall have proceeded to enforce any right, remedy or power under this Agreement, the ABL Intercreditor Agreement or any Security Document and the proceeding for the enforcement thereof shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Trustee, then and in every such case the Grantors, the Collateral Trustee and the Secured Parties shall, subject to any determination in such proceeding, severally and respectively be restored to their former positions and rights, under this Agreement, under the ABL Intercreditor Agreement and under such Security Document with respect to the Trust Estate and in all other respects, and thereafter all rights, remedies and powers of the Collateral Trustee shall continue as though no such proceeding had been taken.

(iv) All rights of action and rights to assert claims upon or under this Agreement, the ABL Intercreditor Agreement and the Security Documents may be enforced by the Collateral Trustee without the possession of any Secured Debt Document or the production thereof in any trial or other proceeding relative thereto, and any such suit or proceeding instituted by the Collateral Trustee shall be brought in its name as Collateral Trustee and any recovery of judgment shall be held as part of the Trust Estate.

(j) *Waiver of Certain Rights*. The Grantors, to the extent they may lawfully do so, on behalf of themselves and all who may claim through or under them, including, without limitation, any and all subsequent creditors, vendees, assignees and lienors, expressly waive and release any, every and all rights to demand or to have any marshaling of the Trust Estate upon any sale, whether made under any power of sale herein granted or pursuant to judicial proceedings or upon any foreclosure or any enforcement of this Agreement and consents and agrees that all the Trust Estate may at any such sale be offered and sold as an entirety.

(k) *Limitation on Collateral Trustee's Duties in Respect of Collateral*. Beyond its duties set forth in this Agreement and the Security Documents as to the custody thereof and the accounting to the Grantors and the Secured Parties for moneys received by it hereunder, and except as otherwise required by applicable law or expressly required by any Secured Debt Document to which the Collateral Trustee is a party, the Collateral Trustee shall not have any duty to the Grantors and the Secured Parties as to any Collateral in its possession or control or in the possession or control of any agent or nominee of it or any income thereon or as to the preservation of rights against prior parties or any other rights pertaining thereto. To the extent, however, that the Collateral Trustee or any agent or nominee thereof maintains possession or control of any of the Collateral, the Collateral Trustee shall, and shall instruct such agent or nominee to, grant the Grantors access to and use of such Collateral that the Grantors may require for the conduct of their business; *provided*, that such rights may be limited as provided in this Agreement and the other Security Documents after the Collateral Trustee shall have received a Notice of Actionable Default.

(l) *Limitation by Law*. All rights, remedies and powers provided by this Section 3 may be exercised only to the extent that the exercise thereof does not violate any applicable provision of law in the premises, and all the provisions of this Section 3 are intended to be subject to all applicable mandatory provisions of law that may be controlling in the premises and to be limited to the extent necessary so that they will not render this Agreement invalid, unenforceable in whole or in part or not entitled to be recorded, registered, or filed under the provisions of any applicable law.

(m) *Absolute Rights of Secured Parties*. Notwithstanding any other provision of this Agreement (other than Section 3(b)) or any provision of any Security Document, but subject to the provisions of the ABL Intercreditor Agreement, the right of each Secured Party, which is absolute and unconditional, to receive payments of the Secured Obligations held by such Secured Party on or after the due date thereof as therein expressed, to seek adequate protection in respect of its interest in this Agreement and the Collateral, to institute suit for the enforcement of such payment on or after such due date, or to assert its position and views as a secured creditor in a Bankruptcy Proceeding, or the obligation of the Grantors, which is also absolute and unconditional, to pay in full and otherwise perform all Secured Obligations at the time and place expressed therein shall not be impaired or affected without the consent of such Secured Party.

SECTION 4. *Trust Account; Application of Moneys.* (a) *The Trust Account*. On the date hereof there shall be established and, at all times thereafter until the trusts created by this Agreement shall have terminated, there shall be maintained with the Collateral Trustee an account that shall be entitled the "Spectrum Brands Collateral Trust" (the "**Trust Account**"). The Trust Account shall be established and maintained by the Collateral Trustee at its designated corporate trust offices. All moneys that are received by the Collateral Trustee after the occurrence of an Actionable Default in connection with any collection, sale, foreclosure or other realization upon any Collateral shall be deposited in the Trust Account and thereafter shall be held and applied by the Collateral Trustee in accordance with the terms of this Agreement and the ABL Intercreditor Agreement. To the extent necessary, appropriate or desirable, the Collateral Trustee from time to time may establish sub-accounts as part of the Trust Account for the purpose of better identifying and maintaining proceeds of Collateral, all of which sub-accounts shall be treated as and be deemed equivalent to, the Trust Account for all purposes hereof.

(b) *Control of Trust Account*. All right, title and interest in and to the Trust Account shall vest in the Collateral Trustee, and funds on deposit in the Trust Account shall constitute part of the Trust Estate. The Trust Account shall be subject to the exclusive dominion and control of the Collateral Trustee.

(c) *Investment of Funds Deposited in Trust Account*. At the written direction of the Applicable Authorized Representative, the Collateral Trustee shall invest and reinvest moneys on deposit in the Trust Account at any time in money market funds investing in Permitted Investments (with the particular fund to be specified in writing by the Applicable Authorized Representative). All such investments and the interest and income received thereon and therefrom and the net proceeds realized on the sale thereof shall be held in the Trust Account, as applicable, as part of the Trust Estate.

(d) *Application of Moneys in Trust Account*. Subject to Section 4(e) and the ABL Intercreditor Agreement, all moneys held by the Collateral Trustee in the Trust Account shall, to the extent available for distribution, be distributed (or deposited in a separate account for the benefit of the Term Loan Agent, the Senior Indenture Trustee and the Additional Authorized Representative pursuant to Section 4(e)) by the Collateral Trustee as follows:

First: To the Collateral Trustee in an amount equal to the Collateral Trustee's Fees that are unpaid as of the relevant Distribution Date and to any Secured Party that has theretofore advanced or paid any such Collateral Trustee's Fees in an amount equal to the amount thereof so advanced or paid by such Secured Party prior to such Distribution Date;

Second: To the Term Loan Agent, the Senior Indenture Trustee and each Additional Authorized Representative (if any) equally and ratably (in the same proportion that such unpaid Secured Obligations of the Term Loan Agent, the Senior Indenture Trustee or such Additional Authorized Representative, as applicable, bear to all unpaid Secured Obligations on the relevant Distribution Date) for application to the payment in full of all outstanding Secured Obligations (other than Secured Obligations paid pursuant to clause first above and Contingent Secured Obligations) that are then due and payable to the Secured Parties (which shall then be applied or held by the Term Loan Agent, the Senior Indenture Trustee and each such Additional Authorized Representative in such order as may be provided in the applicable Secured Debt Documents); and

Third: Any surplus then remaining shall be paid to the Company or the respective Grantor, its successors or assigns, or as a court of competent jurisdiction may direct.

In connection with the application of proceeds pursuant to this Section 4(d), except as otherwise directed in writing by the Applicable Authorized Representative, the Collateral Trustee may sell any non-cash proceeds for cash prior to the application of the proceeds thereof.

(e) *Application of Moneys Distributable to Secured Parties*. If at any time any moneys collected or received by the Collateral Trustee pursuant to this Agreement, the ABL Intercreditor Agreement or any Security Document are distributable pursuant to Section 4(d) to the Term Loan Agent, the Senior Indenture Trustee or any Additional Authorized Representatives, and if the Term Loan Agent, the Senior Indenture Trustee or such Additional Authorized Representative shall notify the Collateral Trustee that no provision is made under the applicable Term Loan Documents, Senior Secured Note Documents or Additional Secured Debt Documents, as applicable, (i) for the application by the Term Loan Agent, the Senior Indenture Trustee or such Additional Authorized Representative, as applicable, of such amounts so distributable (whether by virtue of the Term Loan Obligations, the Senior Secured Note Obligations or the applicable Additional Secured Obligations not having become due and payable or otherwise) or (ii) for the receipt and the holding by the Term Loan Agent, the Senior Indenture Trustee or such Additional Authorized Representative, as applicable, of such amounts pending the application thereof, then the Collateral Trustee shall invest, at the written direction of the Term Loan Agent, the Senior Indenture Trustee or such Additional Authorized Representative, all such amounts applicable to the Term Loan Obligations, the Senior Secured Note Obligations or the Additional Secured Obligations in obligations of the kinds referred to in Section 4(c) (with the particular investment specified in writing by the Term Loan Agent, the Senior Indenture Trustee or such Additional Authorized Representative), and shall hold all such amounts so distributable, and all such investments and the proceeds thereof, in trust solely for the Term Loan Agent, the Senior Indenture Trustee and/or such Additional Authorized Representative and for no other purpose until such time as the Term Loan Agent, the Senior Indenture Trustee or such Additional Authorized Representative shall request the delivery thereof by the Collateral Trustee to the Term Loan Agent, the Senior Indenture Trustee or such Additional Authorized Representative, as applicable, for application by it pursuant to the Term Loan Documents, the Senior Secured Note Documents or the Additional Secured Debt Documents, as applicable.

This Section 4 is intended for the benefit of, and will be enforceable as a third-party beneficiary by, each present and future holder of Secured Obligations, each present and future Term Loan Agent, each present and future Senior Indenture Trustee, each present and future Additional Authorized Representative and the Collateral Trustee as a Secured Party, in each case subject to the terms of the ABL Intercreditor Agreement.

SECTION 5. *Agreements with the Collateral Trustee.* (a) *Delivery of Secured Debt Documents*. Concurrently with the execution of this Agreement on the date hereof, the Company will deliver to the Collateral Trustee a true and complete copy of each of the Secured Debt Documents then in effect. The Company agrees that, promptly upon the execution thereof, the Company will deliver to the Collateral Trustee a true and complete copy of (i) any and all amendments, modifications or supplements to any Secured Debt Document and (ii) any Secured Debt Documents, entered into subsequent to the date hereof. Unless and until the Collateral Trustee actually receives such copies it shall not be deemed to have knowledge of them.

(b) *Information as to Secured Parties*. The Company agrees that it shall deliver to the Collateral Trustee from time to time upon the reasonable request of the Collateral Trustee a list setting forth, by each Secured Debt Document then in effect:

(i) the aggregate amount outstanding thereunder, and

(ii) the interest rates then in effect thereunder.

The applicable Authorized Representative (and in the case of clause (D), the Company) will deliver to the Collateral Trustee upon the reasonable request of the Collateral Trustee:

(A) in the case of the Term Loan Agent, the names of the Term Lenders holding Term Loans outstanding under the Term Loan Credit Agreement and the unpaid principal amount owing to each such Term Lender;

(B) in the case of the Senior Indenture Trustee, the names of the Senior Noteholders holding Senior Secured Notes outstanding under the Senior Secured Note Indenture and the unpaid principal amount owing to each such Senior Noteholder;

(C) in the case of any Additional Authorized Representative, the names of the Additional Secured Parties holding obligations outstanding under such Additional Secured Debt Facility and the unpaid principal amount owing to each such Secured Party; and

(D) to the extent known to the Company, the names of such other Secured Parties under any other series of Secured Obligations and the unpaid aggregate amounts owing to each such Secured Party.

Each Authorized Representative (and the Company in respect of any Grantor) will furnish to the Collateral Trustee within 30 days after the date hereof, and periodically if notice addresses and/or addresses change, a list setting forth the name and address of each party to whom notices must be sent under the Secured Debt Documents. At all times the Collateral Trustee may assume without inquiry that the most recent list it has received remains current.

(c) *Compensation and Expenses*. The Grantors, jointly and severally, agree to pay to the Collateral Trustee, from time to time following receipt of an invoice therefor:

(i) such compensation as shall have been previously agreed in writing (which shall not be limited by any provision of law in regard to compensation of a trustee of an express trust) for its services hereunder, under the ABL Intercreditor Agreement and under the Security Documents and for administering the Trust Estate; and

(ii) all of the reasonable and documented fees, costs and expenses of the Collateral Trustee (including, without limitation, the reasonable and documented fees, expenses and disbursements of one counsel and no more than one counsel in each jurisdiction where Collateral is located) (A) arising in connection with the negotiation, preparation, execution, delivery, modification and termination of, or consent or waiver to, this Agreement, the ABL Intercreditor Agreement and each Security Document or the enforcement of any of the provisions hereof or thereof, or (B) incurred or required to be advanced in connection with the administration of the Trust Estate, the sale or other disposition of Collateral pursuant to any Security Document and the preservation, protection or defense of the Collateral Trustee's rights under this Agreement and in and to the Collateral and the Trust Estate, and all reasonable and documented costs and expenses incurred by the Collateral Trustee and its agents in creating, perfecting, preserving, releasing or enforcing the Collateral Trustee's Transaction Liens on the Collateral.

The obligations of the Grantors under this Section 5(c) shall survive the termination of the other provisions of this Agreement.

(d) *Stamp and Other Similar Taxes*. The Grantors, jointly and severally, agree to indemnify and hold harmless the Collateral Trustee and each Secured Party (and their respective agents) from any present or future claim for liability for any stamp or other similar tax and any penalties or interest with respect thereto that may be assessed, levied or collected by any jurisdiction in connection with this Agreement, the ABL Intercreditor Agreement, any Security Document, the Trust Estate or any Collateral. The obligations of the Grantors under this Section 5(d) shall survive the termination of the other provisions of this Agreement.

(e) *Filing Fees, Excise Taxes, etc.* The Grantors, jointly and severally, agree to pay or to reimburse the Collateral Trustee and its agents for any and all amounts in respect of all search, filing, recording and registration fees, excise taxes and other similar imposts that are payable in respect of the execution, delivery, performance and enforcement of this Agreement, the ABL Intercreditor Agreement and each Security Document. The obligations of the Grantors under this Section 5(e) shall survive the termination of the other provisions of this Agreement.

(f) *Indemnification*. The Grantors, jointly and severally, agree to pay, indemnify, and hold the Collateral Trustee and its officers, directors, employees and agents harmless from and against any and all liabilities, obligations, losses, damages, claims, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the ABL Intercreditor Agreement and the Security Documents (including, but not limited to, actions by the Collateral Trustee to enforce its rights with respect to the Collateral), unless arising from the gross negligence or willful misconduct (in either case, as determined by a final judgment of a court of competent jurisdiction) of the Collateral Trustee or such of the agents as are seeking indemnification. The foregoing indemnities in this Section 5(f) shall survive the resignation or removal of the Collateral Trustee or the termination of this Agreement.

(g) *Further Assurances; Notation on Financial Statements.*

(i) At any time and from time to time, upon the written request of the Collateral Trustee, and, at the sole expense of the Grantors, the Grantors will promptly execute and deliver any and all such further instruments and documents and take such further action as the Collateral Trustee reasonably deems necessary or desirable in obtaining the full benefits of this Agreement, the ABL Intercreditor Agreement, the Security Documents and the other Secured Debt Documents and of the rights and powers herein and therein granted. To the extent required by law, the Grantors shall, in all of their financial statements, indicate by footnote or otherwise that the Secured Obligations are secured pursuant to this Agreement and the Security Documents.

(ii) Pursuant to the Secured Debt Agreements, from time to time, additional direct or indirect subsidiaries of the Company are required to become parties to the Security Agreement. In connection with any such subsidiary becoming party to the Security Agreement, such subsidiary (an "**Additional Grantor**") shall execute a Supplement to Collateral Trust Agreement in the form of Exhibit A hereto and upon such execution shall become a Grantor hereunder with all applicable rights and responsibilities.

SECTION 6. *The Collateral Trustee.*

(a) *Acceptance of Trust; Powers of the Collateral Trustee*.

(i) The Collateral Trustee, for itself and its successors, hereby accepts the trusts created by this Agreement upon the terms and conditions hereof, including those contained in this Section 6.

(ii) The Collateral Trustee is authorized and empowered to enter into and perform its obligations and protect, perfect, exercise and enforce its interests, rights, powers and remedies under this Agreement, the ABL Intercreditor Agreement and the Security Documents and applicable law and in equity and to act as set forth in this Agreement or as requested in any lawful directions given to it from time to time in respect of any matter by a written notice of the Applicable Authorized Representative.

(iii) None of the Term Loan Agent, the Senior Indenture Trustee or any Additional Authorized Representative or any other holder of Secured Obligations will have any liability whatsoever for any act or omission of the Collateral Trustee.

(iv) The Collateral Trustee will accept, hold, administer and enforce all Transaction Liens on the Collateral at any time transferred or delivered to it and all other interests, rights, powers and remedies at any time granted to or enforceable by the Collateral Trustee and all other property of the Trust Estates solely and exclusively for the benefit of all present and future holders of Secured Obligations (subject to the ABL Intercreditor Agreement), and will distribute all proceeds received by it in realization thereon or from enforcement thereof solely and exclusively pursuant to the provisions of Section 4(d).

(v) Except as expressly provided herein, no provision of this Agreement shall require the Collateral Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers.

(b) *Exculpatory Provisions*.

(i) The Collateral Trustee shall not be responsible in any manner whatsoever for the correctness of any recitals, statements, representations or warranties of any other Person contained in this Agreement, in the ABL Intercreditor Agreement or in any Security Document, all of which are made solely by the Grantors. The Collateral Trustee makes no representations as to the value or condition of the Trust Estate or any part thereof, or as to the title of the Grantors thereto or as to the security afforded by any Security Document or this Agreement or the ABL Intercreditor Agreement, or as to the validity, execution (except its own execution), enforceability, legality or sufficiency of this Agreement, the ABL Intercreditor Agreement, any Security Document or the Secured Obligations secured hereby and thereby, and the Collateral Trustee shall incur no liability or responsibility in respect of any such matters. The Collateral Trustee shall not be responsible for insuring the Trust Estate or for the payment of taxes, charges, assessments or liens upon the Trust Estate or otherwise as to the maintenance of the Trust Estate, except that in the event the Collateral Trustee enters into possession of a part or all of the Trust Estate, the Collateral Trustee shall preserve the part in its possession.

(ii) The Collateral Trustee shall not be required to ascertain or inquire as to the performance by the Grantors of any of the covenants or agreements contained in this Agreement, in the ABL Intercreditor Agreement, any Security Document or in any other Secured Debt Document. Whenever it is necessary, or in the opinion of the Collateral Trustee advisable, for the Collateral Trustee to ascertain the amount of Secured Obligations then held by a

Secured Party, the Collateral Trustee may conclusively rely on a certificate of such Secured Party or its representative (including the Term Loan Agent, the Senior Indenture Trustee or any applicable Additional Authorized Representative) as to such amount, and if any such Secured Party or representative shall not give such information to the Collateral Trustee, such Secured Party shall not be entitled to receive distributions hereunder (in which case such distributions shall be held in trust for such Secured Party) until it has given such information to the Collateral Trustee.

(iii) The Collateral Trustee shall not be personally liable for any action taken or omitted to be taken by it in accordance with this Agreement, the ABL Intercreditor Agreement or any Security Document except for its own gross negligence or willful misconduct.

(iv) The Collateral Trustee shall have no responsibility for the preparation, filing or recording of any instrument, document or financing statement or for the maintenance of any security interest intended to be perfected thereby.

(c) *Delegation of Duties*. The Collateral Trustee may execute any of the trusts or powers hereof and perform any duty hereunder either directly or by or through agents or attorneys-in-fact, which may include officers and employees of the Grantors. The Collateral Trustee shall be entitled to advice of counsel of its selection, at the expense of the Grantors, concerning all matters pertaining to such trusts, powers and duties. The Collateral Trustee shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it without gross negligence or willful misconduct.

(d) *Reliance by Collateral Trustee*.

(i) Whenever in the administration of the trusts of this Agreement the Collateral Trustee shall deem it necessary or desirable that a matter be proved or established in connection with the taking, suffering or omitting any action hereunder by the Collateral Trustee, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively provided or established by a certificate of a Responsible Officer of any Grantor delivered to the Collateral Trustee, and such certificate shall be full warranty to the Collateral Trustee for any action taken, suffered or omitted in reliance thereon, subject, however, to the provisions of Section 6(e).

(ii) The Collateral Trustee may consult with counsel of its selection, and any opinion of such counsel who is not an employee of the Collateral Trustee shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in accordance therewith. The Collateral Trustee shall have the right at any time to seek instructions concerning the administration of the Trust Estate from any court of competent jurisdiction.

(iii) The Collateral Trustee may conclusively rely, and shall be fully protected in acting, upon any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order, bond or other paper or document

that it has no reason to believe to be other than genuine and to have been signed or presented by the proper party or parties or, in the case of cables, telecopies and telexes, to have been sent by the proper party or parties. In the absence of its gross negligence or willful misconduct, the Collateral Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Collateral Trustee and conforming to the requirements of this Agreement or any Security Document. Without limitation to the foregoing, the Collateral Trustee may conclusively rely as provided in this Section 6(d) on any Officer's Certificate provided by the Company pursuant to Section 2(b) hereof, and may deem such information correct until such time as it receives any written modification of any such certificate from the Company in respect thereof.

(iv) The Collateral Trustee shall not be under any obligation to exercise any of the rights or powers vested in the Collateral Trustee by this Agreement at the request or direction of the Applicable Authorized Representative pursuant to this Agreement, the ABL Intercreditor Agreement or any Security Document, unless the Collateral Trustee shall have been provided adequate security and indemnity reasonably satisfactory to it against the costs, expenses and liabilities that may be incurred by it in compliance with such request or direction, including such reasonable advances as may be requested by the Collateral Trustee.

(e) *Limitations on Duties of Collateral Trustee*.

(i) The Collateral Trustee shall be obliged to perform such duties and only such duties as are specifically set forth in this Agreement, the ABL Intercreditor Agreement or in any Security Document, and no implied covenants or obligations shall be read into this Agreement, the ABL Intercreditor Agreement or any Security Document against the Collateral Trustee and the Collateral Trustee shall not be liable with respect to any action taken or omitted by it in accordance with the direction of the Applicable Authorized Representative pursuant to Section 3(h).

(ii) Except as herein otherwise expressly provided, the Collateral Trustee shall not be under any obligation to take any action that is discretionary with the Collateral Trustee under the provisions hereof or under the ABL Intercreditor Agreement or any Security Document except upon the written request of the Applicable Authorized Representative pursuant to Section 3(h). The Collateral Trustee shall make available for inspection and copying by the Term Loan Agent, the Senior Indenture Trustee and each Additional Authorized Representative, each certificate or other paper furnished to the Collateral Trustee by the Company under or in respect of this Agreement, the ABL Intercreditor Agreement, any Security Document or any of the Trust Estate.

(iii) Whenever reference is made in this Agreement to any action by, consent, designation, specification, requirement of approval of, notice, request or other communication from, or other direction given or action to be undertaken or to be (or not to be) suffered or omitted by the Collateral Trustee or to any election, decision, opinion, acceptance, use of judgment, expression of satisfaction or other exercise of discretion, rights or remedies to be made (or not

to be made) by the Collateral Trustee, it is understood that in all cases the Collateral Trustee shall, except as otherwise expressly provided in this Agreement, be acting, giving, withholding, suffering, omitting, taking or otherwise undertaking and exercising the same (or shall not be undertaking and exercising the same) as directed by the Secured Parties. This provision is intended solely for the benefit of the Collateral Trustee and its successors and permitted assigns and is not intended to and will not entitle the other parties hereto to any defense, claim or counterclaim, or confer any rights or benefits on any party hereto.

(f) *Moneys to Be Held in Trust*. All moneys received by the Collateral Trustee under or pursuant to any provision of this Agreement, the ABL Intercreditor Agreement or any Security Document shall be held in trust for the purposes for which they were paid or are held.

(g) *Resignation and Removal of the Collateral Trustee*.

(i) The Collateral Trustee may at any time, by giving 30 days' prior written notice to the Company, the Term Loan Agent, the Senior Indenture Trustee and each Additional Authorized Representative (if any), resign and be discharged of the responsibilities hereby created, such resignation to become effective upon the earlier of: (A) 30 days from the date of such notice and (B) the appointment of a successor trustee or trustees by the Company, the acceptance of such appointment by such successor trustee or trustees, and the approval of such successor trustee or trustees by each Authorized Representative; *provided* that no resignation shall become effective unless and until a successor trustee has been appointed as provided herein. The Collateral Trustee may be removed at any time and a successor trustee or trustees appointed by each of the Authorized Representatives; *provided* that the Collateral Trustee shall be paid its fees and expenses to the date of removal. Any successor Collateral Trustee appointed pursuant to this Section 6(g) shall be (x) a commercial bank or other financial institution or trust company organized under the laws of the United States of America or any state thereof having (1) a combined capital and surplus of at least $250,000,000 and (2) a rating of its long-term senior unsecured indebtedness of "A-2" or better by Moody's or "A" or better by S&P or (y) any other Person that is acceptable to the Company and the Required Secured Parties of each Class of Secured Obligations. If no successor trustee or trustees shall be appointed and approved within 30 days from the date of the giving of the aforesaid notice of resignation or removal, the Collateral Trustee, the Term Loan Agent, the Senior Indenture Trustee, any Additional Authorized Representative or any other Secured Party may, apply to any court of competent jurisdiction, at the expense of the Company, to appoint a successor trustee or trustees (which may be an individual or individuals) to act until such time, if any, as a successor trustee or trustees shall have been appointed as above provided. Any successor trustee or trustees so appointed by such court shall immediately and without further act be superseded by any successor trustee or trustees appointed by the Authorized Representatives as above provided.

(ii) If at any time the Collateral Trustee shall resign or be removed or otherwise become incapable of acting, or if at any time, a vacancy shall occur in the office of the Collateral Trustee for any other cause, a successor trustee or trustees may be appointed by the Authorized Representatives, and the powers, duties, authority and title of the predecessor trustee or trustees terminated and canceled without procuring the resignation of such predecessor trustee or trustees, and without any other formality (except as may be required by applicable law) than appointment and designation of a successor trustee or trustees in writing, duly acknowledged, delivered to the predecessor trustee or trustees and Company, and filed for record in each public office, if any, in which this Agreement is required to be filed.

(iii) The appointment and designation referred to in Section 6(g)(ii) shall, after any required filing, be full evidence of the right and authority to make the same and of all the facts therein recited, and this Agreement shall vest in such successor trustee or trustees, without any further act, deed or conveyance, all of the estate and title of its predecessor, and upon such filing for record the successor trustee or trustees shall become fully vested with all the estates, properties, rights, powers, trusts, duties, authority and title of its predecessor; but such predecessor shall, nevertheless, on the written request of the Applicable Authorized Representative, the Company or the successor trustee or trustees, execute and deliver an instrument transferring to such successor or successors all the estates, properties, rights, powers, trusts, duties, authority and title of such predecessor or predecessors hereunder and shall deliver all Securities and moneys held by it to such successor trustee or trustees. Should any deed, conveyance or other instrument in writing from any Grantor be required by any successor trustee or trustees for more fully and certainly vesting in such successor trustee or trustees the estates, properties, rights, powers, trusts, duties, authority and title vested or intended to be vested in the predecessor trustee or trustees, any and all such deeds, conveyances and other instruments in writing shall, on request of such successor trustee or trustees, be executed, acknowledged and delivered by such Grantor.

(iv) Any required filing for record of the instrument appointing a successor trustee or trustees as hereinabove provided shall be at the sole expense of the Grantors. The resignation of any trustee or trustees and the instrument or instruments removing any trustee or trustees, together with all other instruments, deeds and conveyances provided for in this Section 6 shall, if permitted by law, be forthwith recorded, registered and filed by and at the expense of the Grantors, wherever this Agreement is recorded, registered and filed.

(h) *Merger of the Collateral Trustee*. Any corporation into which the Collateral Trustee may be merged, or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Collateral Trustee shall be a party, or any corporation to which the Collateral Trustee shall transfer all or substantially all of its corporate trust business (including the administration of this trust) shall be Collateral Trustee under this Agreement without the execution or filing of any paper or any further act on the part of the parties hereto.

(i) *Co-Trustee, Separate Trustee*.

(i) If at any time or times it shall be necessary or prudent in order to conform to any law of any jurisdiction in which any of the Collateral shall be located, or the Collateral Trustee shall be advised by counsel, satisfactory to it, that it is so necessary or advisable in the interest of the Secured Parties, or the Applicable Authorized Representative shall in writing so request the Collateral Trustee and the Grantors, or the Collateral Trustee shall deem it desirable for its own protection in the performance of its duties hereunder, the Collateral Trustee and the Grantors shall, at the reasonable request of the Collateral Trustee, execute and deliver all instruments and agreements necessary or proper to constitute another bank or trust company, or one or more persons approved by the Collateral Trustee and the Grantors, either to act as co-trustee or co-trustees of all or any of the Collateral, jointly with the Collateral Trustee originally named herein or any successor or successors, or to act as separate trustee or trustees of any such property. In the event the Grantors shall not have joined in the execution of such instruments and agreements within 30 days after the receipt of a written request from the Collateral Trustee so to do, or in case an Actionable Default shall have occurred and be continuing, the Collateral Trustee may act under the foregoing provisions of this Section 6(i) without the concurrence of the Grantors, and the Grantors hereby appoint the Collateral Trustee as its agent and attorney to act for it under the foregoing provisions of this Section 6(i) in either of such contingencies.

(ii) Every separate trustee and every co-trustee, other than any trustee that may be appointed as successor to the Collateral Trustee, shall, to the extent permitted by law, be appointed and act and be such, subject to the following provisions and conditions, namely:

(A) all rights, powers, duties and obligations conferred upon the Collateral Trustee in respect of the custody, control and management of moneys, papers or Securities shall be exercised solely by the Collateral Trustee, or its successors as trustee hereunder;

(B) all rights, powers, duties and obligations conferred or imposed upon the Collateral Trustee hereunder shall be conferred or imposed and exercised or performed by the Collateral Trustee and such separate trustee or separate trustees or co-trustee or co-trustees, jointly, as shall be provided in the instrument appointing such separate trustee or separate trustees or co-trustee or co-trustees, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed the Collateral Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such separate trustee or separate trustees or co-trustee or co-trustees;

(C) no power given hereby to, or that it is provided hereby may be exercised by, any such co-trustee or co-trustees or separate trustee or separate trustees, shall be exercised hereunder by such co-trustee or co-trustees or separate trustee or separate trustees, except jointly with, or with the consent in writing of, the Collateral Trustee, anything herein contained to the contrary notwithstanding;

(D) no trustee hereunder shall be personally liable by reason of any act or omission of any other trustee hereunder; and

(E) the Grantors and the Collateral Trustee, at any time by an instrument in writing, executed by them, may accept the resignation of or remove any such separate trustee or co-trustee, and in that case, by an instrument in writing executed by the Grantors and the Collateral Trustee jointly, may appoint a successor to such separate trustee or co-trustee, as the case may be, anything herein contained to the contrary notwithstanding. In the event that the Grantors shall not have joined in the execution of any such instrument within ten days after the receipt of a written request from the Collateral Trustee so to do, or in case an Actionable Default shall have occurred and be continuing, the Collateral Trustee shall have the power to accept the resignation of or remove any such separate trustee or co-trustee and to appoint a successor without the concurrence of the Grantors, the Grantors hereby appointing the Collateral Trustee its agent and attorney to act for it in such connection in either of such contingencies. In the event that the Collateral Trustee shall have appointed a separate trustee or separate trustees or co-trustee or co-trustees as above provided, it may at any time, by an instrument in writing, accept the resignation of or remove any such separate trustee or co-trustee, the successor to any such separate trustee or co-trustee to be appointed by the Grantors and the Collateral Trustee, or by the Collateral Trustee alone, as provided in this Section 6(i).

SECTION 7. *Conditions to Release of Collateral; Release Procedure.*

(a) Subject to the ABL Intercreditor Agreement, the Collateral Trustee's Transaction Liens upon the Collateral will be released or subordinated under the following circumstances:

(i) The Transaction Liens granted by a Subsidiary Guarantor shall terminate when each of its Secured Debt Guaranties is released pursuant to the terms of each of such Secured Debt Guaranties.

(ii) Subject to Section 7(b), the Transaction Liens granted by all Grantors shall terminate when the Release Conditions are satisfied; *provided* that the Company shall have delivered an Officer's Certificate to the Collateral Trustee certifying that the Release Conditions have been met and that such release of the Collateral is permitted under, and does not violate the terms of, any Secured Debt Document.

(iii) As to any Collateral that is sold, leased, exchanged, assigned, transferred or otherwise disposed of by any Grantor to a Person that is not (either before or after such sale, transfer or disposition) another Grantor in a transaction or other circumstance that is permitted (or in the case of a sale, transfer or disposition to a Subsidiary that is not a Grantor, expressly permitted) by all of the Secured Debt Documents, the Transaction Lien as to such Collateral shall be released automatically at the time of such sale, lease, exchange, assignment, transfer or other disposition to the extent of the interest

sold, leased, exchanged, assigned, transferred or otherwise disposed of; *provided* that, to the extent provided in the Security Documents, the Collateral Trustee's Transaction Liens will attach to the Proceeds received in respect of any such sale, transfer or other disposition, subject to the priorities set forth in the ABL Intercreditor Agreement and Section 4(d); *provided, further* that the Proceeds of any Term/Notes Priority Collateral (as defined in the ABL Intercreditor Agreement) shall be deposited in the Cash Collateral Account to the extent required by the applicable Secured Debt Documents;

(iv) At any time before the Release Conditions are satisfied, the Collateral Trustee shall, at the written request of the Company, release any or all of the Collateral (A) (1) with respect to any Class of Secured Obligations, if consent to the release of such Transaction Liens of the Collateral Trustee on such Collateral has been given by, as applicable, the requisite percentage or number of Term Lenders (or the Term Loan Agent on behalf of such Term Lenders), the requisite percentage or number of Senior Noteholders (or the Senior Indenture Trustee, on behalf of such Senior Noteholders) or the requisite percentage or number of holders of indebtedness in respect of each other Series of Additional Secured Obligations (or the Additional Authorized Representative on behalf of such holders) as permitted by, and in accordance with, the applicable Secured Debt Documents and (2) if the Company shall have delivered an Officer's Certificate to the Collateral Trustee certifying that the conditions described in this clause (iv)(A) have been met; (B) if the ABL Agent delivers a notice to the Collateral Agent with respect to specified Collateral pursuant to Section 5(a) of the Intercreditor Agreement requiring the release of the Transaction Liens on such Collateral; or (C) if any Collateral becomes an Excluded Asset;

(v) If any part of the Collateral is subject to any Permitted Lien (as defined in the Security Agreement) that is senior to the Liens securing the Collateral as a matter of law, the Collateral Agent will execute any document reasonably requested in writing by the Company to evidence such subordination; and

(vi) If any part of the Collateral is secured by a Lien securing Indebtedness incurred pursuant to Sections 6.01(f) and 6.01(g) of the Term Loan Credit Agreement, clause (b)(4) of the definition of Permitted Debt in the Senior Secured Note Indenture and the equivalent provision of any Additional Secured Debt Facility, and the terms of such Indebtedness (or of the Lien securing such Indebtedness) either prohibit the existence of a junior Lien on the applicable property or require that such Lien be subordinated, the Collateral Agent will release or subordinate the Lien, as applicable on such Collateral and execute any document reasonably requested in writing by the Company to evidence such release or subordination; *provided* that immediately upon the ineffectiveness, lapse or termination of any such restriction, the relevant Grantor shall take all necessary actions to secure the Collateral subject to such Lien in the same manner upon which it was secured prior to the imposition of such Lien.

(b) The Transaction Liens on the Collateral shall not be released pursuant to Section 7(a)(ii) unless and until all fees and other amounts owing to the Collateral Trustee under this Agreement and the other Security Documents (other than any indemnification obligations for which no known claim or demand for payment, whether oral or written, has been made) shall have been paid in full.

(c) Upon the release of the Collateral, or any portion thereof, in each case in accordance with the provisions hereof, all right, title and interest of the Collateral Trustee in, to and under the Trust Estate in respect of the Collateral or portion thereof so released, and the Security Documents in respect of such Collateral, shall terminate and shall revert to the respective Grantors, their successors and assigns, and the estate, right, title and interest of the Collateral Trustee therein shall thereupon cease, determine and become void; and in such case, upon the written request of the respective Grantors, their successors or assigns, and at the cost and expense of the Grantors, their successors or assigns, the Collateral Trustee shall execute in respect of the Collateral so released, a satisfaction of the Security Documents and such instruments as are necessary or desirable to terminate and remove of record any documents constituting public notice of the Security Documents and the security interests and assignments granted thereunder and shall assign and transfer, or cause to be assigned and transferred, and shall deliver or cause to be delivered to the Grantors, in respect of the Collateral so released, all property, including all moneys, instruments and Securities (if any), of the Grantors then held by the Collateral Trustee. The cancellation and satisfaction of the Security Documents shall be without prejudice to the rights of the Collateral Trustee or any successor trustee to charge and be reimbursed for any expenditures that it may thereafter incur in connection therewith.

SECTION 8. *Amendments, Supplements and Waivers.* (a) No failure or delay on the part of any party hereto in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereto are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any party hereto in any case shall entitle such party to any other or further notice or demand in similar or other circumstances.

(b) Subject to Section 8(d), neither this Agreement nor any provision hereof may be waived, amended or otherwise modified except pursuant to an agreement or agreements in writing entered into by the Term Loan Agent, the Senior Indenture Trustee, any Additional Authorized Representative and the Collateral Trustee, in each case, upon an affirmative vote of the Required Secured Parties of the relevant Class to the extent required by the terms of the applicable Secured Debt Documents; *provided* that no such agreement shall by its terms amend, modify or otherwise affect the rights or obligations of any Grantor without the Company's prior written consent; *provided, further* that in connection with any Refinancing of Secured Obligations of any Class, or the incurrence of Additional Secured Obligations in compliance with Section 2(b), the Collateral Trustee and the relevant Authorized Representative shall enter (and are hereby authorized to enter without the consent of any other Secured Party), at the request of the Collateral Trustee, such Authorized Representative or the Company, into such amendments, supplements, modifications or restatements of this Agreement as are reasonably necessary or appropriate to reflect and facilitate such Refinancing or such incurrence and are reasonably satisfactory to the Collateral Trustee and such Authorized Representative and the Company.

(c) The Collateral Trustee shall not enter into any agreement or agreements that waive, amend or otherwise modify (i) any Security Document (other than this Agreement) or any provision thereof or (ii) consent to any waiver, amendment or other modification of any ABL Document to the extent the Collateral Trustee's consent is required under the ABL Intercreditor Agreement without the written consent of the Authorized Representative of each Class of Secured Obligations (upon an affirmative vote of the Required Secured Parties of such Class, to the extent required by the terms of the applicable Secured Debt Documents).

(d) Without the consent of any Secured Party, the Collateral Trustee and the Grantors, at any time and from time to time, may enter into additional pledge or Security Documents or one or more agreements supplemental hereto or to any Security Document, in form satisfactory to the Collateral Trustee (it being understood that any supplement in the form of Exhibits A and B shall be deemed to be satisfactory to the Collateral Trustee):

(i) to add to the covenants of the Grantors, for the benefit of the Secured Parties, or to surrender any right or power herein conferred upon the Grantors;

(ii) to pledge or grant a security interest in any property or assets that are required to be pledged, or in which a security interest is required to be granted, to the Collateral Trustee pursuant to any Security Document or any other applicable Secured Debt Document;

(iii) to cure any ambiguity or omission, to correct or to supplement any provision herein or in any Security Document that may be defective or inconsistent with any other provision herein or therein, or to make any other provisions with respect to matters or questions arising hereunder or under any Security Document that shall not be inconsistent with any provision hereof or of any Security Document;

(iv) to add an Additional Grantor; and

(v) to add an Additional Authorized Representative.

(e) In executing, or accepting the additional trusts created by, any amendment, supplement or waiver hereto or to any other Security Document, permitted by this Agreement or such Security Document, the Collateral Trustee shall receive and shall be fully protected in conclusively relying upon, an opinion of counsel or an Officer's Certificate stating that the execution of such amendment, supplement or waiver is authorized or permitted by this Agreement or such Security Document. The Collateral Trustee may, but shall not be obligated to, enter into any amendment, supplement or waiver, which adversely affects the Collateral Trustee's own rights, duties or immunities under this Agreement, such Security Document or otherwise.

SECTION 9. *Notices.* All notices, requests, demands and other communications provided for or permitted hereunder shall be in writing and shall be sent by mail, telecopy or hand delivery:

(a) If to any Grantor, to it at the address of the Company at: Spectrum Brands, Inc., 601 Rayovac Drive, Madison, Wisconsin 53711-2497, Attention: David Lumley (facsimile: 608-288-4485), or at such other address as shall be designated by it in a written notice to the Collateral Trustee (with a copy to Paul, Weiss, Rifkind, Wharton & Garrison LLP, 1285 Avenue of the Americas, New York, New York 10018, Attention: Eric Goodison, facsimile: 212 757-3990);

(b) If to the Collateral Trustee, to it at its address at: Wells Fargo Bank, National Association, 7000 Central Parkway, Suite 550, Atlanta, Georgia 30328, Attention: Stefan Victory (facsimile: 770-551-5118), or at such other address as shall be designated by it in a written notice to the Company and each Authorized Representative;

(c) If to the Term Loan Agent, to it at its address at: Credit Suisse AG, One Madison Avenue, New York, New York 10010, Attention: Agency Manager (facsimile: 212-322-2291), or at such other address as shall be designated by it in writing to the Collateral Trustee.

(d) If to the Senior Indenture Trustee, to it at its address at: US Bank – Corporate Trust Services, 150 Fourth Avenue North, 2nd Floor, Nashville, Tennessee 37219, Attention: Wally Jones (facsimile: 615-251-0737), or at such other address as shall be designated by it in writing to the Collateral Trustee.

(e) If to any Additional Authorized Representative, to it at its address as designated in the Collateral Trust Joinder to which it is a party, or at such other address as shall be designated by it in writing to the Collateral Trustee.

All such notices, requests, demands and communications shall be deemed to have been duly given or made, when delivered by hand or five Business Days after being deposited in the mail, postage prepaid, or when telecopied or electronically transmitted, receipt acknowledged; *provided*, *however*, that any notice, request, demand or other communication to the Collateral Trustee shall not be effective until received.

SECTION 10. *Headings.* Section, subsection and other headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

SECTION 11. *Severability.* In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 12. *Treatment of Payee or Indorsee by Trustee.* (a) The Collateral Trustee may treat the registered holder of any registered note, and the payee or indorsee of any note or debenture that is not registered, as the absolute owner thereof for all purposes hereunder and shall not be affected by any notice to the contrary, whether such promissory note or debenture shall be past due or not.

(b) Any person, firm, corporation or other entity that shall be designated as the duly authorized representative of one or more Secured Parties to act as such in connection with any matters pertaining to this Agreement, the ABL Intercreditor Agreement or any Security Document or the Collateral shall present to the Collateral Trustee such documents, including, without limitation, opinions of counsel, as the Collateral Trustee may reasonably require, in order to demonstrate to the Collateral Trustee the authority of such person, firm, corporation or other entity to act as the representative of such Secured Parties.

SECTION 13. *Dealings with the Grantors.* (a) Upon any application or demand by any Grantor to the Collateral Trustee to take or permit any action under any of the provisions of this Agreement, such Grantor shall furnish to the Collateral Trustee an Officer's Certificate stating that all conditions precedent, if any, provided for in this Agreement relating to the proposed action have been complied with, except that in the case of any such application or demand as to which the furnishing of such documents is specifically required by any provision of this Agreement relating to such particular application or demand, no additional certificate or opinion need be furnished.

(b) Any opinion of counsel may be based, insofar as it relates to factual matters, upon an Officer's Certificate filed with the Collateral Trustee.

SECTION 14. *Claims Against the Collateral Trustee.* Any claims or causes of action that the holders of any Secured Obligations, the Term Loan Agent, the Senior Indenture Trustee, any Additional Authorized Representative or any Grantor shall have against the Collateral Trustee shall survive the termination of this Agreement and the release of the Collateral hereunder.

SECTION 15. *Binding Effect; Successors and Assigns.* This Agreement shall be binding upon and inure to the benefit of each of the Secured Parties, and their respective successors and assigns, and nothing herein or in any Security Document is intended or shall be construed to give any other person any right, remedy or claim under, to or in respect of this Agreement, any Security Document, the Collateral or the Trust Estate. All obligations of the Grantors hereunder will inure to the sole and exclusive benefit of, and be enforceable by, the Collateral Trustee, the Term Loan Agent, the Senior Indenture Trustee, each Additional Authorized Representative and each present and future holder of Secured Obligations, each of whom will be entitled to enforce this Agreement as a third-party beneficiary hereof, and all of their respective successors and assigns.

SECTION 16. Applicable Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

SECTION 17. *Jurisdiction; Consent to Service of Process.* (a) Each Grantor hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in the Borough of Manhattan in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Secured Debt Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this Agreement shall affect any right that the Collateral Trustee or any Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or the other Secured Debt Documents against any Grantor or its properties in the courts of any jurisdiction.

(b) Each Grantor hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Secured Debt Documents in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 18. *WAIVER OF JURY TRIAL*. EACH PARTY HERETO HEREBY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF, UNDER OR IN CONNECTION WITH THIS AGREEMENT OR ANY OF THE OTHER SECURED DEBT DOCUMENTS. EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER SECURED DEBT DOCUMENTS, AS APPLICABLE, BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 18.

SECTION 19. *Force Majeure.* In no event shall the Collateral Trustee be responsible or liable for any failure or delay in the performance of its obligations hereunder arising out of or caused by, directly or indirectly, forces beyond its control, including, without limitation, strikes, work stoppages, accidents, acts of war or terrorism, civil or military disturbances, nuclear or natural catastrophes or acts of God, and interruptions, loss or malfunctions of utilities, communications or computer (software and hardware) services; it being understood that the Collateral Trustee shall use reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as practicable under the circumstances.

SECTION 20. *Consequential Damages.* In no event shall the Collateral Trustee be responsible or liable for special, indirect, punitive or consequential loss or damage of any kind whatsoever (including, but not limited to, loss of profit) irrespective of whether the Collateral Trustee has been advised of the likelihood of such loss or damage and regardless of the form of action.

SECTION 21. *Termination.* This Agreement shall terminate on the date upon which the Collateral Trustee shall have released the Transaction Liens on the Collateral pursuant to Section 7(a)(ii); *provided, however*, that (x) this Agreement shall continue to be effective or be reinstated, as the case may be, if at any time payment of any Secured Obligation, or any part thereof, is rescinded or must otherwise be restored by the Collateral Trustee, any Secured Party, the Company or any other Grantor in any Bankruptcy Proceeding of the Company, any other Grantor or otherwise, and (y) the provisions of clauses (c) through (f) of Section 5 and Section 6 shall survive termination of this Agreement.

SECTION 22. *Counterparts.* This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Agreement by facsimile or PDF transmission shall be as effective as delivery of a manually signed counterpart of this Agreement. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

SECTION 23. *Incorporation by Reference.* In connection with its execution and acting as agent or trustee (as applicable) hereunder, each of the Collateral Trustee, the Term Loan Agent and the Senior Indenture Trustee are entitled to all rights, privileges, protections, immunities, benefits and indemnities provided to them under the Security Documents and any other applicable Secured Debt Documents.

SECTION 24. *ABL Intercreditor Agreement.* Notwithstanding anything herein to the contrary, (i) the liens and security interests granted to the Collateral Trustee pursuant to any Security Document and (ii) the exercise of any right or remedy by the Collateral Trustee hereunder or thereunder or the application of proceeds (including insurance proceeds and condemnation proceeds) of any Collateral, are subject to the provisions of the ABL Intercreditor Agreement. In the event of any conflict between the terms of the ABL Intercreditor Agreement and the terms of this Agreement, the terms of the ABL Intercreditor Agreement shall govern.

SECTION 25. *USA PATRIOT Act.* The parties hereto acknowledge that in accordance with Section 326 of the USA PATRIOT Act, the Collateral Trustee is required to obtain, verify, and record information that identifies each person or legal entity that establishes a relationship or opens an account with the Collateral Trustee. The parties to this Indenture agree that they will provide the Collateral Trustee with such information as it may request in order for the Collateral Trustee to satisfy the requirements of the USA PATRIOT Act.

[Remainder of Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement or caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the day and year first above written.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Collateral Trustee

By: /s/ Elizabeth T. Wagner
Name: Elizabeth T. Wagner
Title: Vice President

CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH,
as Term Loan Agent

By: /s/ John D. Toronto
Name: John D. Toronto
Title: Director

By: /s/ Vipul Dhadda
Name: Vipul Dhadda
Title: Associate

US BANK, NATIONAL ASSOCIATION,
as Senior Indenture Trustee

By: /s/ Wally Jones
Name: Wally Jones
Title: Vice President

SPECTRUM BRANDS, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President, Secretary & General Counsel

DB ONLINE, LLC,
ROVCAL, INC.,
SPECTRUM JUNGLE LABS CORPORATION,
SPECTRUM NEPTUNE US HOLDCO CORPORATION,
TETRA HOLDINGS (US), INC.,
UNITED PET GROUP, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Secretary

SCHULTZ COMPANY,
UNITED INDUSTRIES CORPORATION

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Assistant Secretary

SB/RH HOLDINGS, LLC,
RUSSELL HOBBS, INC.,
APN HOLDING COMPANY, INC.,
APPLICA AMERICAS, INC.,
APPLICA CONSUMER PRODUCTS, INC.,
HOME CREATIONS DIRECT, LTD.,
HP DELAWARE, INC.,
HPG LLC,
SALTON HOLDINGS, INC.,
TOASTMASTER INC.

By: /s/ Lisa Carstarphen
Name: Lisa Carstarphen
Title: Vice President and Secretary

Exhibit A to
Collateral Trust Agreement

[FORM OF] SUPPLEMENT TO COLLATERAL TRUST AGREEMENT

Reference is made to the Collateral Trust Agreement, dated as of June 16, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the "**Collateral Trust Agreement**"), among Spectrum Brands, Inc., a Delaware corporation, (the "**Company**"), SB/RH Holdings, LLC, a Delaware limited liability company ("**Holdings**"), the subsidiaries of the Company listed on the signature pages thereto (the "**Subsidiary Grantors**" and, together with the Company and Holdings, the "**Grantors**"), Credit Suisse AG, Cayman Islands Branch, as Term Loan Agent, Wells Fargo Bank, National Association, as Senior Indenture Trustee, US Bank, National Association, as Collateral Trustee, and each other Person party thereto from time to time. Terms defined in the Collateral Trust Agreement and not otherwise defined herein are as defined in the Collateral Trust Agreement.

This Supplement to Collateral Trust Agreement, dated as of _____, 20__ (this "**Supplement to Collateral Trust Agreement**"), is being delivered pursuant to Section 5(g) of the Collateral Trust Agreement.

The undersigned, _____, a _____ (the "**Additional Grantor**") hereby agrees to become a party to the Collateral Trust Agreement as a Grantor thereunder, for all purposes thereof on the terms set forth therein, and to be bound by all of the terms and provisions of the Collateral Trust Agreement as fully as if the Additional Grantor had executed and delivered the Collateral Trust Agreement as of the date thereof.

This Supplement to Collateral Trust Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Supplement to Collateral Trust Agreement by facsimile or PDF transmission shall be as effective as delivery of a manually signed counterpart of this Supplement to Collateral Trust Agreement. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

This Supplement to Collateral Trust Agreement shall be construed in accordance with and governed by the laws of the State of New York.

[Signature Pages Follow]

IN WITNESS WHEREOF, the Additional Grantor has caused this Supplement to Collateral Trust Agreement to be duly executed by its authorized representative as of the day and year first above written.

[ADDITIONAL GRANTOR]

By: _____

Name:

Title:

The Collateral Trustee acknowledges receipt of this Supplement to Collateral Trust Agreement and agrees to act as Collateral Trustee with respect to the Collateral pledged by the Additional Grantor, as of the day and year first above written.

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Collateral Trustee

By: _____
Name:
Title:

Exhibit B to
Collateral Trust Agreement

[FORM OF] COLLATERAL TRUST JOINDER

Reference is made to the Collateral Trust Agreement, dated as of June 16, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the "**Collateral Trust Agreement**"), among Spectrum Brands, Inc., a Delaware corporation, (the "**Company**"), SB/RH Holdings, LLC, a Delaware limited liability company ("**Holdings**"), the subsidiaries of the Company listed on the signature pages thereto (the "**Subsidiary Grantors**" and, together with the Company and Holdings, the "**Grantors**"), Credit Suisse AG, Cayman Islands Branch, as Term Loan Agent, Wells Fargo Bank, National Association, as Senior Indenture Trustee, US Bank, National Association, as Collateral Trustee, and each other Person party thereto from time to time. Terms defined in the Collateral Trust Agreement and not otherwise defined herein are as defined in the Collateral Trust Agreement.

This Collateral Trust Joinder, dated as of _____, 20__ (this "**Collateral Trust Joinder**"), is being delivered pursuant to Section 2(b) of the Collateral Trust Agreement as a condition precedent to the incurrence of the indebtedness for which the undersigned is acting as agent being entitled to the benefits of being Secured Obligations under the Collateral Trust Agreement.

1. Joinder. The undersigned, _____, a _____, (the "**New Representative**") as [trustee, administrative agent] under that certain [*describe Additional Secured Debt Facility*] (the "**Additional Secured Debt Facility**") hereby agrees to become party as an Additional Authorized Representative and a Secured Party under the Collateral Trust Agreement for all purposes thereof on the terms set forth therein, and to be bound by the terms, conditions and provisions of the Collateral Trust Agreement as fully as if the undersigned had executed and delivered the Collateral Trust Agreement as of the date thereof.

2. Lien Sharing and Priority Confirmation. The undersigned New Representative, on behalf of itself and each holder of obligations in respect of the Additional Secured Debt Facility (together with the Additional Authorized Representative, the "**New Secured Parties**"), hereby agrees, for the enforceable benefit of all existing and future Additional Authorized Representative, each existing and future Trustee and each existing and future Secured Party, and as a condition to being treated as Secured Obligations under the Collateral Trust Agreement that:

(a) all Secured Obligations will be and are secured equally and ratably by all Transaction Liens granted to the Collateral Trustee, for the benefit of the Secured Parties, which are at any time granted by any Grantor to secure any Secured Obligations whether or not upon property otherwise constituting collateral for such Additional Secured Debt Facility, and that all Transaction Liens granted pursuant to the Security Documents will be enforceable by the Collateral Trustee for the benefit of all holders of Secured Obligations equally and ratably as contemplated by the Collateral Trust Agreement;

(b) the New Representative and each other New Secured Party is bound by the terms, conditions and provisions of the Collateral Trust Agreement, the ABL Intercreditor Agreement and the Security Documents, including, without limitation, the provisions relating to the ranking of Transaction Liens and the order of application of proceeds from the enforcement of Transaction Liens; and

(c) the New Representative shall perform its obligations under the Collateral Trust Agreement, the ABL Intercreditor Agreement and the Security Documents.

3. Appointment of Collateral Trustee. The New Representative, on behalf of itself and the New Secured Parties, hereby (a) irrevocably appoints Wells Fargo Bank, National Association as Collateral Trustee for purposes of the Collateral Trust Agreement, the ABL Intercreditor Agreement and the Security Documents, (b) irrevocably authorizes the Collateral Trustee to take such actions on its behalf and to exercise such powers as are delegated to the Collateral Trustee in the Collateral Trust Agreement, the ABL Intercreditor Agreement and the Security Documents, together with such actions and powers as are reasonably incidental thereto, and authorizes the Collateral Trustee to execute any Security Documents on behalf of all Secured Parties and to take such other actions to maintain and preserve the security interests granted pursuant to any Security Documents, and (c) acknowledges that it has received and reviewed the Collateral Trust Agreement, the ABL Intercreditor Agreement and the Security Documents and agrees to be bound by the terms thereof. The New Representative, on behalf of the New Secured Parties, and the Collateral Trustee, on behalf of the existing Secured Parties, each hereby acknowledges and agrees that the Collateral Trustee in its capacity as such shall be agent on behalf of the New Representative and on behalf of all other Secured Parties.

4. Consent. The New Representative, on behalf of itself and the New Secured Parties, consents to and directs the Collateral Trustee to perform its obligations under the Collateral Trust Agreement, the ABL Intercreditor Agreement and the Security Documents.

5. Authority as Agent. The New Representative represents, warrants and acknowledges that it has the authority to bind each of the New Secured Parties to the Collateral Trust Agreement and the ABL Intercreditor Agreement and such New Secured Parties are hereby bound by the terms, conditions and provisions of the Collateral Trust Agreement and the ABL Intercreditor Agreement, including, without limitation, the provisions relating to the ranking of Transaction Liens and the order of application of proceeds from the enforcement of Transaction Liens.

6. Additional Authorized Representative. The Additional Authorized Representative in respect of the Additional Secured Debt Facility is [*insert name of New Representative*]. The address of the Additional Authorized Representative in respect of the Additional Secured Debt Facility for purposes of all notices and other communications hereunder and under the Collateral Trust Agreement and the ABL Intercreditor Agreement is _____, _____, Attention of _____ (Facsimile No. _____, electronic mail address: _____).

7. Officer's Certificate. Each of the Grantors hereby certifies that the Grantors have previously delivered the Officer's Certificate contemplated by Section 2(b)(ii) of the Collateral Trust Agreement and all other information, evidence and documentation required by Section 2(b) of the Collateral Trust Agreement, in each case in accordance with the terms of the Collateral Trust Agreement.

8. Reaffirmation of Security Interest. By acknowledging and agreeing to this Collateral Trust Joinder, each of the Grantors hereby (a) confirms and reaffirms the security interests pledged and granted pursuant to the Security Documents and grants a security interest in all of its right, title and interest in the Collateral (as defined in the applicable Security Documents), whether now owned or hereafter acquired to secure the Secured Obligations, and agrees that such pledges and grants of security interests shall continue to be in full force and effect, (b) confirms and reaffirms all of its obligations under its guarantees pursuant to the applicable Term Loan Documents, Senior Secured Note Documents and the Additional Secured Debt Documents and agrees that such guarantees shall continue to be in full force and effect, and (c) authorizes the filing of any financing statements describing the Collateral (as defined in the applicable Security Documents) in the same manner as described in the applicable Security Documents or in any other manner as the Collateral Trustee may determine is necessary or advisable to ensure the perfection of the security interests in the Collateral (as defined in the applicable Security Documents) granted to the Collateral Trustee hereunder or under the applicable Security Documents.

9. Counterparts. This Collateral Trust Joinder may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. This Collateral Trust Joinder may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Collateral Trust Joinder by facsimile or PDF transmission shall be as effective as delivery of a manually signed counterpart of this Collateral Trust Joinder. Signatures of the parties hereto transmitted by facsimile or PDF shall be deemed to be their original signatures for all purposes.

10. Governing Law. THIS COLLATERAL TRUST JOINDER SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK.

11. Miscellaneous. The provisions of Sections 8 through 25 of the Collateral Trust Agreement shall apply with like effect to this Collateral Trust Joinder.

[Signature Pages Follow]

IN WITNESS WHEREOF, the New Representative has caused this Collateral Trust Joinder to be duly executed by its authorized representative, and each Grantor party hereto have caused the same to be accepted by their respective authorized representatives, as of the day and year first above written.

[NEW REPRESENTATIVE]

By: _____
Name:
Title:

Acknowledged and agreed:

SPECTRUM BRANDS, INC.

By: _____
Name:
Title:

SB/RH HOLDINGS, LLC

By: _____
Name:
Title:

[SUBSIDIARY GRANTORS]

By: _____
Name:
Title:

The Collateral Trustee acknowledges receipt of this Collateral Trust Joinder and agrees to act as Collateral Trustee with respect to the Additional Secured Debt Facility in accordance with the terms of the Collateral Trust Agreement and the Security Documents.

Dated: _____, 20__

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Trustee

By: _____
Name:
Title:

Exhibit 10.19

EXECUTION COPY

INTERCREDITOR AGREEMENT

dated as of

June 16, 2010

among

SPECTRUM BRANDS, INC.,

SB/RH HOLDINGS, LLC,

THE OTHER GRANTORS PARTY HERETO,

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

and

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Term/Notes Agent

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This INTERCREDITOR AGREEMENT dated as of June 16, 2010, among SPECTRUM BRANDS, INC., a Delaware corporation (the "**Company**"), SB/RH HOLDINGS, LLC, a Delaware limited liability company ("**Holdings**"), the subsidiaries of the Company listed on the signature pages hereof and the Additional Grantors described herein (the Company, Holdings, the subsidiaries so listed and the Additional Grantors being, collectively, the "**Grantors**"), WELLS FARGO BANK, NATIONAL ASSOCIATION, ("**WFB**") as the Term/Notes Agent and BANK OF AMERICA, N.A. ("**BofA**") as the ABL Agent.

WHEREAS, the Company and certain of its domestic Subsidiaries have entered into the ABL Credit Agreement described in Section 1 hereof, pursuant to which the Company and the other borrowers named therein will borrow funds for the purposes set forth therein;

WHEREAS, the Company has entered into the Term Loan Credit Agreement described in Section 1 hereof, pursuant to which the Company will borrow funds for the purposes set forth therein;

WHEREAS, the Company has entered into the Senior Secured Note Indenture described in Section 1 hereof, pursuant to which the Company will issue its 9.50% Senior Secured Notes due 2018 (the "**Senior Secured Notes**");

WHEREAS, Holdings has guaranteed the foregoing obligations of the Company (and the other borrowers, if applicable) pursuant to the Holdings ABL Guaranty, the Holdings Term Loan Guaranty and the Holdings Senior Secured Note Guaranty and has secured its guarantees thereof by granting Liens on its assets to the ABL Agent and the Term/Notes Agent as provided in the ABL Security Documents and the Term/Notes Security Documents, respectively;

WHEREAS, the Company has caused each of its Domestic Subsidiaries to guarantee the foregoing obligations of the Company (and the other borrowers, if applicable) pursuant to the Subsidiary ABL Guaranties, the Subsidiary Term Loan Guaranties and the Subsidiary Senior Secured Note Guaranties (subsidiaries that are party to such guaranties are collectively, the "**Subsidiary Guarantors**" and, together with Holdings, the "**Guarantors**") and has caused each such Domestic Subsidiary to secure its guarantees thereof by granting Liens on its assets to the ABL Agent and the Term/Notes Agent as provided in the ABL Security Documents and the Term/Notes Security Documents, respectively;

WHEREAS, the Company, the Guarantors, the Term Loan Agent, the Senior Indenture Trustee and the Term/Notes Agent have entered into the Collateral Trust Agreement, pursuant to which the Term/Notes Agent has been appointed by the Term Loan Agent on behalf of the lenders under the Term Loan Credit Agreement and the Senior Indenture Trustee on behalf of the holders of the Senior Secured Notes, and the Term/Notes Agent has agreed, to hold and administer the Liens granted pursuant to the Term/Notes Security Documents for the ratable benefit of all of the Term/Notes Secured Parties on a *pari passu* basis;

WHEREAS, pursuant to the ABL Security Documents, the ABL Agent has agreed to hold and administer the Liens granted pursuant to the ABL Security Documents for the benefit of the ABL Secured Parties; and

WHEREAS, the parties hereto wish to set forth herein their agreement regarding the priority of Liens granted under the ABL Documents and the Term/Notes Documents, other agreements regarding the Common Collateral and related matters;

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

SECTION 1. *Definitions.*

(a) *Terms Defined in UCC*. As used herein, each of the following terms shall have the meaning specified in the UCC:

Term	UCC
Account	9-102
Cash Proceeds	9-102
Chattel Paper	9-102
Commercial Tort Claim	9-102
Deposit Account	9-102
Document	9-102
General Intangibles	9-102
Instrument	9-102
Inventory	9-102
Letter-of-Credit Right	9-102
Proceeds	9-102
Promissory Note	9-102
Record	9-102
Securities Account	8-501
Supporting Obligation	9-102

(b) *Additional Definitions*. The following additional terms, as used herein, have the following meanings:

"**ABL Agent**" shall mean (i) BofA, in its capacity as administrative agent and collateral agent for the lenders and the other ABL Secured Parties under the ABL Credit Agreement and the other ABL Documents entered into pursuant thereto, (ii) the administrative agent and collateral agent under such ABL

Documents as may be entered into pursuant to any Refinancing of the foregoing permitted hereunder and (iii) with respect to both (i) and (ii), its successors and permitted assigns.

"**ABL Bank Product Obligations**" shall mean any Bank Product Obligations that are (i) owed to a Person that is a lender or agent under the ABL Credit Agreement or an affiliate of such a lender or agent at the time of entry into such Bank Product Obligations and (ii) secured by any Common Collateral pursuant to the ABL Security Documents; *provided* that the ABL Bank Product Obligations in respect of Specified Bank Products shall not exceed $50,000,000 in the aggregate at any time.

"**ABL Collateral**" shall mean all of the assets of each Grantor, whether real, personal or mixed, with respect to which a Lien is granted as security for any ABL Obligation.

"**ABL Credit Agreement**" shall mean that certain Loan and Security Agreement dated as of June 16, 2010, among the Company and certain of its Subsidiaries, as borrowers, certain of the Company's Subsidiaries and affiliates, as guarantors, the lenders party thereto, and BofA, as administrative agent, as the same may be amended, supplemented, modified or Refinanced from time to time in accordance with the provisions of this Agreement.

"**ABL Documents**" shall mean the ABL Credit Agreement and the other Loan Documents (as defined in the ABL Credit Agreement) and each of the other agreements, documents and instruments (including each agreement, document or instrument providing for or evidencing an ABL Hedging Obligation or ABL Bank Product Obligation) providing for or evidencing any ABL Obligation, and any other document or instrument executed or delivered at any time in connection with any ABL Obligations under the ABL Credit Agreement and the Loan Documents (as defined in the ABL Credit Agreement), including any intercreditor or joinder agreement among holders of ABL Obligations, in each case to the extent such are effective at the relevant time and as each may be amended, supplemented, modified or Refinanced from time to time in accordance with the provisions of this Agreement.

"**ABL Hedging Obligations**" shall mean any Hedging Obligations that are (i) owed to a Person that is a lender or agent under the ABL Credit Agreement or an affiliate of such a lender or agent at the time of entry into such Hedging Obligations (or, in the case of any Hedging Obligations that are entered into on June 15, 2010, owed to a Person that becomes a lender or agent under the ABL Credit Agreement on June 16, 2010 or is an affiliate of such a lender or agent) and (ii) secured by any Common Collateral pursuant to the ABL Security Documents.

"**ABL Obligations**" shall mean all Obligations outstanding under the ABL Credit Agreement and the other ABL Documents (including, without limitation, all Obligations of the Company and its Subsidiaries in respect of ABL Hedging Obligations and ABL Bank Product Obligations); *provided* that (i) the ABL Outstandings Amount shall not exceed the greater of (x) $400,000,000 and (y) maximum amount of Indebtedness permitted to be incurred under the ABL Credit Agreement by each of the Term/Notes Agreements at any time and (ii) the ABL Bank Product Obligations in respect of Specified Bank Products shall not exceed $50,000,000 in the aggregate at any time (the "**ABL Specified Bank Product Cap**"). To the extent any payment with respect to the ABL Obligations (whether by or on behalf of any Grantor, as proceeds of security, enforcement of any right of set-off or otherwise) is declared to be fraudulent or preferential in any respect, set aside or required to be paid to a debtor in possession, trustee, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred and no Discharge of ABL Obligations shall be deemed to have occurred with respect to such amount.

"**ABL Outstandings Amount**" shall mean, at any time, an amount equal to the sum (without duplication) of (a) the aggregate principal amount of all loans outstanding at such time under the ABL Credit Agreement then in effect (but, excluding (i) all Accruals and (ii) all Indemnity Amounts) and (b) the aggregate face amount of all unreimbursed letters of credit issued at such time under the ABL Credit Agreement then in effect.

"**ABL Priority Collateral**" shall mean the following assets of each Grantor other than Excluded Assets:

(i) all Accounts (but excluding any Accounts consisting of a right to receive payment from a sale, assignment, transfer, lease, license or other disposition of property constituting Term/Notes Priority Collateral);

(ii) all Inventory;

(iii) to the extent governing or involving any of the items referred to in preceding clauses (i) and (ii), all Chattel Paper, Documents, General Intangibles, Instruments, Commercial Tort Claims and Letter-of-Credit Rights, *provided* that to the extent any of the foregoing also relates to Term/Notes Priority Collateral, only that portion related to the items referred to in preceding clauses (i) and (ii) shall be included in the ABL Priority Collateral;

(iv) to the extent relating to any of the items referred to in preceding clauses (i) through (iii), all Supporting Obligations, *provided* that to the extent any of the foregoing also relates to Term/Notes Priority Collateral, only that portion related to the items referred to in preceding clauses (i) through (iii) shall be included in the ABL Priority Collateral;

(v) all Deposit Accounts and all deposits of cash, checks, other negotiable instruments, funds and other evidences of payments held therein or credited thereto (but excluding (x) all deposits of cash, checks, other negotiable instruments, funds, and other evidences of payments constituting identifiable Proceeds of Term/Notes Priority Collateral and (y) any Term/Notes Priority Collateral Proceeds Account and all cash, checks, other negotiable instruments, funds, other evidences of payments, securities, financial assets or other property held therein or credited thereto);

(vi) all loans payable by a Grantor to any other Grantor to the extent made using the direct proceeds of advances under the ABL Credit Agreement;

(vii) all policies of business interruption insurance;

(viii) all books and Records (including, without limitation, databases, customer lists and engineer drawings), in each case whether tangible or electronic and to the extent embodying, incorporating or otherwise relating to any of the foregoing; and

(ix) all ABL Priority Proceeds.

"**ABL Priority Proceeds**" shall mean any and all Proceeds of the ABL Priority Collateral described in clauses (i) through (viii) of the definition thereof, but excluding in all instances outside of a Bankruptcy Proceeding any property that is acquired with cash proceeds of such ABL Priority Collateral and does not otherwise constitute ABL Priority Collateral.

"**ABL Secured Parties**" shall mean the Persons holding ABL Obligations, including, without limitation, the ABL Agent and each other "Secured Party" (as defined in the ABL Credit Agreement).

"**ABL Security Documents**" shall mean any agreement, document or instrument pursuant to which a Lien is now or hereafter granted by any Grantor to secure any ABL Obligations or under which rights or remedies with respect to any such Liens are at any time governed.

"**ABL Specified Bank Product Cap**" shall have the meaning assigned to such term in the definition of "ABL Obligations".

"**Accruals**" shall mean, on any date of determination thereof, all accrued but unpaid interest, fees, and other charges owing by any Grantor to any Secured

Party under any of the Finance Documents, including any advances made by any Secured Party to pay such amounts, interest accrued upon any such advances and Enforcement Expenses. Accruals shall expressly include all interest accruing and fees, costs and charges (including Enforcement Expenses) incurred after the commencement of any Bankruptcy Proceeding, regardless of whether any Secured Party's claim therefor is allowed or allowable in such Bankruptcy Proceeding.

"**Agents**" shall mean the ABL Agent and the Term/Notes Agent.

"**Agreement**" shall mean this Agreement, as amended, renewed, extended, supplemented or otherwise modified from time to time in accordance with the terms hereof.

"**Bank Product Obligations**" shall mean, with respect to any Person, all obligations, whether now owing or hereafter arising, of such Person in respect of overdrafts and related liabilities or arising from Bank Products.

"**Bank Products**" shall mean (i) services in connection with operating, collections, payroll, trust or other depository or disbursement accounts, including automated clearinghouse, e-payable, electronic funds transfer, wire transfer, controlled disbursement, overdraft, depository, information reporting, lockbox or stop payment services, (ii) commercial credit card, purchasing card and merchant card services and (iii) other banking products or services (other than letters of credit and leases). The products and services described in clauses (ii) and (iii) above are referred to herein as the "**Specified Bank Products**".

"**Bankruptcy Law**" shall mean the Bankruptcy Code and any similar Federal, state or foreign law for the relief of debtors.

"**Bankruptcy Code**" shall mean the United States Bankruptcy Code (11 U.S.C. §101 et seq.), as amended from time to time, and any successor statute.

"**Bankruptcy Proceeding**" shall mean that there shall be an assignment for the benefit of creditors relating to the Company or any Grantor whether or not voluntary; or any case shall be commenced by or against the Company or any Grantor under any Bankruptcy Law for the relief of debtors, whether or not voluntary; or any proceeding shall be instituted by or against the Company or any Grantor seeking to adjudicate it bankrupt or insolvent, or seeking liquidation, dissolution, marshalling of assets or liabilities, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency, or seeking the entry of an order for relief or the appointment of a receiver, trustee, administrator or other similar official for it or for any substantial part of its property and assets, whether or not voluntary; or any event or action analogous to or having a substantially similar effect to any of the events or actions set forth above in this definition (other than a solvent reorganization) shall occur under the law of any jurisdiction applicable to the Company or any Grantor.

"**BofA**" shall have the meaning set forth in the introductory statement.

"**Class**" refers, (a) when used with respect to any Secured Obligations or Secured Parties, to whether the same are ABL Obligations or ABL Secured Parties, on the one hand, or Term/Notes Obligations or Term/Notes Secured Parties, on the other hand, (b) when used with respect to Term/Notes Obligations, to whether the same are Term Loan Obligations, Senior Secured Note Obligations or Additional Secured Obligations (each as defined in the Collateral Trust Agreement) and (c) when used with respect to Term/Note Secured Parties, whether the same are Term Loan Secured Parties, Senior Secured Note Parties or Additional Secured Parties (each as defined in the Collateral Trust Agreement).

"**Class Discharge**" shall mean a Discharge of ABL Obligations or a Discharge of Term/Notes Obligations.

"**Collateral Trust Agreement**" shall mean that certain Collateral Trust Agreement dated as of June 16, 2010 among the Company, Holdings, the subsidiaries of the Company party thereto, the Term Loan Agent, the Senior Indenture Trustee and the Term/Notes Agent, as amended, supplemented or otherwise modified from time to time; *provided* that such amendment, supplement or modification does not contravene the terms hereof.

"**Common Collateral**" shall mean all of the assets of any Grantor, whether real, personal or mixed, constituting both ABL Collateral and Term/Notes Collateral.

"**Company**" shall have the meaning set forth in the introductory statement.

"**Control**" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "**Controlling**" and "**Controlled**" shall have meanings correlative thereto.

"**Deposit Account Collateral**" shall mean that part of the Common Collateral comprised of or contained in Deposit Accounts or Securities Accounts.

"**DIP Financing**" shall have the meaning set forth in Section 6(a).

"**Discharge of ABL Obligations**" shall mean (i) payment in full in cash of the principal of, and interest (including any Post-Petition Interest) and premium (if any) on, all Indebtedness outstanding under the ABL Documents, (ii) payment in full in cash of all other ABL Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid, (iii)

termination or cash collateralization of, in an amount and on terms reasonably satisfactory to the ABL Agent, or other provision for in a manner reasonably satisfactory to the ABL Agent and the issuing bank under the ABL Credit Agreement, all letters of credit issued under the ABL Documents, (iv) termination or expiration of all commitments and obligations to lend and to issue letters of credit under the ABL Documents, (v) termination and payment in full in cash of all termination fees and other amounts due in respect of ABL Hedging Obligations, or cash collateralization or the provision of other security in respect thereof in an amount and on terms satisfactory to the relevant Secured Party and (vi) any costs, expenses and contingent indemnification obligations not yet due and payable but with respect to which a claim has been threatened or asserted in writing under any ABL Document, are backed by letters of credit or cash collateral in an amount and on terms reasonably satisfactory to ABL Agent.

"**Discharge of First-Lien Obligations**" shall mean (i) in respect of ABL Priority Collateral, the Discharge of ABL Obligations and (ii) in respect of Term/Notes Priority Collateral, the Discharge of Term/Notes Obligations.

"**Discharge of Second-Lien Obligations**" shall mean (i) in respect of ABL Priority Collateral, the Discharge of Term/Notes Obligations and (ii) in respect of Term/Notes Priority Collateral, the Discharge of ABL Obligations.

"**Discharge of Term/Notes Obligations**" shall mean (i) payment in full in cash of the principal of, and interest (including any Post-Petition Interest) and premium (if any) on, all Indebtedness outstanding under the Term/Notes Documents, (ii) payment in full in cash of all other Term/Notes Obligations that are due and payable or otherwise accrued and owing at or prior to the time such principal and interest are paid and (iii) any costs, expenses and contingent indemnification obligations not yet due and payable but with respect to which a claim has been threatened or asserted in writing under any Term/Notes Document, are backed by letters of credit or cash collateral in an amount and on terms reasonably satisfactory to Term/Notes Agent.

"**Enforcement Expenses**" shall mean all costs, expenses, fees or advances that any Agent or Secured Party may make, suffer or incur, in each case after the occurrence of an event of default under the relevant Finance Documents on account of or in connection with (i) the repossession, storage, repair, appraisal, insuring, completion of the manufacture of, preparing for sale, advertising for sale, selling, collecting, or otherwise preserving or realizing upon any Common Collateral, (ii) the settlement or satisfaction of any prior Lien or other encumbrance upon any of the Common Collateral, (iii) the retention by an Agent or any Secured Party of consultants, including turnaround management consultants, accountants, attorneys, appraisers, auctioneers and environmental engineers or (iv) the enforcement of any of the Finance Documents or the collection of any Obligations. Such costs, expenses, and advances may

include, without limitation, storage fees, legal fees, appraisal fees, brokers' fees and commissions, auctioneers' fees and commissions, environmental assessment fees, and wages and salaries paid to employees of any Grantor or any independent contractors in liquidating or collecting any Common Collateral.

"**Excluded Assets**" shall have the meaning specified in the ABL Credit Agreement and the Term/Notes Security Agreement.

"**Finance Documents**" shall mean the ABL Documents and the Term/Notes Documents.

"**First-Lien Agent**" shall mean (i) with respect to ABL Priority Collateral, the ABL Agent and (ii) with respect to Term/Notes Priority Collateral, the Term/Notes Agent.

"**First-Lien Collateral**" shall mean, for purposes of determining the respective rights and obligations of either Class of Secured Parties as First-Lien Secured Parties or Second-Lien Secured Parties under any provision of this Agreement, such portion of the Common Collateral with respect to which the Secured Parties of such Class are First-Lien Secured Parties or Second-Lien Secured Parties, as the context may require.

"**First-Lien Security Documents**" shall mean (i) with respect to ABL Priority Collateral, the ABL Security Documents and (ii) with respect to Term/Notes Priority Collateral, the Term/Notes Security Documents.

"**First-Lien Documents**" shall mean (i) with respect to ABL Priority Collateral, the ABL Documents and (ii) with respect to Term/Notes Priority Collateral, the Term/Notes Documents.

"**First-Lien Obligations**" shall mean (i) in respect of ABL Priority Collateral, the ABL Obligations and (ii) in respect of Term/Notes Priority Collateral, the Term/Notes Obligations.

"**First-Lien Secured Parties**" shall mean (i) with respect to ABL Priority Collateral, the ABL Secured Parties and (ii) with respect to Term/Notes Priority Collateral, the Term/Notes Secured Parties.

"**Grantors**" shall have the meaning assigned to such term in the introductory statement hereto.

"**Hedging Obligations**" shall mean, with respect to any Person, all obligations and liabilities, whether now owing or hereafter arising, of such Person in respect of (i) currency exchange, interest rate or commodity swap agreements, currency exchange, interest rate or commodity cap agreements and currency exchange, interest rate or commodity collar agreements and (ii) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange, interest rates and/or commodity prices.

"**Holdings ABL Guaranty**" shall mean the guaranty made by Holdings in favor of the ABL Secured Parties.

"**Holdings Senior Secured Note Guaranty**" shall mean the guaranty made by Holdings in favor of the Senior Secured Note Secured Parties.

"**Holdings Term Loan Guaranty**" shall mean the guaranty made by Holdings in favor of the Term Loan Secured Parties.

"**Indebtedness**" shall mean and include all obligations that constitute "Debt", "Indebtedness" or other comparable terms within the meaning of the ABL Credit Agreement, the Term Loan Credit Agreement and the Senior Secured Notes Indenture as in effect on the date hereof.

"**Indemnity Amount**" shall mean, on any date of determination thereof, the amount required to be paid by any Grantor to any Secured Party on such date pursuant to any indemnity provisions contained in any applicable Finance Document.

"**Lien**" shall mean, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, encumbrance, charge or security interest in or on such asset, (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities.

"**Maximum ABL Amount**" shall mean, at any time, an amount equal to the greater of (a) $450,000,000 and (b) the sum of (i) the maximum amount of Indebtedness permitted to be incurred under the ABL Credit Agreement by each of the Term/Notes Agreements at such time and (ii) $100,000,000.

"**Maximum Term/Notes Amount**" shall mean, at any time, an amount equal to the greater of (a) $1,650,000,000 and (b) the sum of (i) the maximum amount of Indebtedness permitted to be incurred under the Term/Notes Agreements by the ABL Credit Agreement at such time and (ii) $100,000,000.

"**Obligations**" shall mean, in respect of any Indebtedness, all obligations of any of the Grantors from time to time arising under or in respect of the due and punctual payment of (i) the principal of and premium, if any, and interest (including any Post-Petition Interest) on such Indebtedness, when and as due, whether at maturity, by acceleration, upon one or more dates set for prepayment or otherwise, and (ii) all other monetary obligations, including fees, costs,

expenses and indemnities, whether primary, secondary, direct, contingent, fixed or otherwise (including monetary obligations incurred during the pendency of any Bankruptcy Proceeding with respect to any Grantor, regardless of whether allowed or allowable in such proceeding), of the Grantors under any Finance Document governing such Indebtedness.

"**Person**" shall mean any natural person, corporation, limited liability company, trust, joint venture, association, company, partnership, entity or other party, including any government and any political subdivision, agency or instrumentality thereof.

"**Pledged Collateral**" shall mean the Common Collateral in the possession of an Agent (or its agents or bailees), to the extent that possession thereof perfects a Lien thereon under the UCC.

"**Post-Petition Interest**" means any interest and fees that accrue after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of any one or more of the Grantors (or would accrue but for the operation of applicable bankruptcy or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such proceeding.

"**Recovery**" shall have the meaning set forth in Section 6(d).

"**Refinance**" shall mean, in respect of any indebtedness or other obligation, to refinance, extend, renew, defease, amend and restate, restructure, replace, refund or repay, or to issue other indebtedness or other obligation in exchange or replacement for, such indebtedness or other obligation in whole or in part. "**Refinanced**" and "**Refinancing**" shall have correlative meanings.

"**Required ABL Lenders**" shall mean those lenders the approval of which is required to approve an amendment or modification of, termination or waiver of any provision of, or consent to any departure from, the ABL Credit Agreement (or would be required to effect such consent under this Agreement if such consent were treated as an amendment thereof).

"**Second-Lien Agent**" shall mean (i) with respect to ABL Priority Collateral, the Term/Notes Agent and (ii) with respect to Term/Notes Priority Collateral, the ABL Agent.

"**Second-Lien Documents**" shall mean (i) with respect to ABL Priority Collateral, the Term/Notes Documents and (ii) with respect to Term/Notes Priority Collateral, the ABL Documents.

"**Second-Lien Obligations**" shall mean (i) in respect of Term/Notes Priority Collateral, the ABL Obligations and (ii) in respect of ABL Priority Collateral, the Term/Notes Obligations.

"**Second-Lien Secured Parties**" shall mean (i) with respect to ABL Priority Collateral, the Term/Notes Secured Parties and (ii) with respect to Term/Notes Priority Collateral, the ABL Secured Parties.

"**Second-Lien Security Documents**" shall mean (i) with respect to ABL Priority Collateral, the Term/Notes Security Documents and (ii) with respect to Term/Notes Priority Collateral, the ABL Security Documents.

"**Secured Obligations**" shall mean the ABL Obligations and the Term/Notes Obligations.

"**Secured Parties**" shall mean the ABL Secured Parties and the Term/Notes Secured Parties.

"**Senior Secured Notes**" shall have the meaning set forth in the recitals.

"**Senior Secured Note Indenture**" shall mean that certain Indenture dated as of June 16, 2010, among the Company, as issuer, the guarantors party thereto and US Bank, National Association, as indenture trustee, as the same may be amended, supplemented, modified or Refinanced from time to time in accordance with the provisions of this Agreement.

"**Specified Bank Products**" shall have the meaning assigned to such term in the definition of "Bank Products".

"**Standstill Period**" shall have the meaning set forth in Section 3(a)(i).

"**subsidiary**" shall mean, with respect to any Person (herein referred to as the "**parent**"), any corporation, partnership, limited liability company, association or other business entity of which securities or other ownership interests representing more than 50% of the equity or more than 50% of the ordinary voting power or more than 50% of the general partnership interests are, at the time any determination is being made, directly or indirectly, owned, Controlled or held by such Person.

"**Subsidiary**" shall mean any subsidiary of the Company.

"**Subsidiary ABL Guaranties**" shall mean the guaranties made by the Subsidiaries in favor of the ABL Secured Parties.

"**Subsidiary Senior Secured Note Guaranties**" shall mean the guaranties made by the Subsidiaries in favor of the Senior Secured Note Secured Parties.

"**Subsidiary Term Loan Guaranties**" shall mean the guaranties made by the Subsidiaries in favor of the Term Loan Secured Parties.

"**Term Loan Credit Agreement**" means the Credit Agreement dated as of June 16, 2010 among the Company, Holdings, the lenders party thereto and Credit Suisse AG, as administrative agent, as the same may be amended, supplemented, modified or Refinanced from time to time in accordance with the provisions of this Agreement.

"**Term/Notes Agent**" shall mean Wells Fargo Bank, National Association, in its capacity as collateral trustee under the Collateral Trust Agreement and the other Term/Notes Documents entered into in connection therewith, and its successors and permitted assigns.

"**Term/Notes Agreements**" shall mean the Term Loan Credit Agreement, the Senior Secured Notes Indenture and any Additional Secured Debt Facility (as defined in the Collateral Trust Agreement).

"**Term/Notes Collateral**" shall mean all of the assets of each Grantor, whether real, personal or mixed, with respect to which a Lien is granted as security for any Term/Notes Obligation.

"**Term/Notes Documents**" shall have the meaning assigned to the term "Secured Debt Documents" in the Collateral Trust Agreement.

"**Term/Notes Obligations**" shall mean all Obligations outstanding under the Term/Notes Agreements and the other Term/Notes Documents; *provided* that the aggregate amount of Term/Notes Obligations shall not exceed the greater of (x) $1,600,000,000 and (y) the maximum amount of Indebtedness permitted to be incurred under the Term/Notes Agreements by the ABL Credit Agreement at any time. To the extent any payment with respect to the Term/Notes Obligations (whether by or on behalf of any Grantor, as proceeds of security, enforcement of any right of set-off or otherwise) is declared to be fraudulent or preferential in any respect, set aside or required to be paid to a debtor in possession, trustee, receiver or similar Person, then the obligation or part thereof originally intended to be satisfied shall be deemed to be reinstated and outstanding as if such payment had not occurred and no Discharge of Term/Notes Obligations shall be deemed to have occurred with respect to such amount.

"**Term/Notes Outstandings Amount**" shall mean, at any time, an amount equal to the sum of the aggregate principal amount of all loans outstanding at such time under the Term Loan Credit Agreement then in effect and the aggregate principal amount of all amounts owing under the Senior Secured Notes.

"**Term/Notes Priority Collateral**" shall mean all of the assets of each Grantor, whether real, personal or mixed, other than the ABL Priority Collateral and the Excluded Assets.

"**Term/Notes Priority Collateral Proceeds Account**" shall mean one or more Deposit Accounts established pursuant to any Term/Notes Document for the purpose of holding proceeds of Term/Notes Priority Collateral, and into which there shall be deposited only proceeds of Term/Notes Priority Collateral.

"**Term/Notes Secured Parties**" shall mean the Persons holding Term/Notes Obligations, including the Term/Notes Agent.

"**Term/Notes Security Agreement**" shall have the meaning assigned to the term "Security Agreement" in the Collateral Trust Agreement.

"**Term/Notes Security Documents**" shall have the meaning assigned to the term "Security Documents" in the Collateral Trust Agreement.

"**UCC**" shall mean the Uniform Commercial Code as from time to time in effect in the State of New York or, when the laws of any other jurisdiction govern the perfection or enforcement of any Lien, the Uniform Commercial Code of such jurisdiction.

"**WFB**" shall have the meaning set forth in the introductory statement.

(c) *Terms Generally*. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, supplemented, modified or Refinanced in accordance with this Agreement, (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections shall be construed to refer to Sections of this Agreement and (e) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

SECTION 2. *Lien Priorities.*

(a) *Subordination of Liens*. Notwithstanding (i) the date, time, manner or order of filing or recordation of any document or instrument or grant, attachment or perfection (including any defect or deficiency or alleged defect or deficiency in any of the foregoing) of any Liens granted to the respective Secured

Parties on any Common Collateral, (ii) any provision of the UCC, Bankruptcy Law, any applicable law or any Finance Document, (iii) whether any Secured Party, either directly or through agents, holds possession of, or has control over, all or any part of the Common Collateral, (iv) the fact that any such Liens may be subordinated, voided, avoided, invalidated or lapsed or (v) any other circumstance of any kind or nature whatsoever, the Second-Lien Agent, on behalf of itself and each applicable Second-Lien Secured Party, hereby agrees that: (a) any Lien on First-Lien Collateral securing any First-Lien Obligations now or hereafter held by or on behalf of the First-Lien Agent or any First-Lien Secured Party or any agent or trustee therefor regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall have priority over and be senior in all respects and prior to any Lien on such Common Collateral securing any Second-Lien Obligations, and (b) any Lien on the Common Collateral securing any Second-Lien Obligations now or hereafter held by or on behalf of the Second-Lien Agent or any Second-Lien Secured Parties or any agent or trustee therefor regardless of how acquired, whether by grant, statute, operation of law, subrogation or otherwise, shall be junior and subordinate in all respects to all Liens on the Common Collateral securing any First-Lien Obligations. All Liens on the Common Collateral securing any First-Lien Obligations shall be and remain senior in all respects and prior to all Liens on the Common Collateral securing any Second-Lien Obligations for all purposes, whether or not such Liens securing any First-Lien Obligations are subordinated to any Lien securing any other obligation of the Company, any other Grantor or any other Person.

(b) *Prohibition on Contesting Liens*. The ABL Agent, for itself and on behalf of each applicable ABL Secured Party, and the Term/Notes Agent, for itself and on behalf of each applicable Term/Notes Secured Party, agrees that it shall not (and hereby waives any right to) take any action to challenge, contest or support any other Person in contesting or challenging, directly or indirectly, in any proceeding (including any Bankruptcy Proceeding), the perfection, priority, validity or enforceability of a Lien securing any Secured Obligations held (or purported to be held) by or on behalf of any of the Secured Parties or any agent or trustee therefor in any Common Collateral.

(c) *No New Liens*. It is understood and agreed that the intent of the parties is for each Class of Secured Obligations to be secured by a perfected lien on all ABL Priority Collateral and all Term/Notes Priority Collateral. In furtherance of the foregoing, the parties hereto agree that it is the intent of the parties that no Secured Party of either Class shall acquire or hold any Lien on any assets of any Grantor that are not also subject to a Lien securing the Secured Obligations of the other Class. If any Secured Party of either Class shall nonetheless acquire or hold any Lien on any assets of any Grantor which assets are not also subject to a Lien securing the Secured Obligations of the other Class (other than a judgment lien), then such Secured Party shall (i) without the need for any further consent of any party and notwithstanding anything to the contrary in

any other document be deemed to hold and have held such Lien for the benefit of the Secured Parties of the other Class as security for the Secured Obligations of the other Class (subject to the Lien priorities and other terms hereof) and (ii) in the case of any such Lien acquired after the date hereof, (A) endeavor to give the other Agent prompt written notice of such additional Lien, *provided* that the failure to give such notice shall not affect the validity of such additional Lien or the rights hereunder of the Agent receiving such additional Lien (subject to the Lien priorities and other terms hereof) and (B) enter into, execute and/or deliver any agreements, filings, instruments or other documents reasonably requested by the other Agent in order to evidence the Lien priorities set forth herein.

(d) *Perfection of Liens*. Except as expressly provided for herein, neither the First-Lien Agent nor the First-Lien Secured Parties shall be responsible for perfecting and maintaining the perfection of Liens with respect to the Common Collateral for the benefit of the Second-Lien Agent and the Second-Lien Secured Parties. Except as expressly provided for herein, neither the Second-Lien Agent nor the Second-Lien Secured Parties shall be responsible for perfecting and maintaining the perfection of Liens with respect to the Common Collateral for the benefit of the First-Lien Agent and the First-Lien Secured Parties. The provisions of this Agreement are intended solely to govern the respective Lien priorities as between the First-Lien Secured Parties and the Second-Lien Secured Parties and shall not impose on any Secured Party or any agent or trustee therefor any obligations in respect of (i) any payment or distribution that any Secured Party may receive or be entitled to receive in any Bankruptcy Proceeding of a Grantor, solely with respect to an unsecured claim (or portion of a claim, to the extent unsecured) of such Secured Party and (ii) the disposition of proceeds of any Common Collateral which would conflict with prior perfected claims therein in favor of any other Person or any order or decree of any court or governmental authority or any applicable law.

SECTION 3. *Enforcement.*

(a) *Exercise of Remedies*.

(i) So long as the Discharge of First-Lien Obligations has not occurred, whether or not any Bankruptcy Proceeding has been commenced by or against the Company or any other Grantor, neither the Second-Lien Agent nor any Second-Lien Secured Party shall:

(A) exercise or seek to exercise any rights or remedies (including set-off) with respect to any First-Lien Collateral in respect of any applicable Second-Lien Obligations, or institute any action or proceeding with respect to such rights or remedies (including any action of foreclosure);

(B) contest, protest or object to any foreclosure proceeding or action brought with respect to the First-Lien Collateral by the First-Lien Agent or any First-Lien Secured Party in respect of the First-Lien Obligations, the exercise of any right by the First-Lien Agent or any First-Lien Secured Party (or any agent or sub-agent on their behalf) in respect of the First-Lien Obligations under any lockbox agreement, control agreement, landlord waiver or bailee's letter or similar agreement or arrangement to which the Second-Lien Agent or any Second-Lien Secured Party either is a party or may have rights as a third party beneficiary, or any other exercise by any such party of any rights and remedies as a secured party relating to the First-Lien Collateral under the First-Lien Documents or otherwise in respect of First-Lien Obligations; or

(C) object to the forbearance by the First-Lien Secured Parties from bringing or pursuing any foreclosure proceeding or action or any other exercise of any rights or remedies relating to the First-Lien Collateral in respect of First-Lien Obligations;

provided, however, that if an Event of Default (as defined in the Second-Lien Documents (as in effect on the date hereof)) has occurred and for so long as such Event of Default is continuing, subject at all times to the provisions of Sections 2(a) and 4, after the expiration of a 180-day period (the "**Standstill Period**") which shall commence on the date of receipt by the First-Lien Agent of the written declaration of the Second-Lien Agent of such Event of Default and written demand by the Second-Lien Agent to the Company for the accelerated payment of all Second-Lien Obligations (unless any Grantor is subject to an Bankruptcy Proceeding by reason of which such declaration and the making of such demand is stayed, in which case, commencing on the date of the commencement of such Bankruptcy Proceeding), the Second-Lien Agent may take action to enforce its second-priority Liens on the First-Lien Collateral upon 30 days' prior written notice to the First-Lien Agent (which notice may be given prior to the completion of such 180-day period, but not prior to the 150th day of such period), but only so long as the First-Lien Agent has not commenced or is not diligently pursuing in good faith the exercise of its enforcement rights or remedies against all or any material portion of the First-Lien Collateral (including, without limitation, commencement of any reasonable action to foreclose its Liens on such First-Lien Collateral, any reasonable action to take possession of such First-Lien Collateral or commencement of any reasonable legal proceedings or actions against or with respect to such First-Lien Collateral) and the First-Lien Agent is not enjoined or stayed from taking any such lien enforcement action against a material portion of the First-Lien Collateral.

(ii) Except as expressly provided in the proviso in Section 3(a)(i), so long as the Discharge of First-Lien Obligations has not occurred and whether or not any Bankruptcy Proceeding has been commenced by or against the Company or any other Grantor, the First-Lien Agent and the First-Lien Secured Parties shall have the exclusive right to enforce rights, exercise remedies (including set-off and the right to credit bid their debt) and make determinations regarding the release, disposition or restrictions with respect to the First-Lien Collateral without any consultation with or the consent of any Second-Lien Agent or any Second-Lien Secured Party; *provided*, *however*, that the Second-Lien Agent may take any action (not adverse to the prior Liens on the First-Lien Collateral securing the First-Lien Obligations, or the rights of the First-Lien Agent or the First-Lien Secured Parties to exercise remedies in respect thereof) in order to create, prove, perfect, preserve or protect (but not enforce) its rights in, and perfection and priority of its Lien on, the First-Lien Collateral. In exercising rights and remedies with respect to the First-Lien Collateral, the First-Lien Agent and the First-Lien Secured Parties may enforce the provisions of the First-Lien Documents and exercise remedies thereunder, all in such order and in such manner as they may determine in the exercise of their sole discretion. Such exercise and enforcement shall include the rights of an agent appointed by them to sell or otherwise dispose of First-Lien Collateral upon foreclosure, to incur expenses in connection with such sale or disposition, and to exercise all the rights and remedies of a secured lender under the Uniform Commercial Code of any applicable jurisdiction and of a secured creditor under the Bankruptcy Law of any applicable jurisdiction.

(iii) Except as expressly provided in the proviso in Section 3(a)(i), so long as the Discharge of First-Lien Obligations has not occurred, the Second-Lien Agent, on behalf of itself and each applicable Second-Lien Secured Party, agrees that it will not in the context of its role as secured creditor take or receive any First-Lien Collateral or any proceeds of First-Lien Collateral in connection with the exercise of any right or remedy (including set-off) with respect to any First-Lien Collateral in respect of the applicable Second-Lien Obligations. Without limiting the generality of the foregoing, unless and until the Discharge of First-Lien Obligations has occurred, except as expressly provided in the provisos in Sections 3(a)(i) and (ii), the sole right of the Second-Lien Agent and the Second-Lien Secured Parties with respect to the First-Lien Collateral shall be to hold a Lien on the First-Lien Collateral in respect of the applicable Second-Lien Obligations pursuant to the Second-Lien Documents, as applicable, for the period and to the extent granted therein and to receive a share of the proceeds thereof, if any, after the Discharge of First-Lien Obligations has occurred. For the avoidance of doubt, this Section 3(a)(iii) shall not affect the right of any Second-Lien Secured Party to receive proceeds of First-Lien Collateral in accordance with Section 5(d).

(iv) Except as expressly provided in the proviso in Section 3(a)(i), (A) the Second-Lien Agent, for itself and on behalf of each applicable Second-Lien Secured Party, agrees that no Second-Lien Agent or any Second-Lien Secured Party will take any action that would hinder any exercise of remedies undertaken by the First-Lien Agent or the First-Lien Secured Parties with respect to the First-Lien Collateral under the First-Lien Documents, including any sale, lease, exchange, transfer or other disposition of the First-Lien Collateral, whether by foreclosure or otherwise, and (B) the Second-Lien Agent, for itself and on behalf of each applicable Second-Lien Secured Party, hereby waives any and all rights it or any Second-Lien Secured Party may have as a junior lien creditor or otherwise to object to the manner in which the First-Lien Agent or the First-Lien Secured Parties seek to enforce their Liens on any of the First-Lien Collateral, regardless of whether any action or failure to act by or on behalf of the First-Lien Agent or First-Lien Secured Parties is adverse to the interests of the Second-Lien Secured Parties.

(v) The Second-Lien Agent hereby acknowledges and agrees that no covenant, agreement or restriction contained in any Second-Lien Document shall be deemed to restrict in any way the rights and remedies of the First-Lien Agent or the First-Lien Secured Parties with respect to the First-Lien Collateral as set forth in this Agreement and the First-Lien Documents.

(b) *Cooperation*. Subject to the proviso in Section 3(a)(i), the Second-Lien Agent, on behalf of itself and each applicable Second-Lien Secured Party, agrees that, unless and until the Discharge of First-Lien Obligations has occurred, it will not commence, or join with any Person (other than the First-Lien Secured Parties and the First-Lien Agent upon the request thereof) in commencing or pursuing, any enforcement, collection, execution, levy or foreclosure action or proceeding with respect to any Lien held by it in the First-Lien Collateral under any of the applicable Second-Lien Documents.

(c) *Access to Collateral and Information*.

(i) Notwithstanding anything in this Section 3 to the contrary, as between the ABL Agent and the Term/Notes Agent, the ABL Agent may enter upon any real property of a Grantor, whether leased or owned, and without obligation to pay rent or compensation to the Term/Notes Agent or the Term/Notes Secured Parties or Grantors and may use any of the equipment of any Grantor to complete the manufacture of and/or process Inventory, collect Accounts and remove, sell or otherwise dispose

of any of the ABL Priority Collateral until the later of (i) such time as the Term/Notes Agent disposes of such real property and equipment and (ii) the date that is 150 days after the date of receipt by the ABL Agent of a notice from the Term/Notes Agent of its intent to commence the exercise of remedies of repossession or foreclosure with respect to such real property and equipment, *provided* that (x) any such use of property and equipment shall be in accordance with applicable law and customary industry practices with respect to the use and maintenance thereof, and, if requested by the Term/Notes Agent, the ABL Agent shall provide the Term/Notes Agent with evidence of the liability insurance of the ABL Agent and (y) no equipment may be removed from the premises at which such equipment was theretofore located without the prior written consent of the Term/Notes Agent. In the event that the Agents are unable to exercise their rights as secured creditors as a result of any stay in any bankruptcy, insolvency or similar proceeding or of any temporary restraining order or preliminary injunction with respect to any Grantor or the Agents, such 150-day period shall be extended by the number of days that the Agents or their designees' access to the Common Collateral has been prevented; *provided, however,* that (A) in the event the ABL Agent, but not the Term/Notes Agent, is so prevented from exercising such remedies, such 150-day period shall be extended by a number of days equal to the lesser of (x) the number of days such stay, order or injunction is in effect and (y) 240 days and (B) the Grantors shall cooperate with the ABL Agent prior to the expiration of such period to relocate any ABL Priority Collateral to a location reasonably satisfactory to the ABL Agent.

(ii) In the event that either Agent shall, in the exercise of its rights under the ABL Security Documents or the Term/Notes Security Documents, as the case may be, or otherwise, receive and retain possession or control of any books and Records of any Grantor which contain information identifying or pertaining to the First-Lien Collateral of the other Class, such Agent shall, upon request from the Agent for the other Class and as promptly as practicable thereafter, either make available to the other Agent such books and Records for inspection and duplication or provide to the other Agent copies thereof.

(d) *License for Term/Notes Priority Collateral*. Notwithstanding anything in this Section 3 to the contrary, the Term/Notes Agent, for itself and each of the Term/Notes Secured Parties, hereby grants in favor of the ABL Agent, for itself and on behalf of the ABL Secured Parties, a nonexclusive right to use, license and/or sublicense any now existing or hereafter acquired Term/Notes Priority Collateral consisting of intellectual property, including trademarks and trade names, for the purpose of enabling the ABL Agent and the ABL Secured Parties to assemble, prepare for sale, advertise, market and dispose of any and all ABL Priority Collateral, wherever such ABL Priority Collateral may be located,

including all such license and right access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. The license and right herein shall continue in full force and effect as a burden on the Term/Notes Priority Collateral until all ABL Priority Collateral has been sold, transferred or otherwise disposed of notwithstanding (i) any exercise of remedies by the Term/Notes Agent or any Term/Notes Secured Parties with respect to any Term/Notes Priority Collateral or (ii) any voluntary or involuntary transfer or assignment of any of such Term/Notes Priority Collateral consisting of intellectual property or any rights therein (whether by any Grantor, by any Term/Notes Secured Party or otherwise). This license right shall inure to the benefit of the ABL Agent and the ABL Secured Parties and their successors, assigns and transferees, whether by voluntary conveyance, operation of law, assignment, transfer, foreclosure, deed in lieu of foreclosure or otherwise. Such license right is granted free of charge, without requirement that any monetary payment whatsoever including, without limitation, any royalty or license fee, be made to the applicable Term/Notes Agent or any Term/Notes Secured Parties or any other Person by the ABL Agent or any ABL Secured Party or any other Person. The Term/Notes Agent, for itself and each of the Term/Notes Secured Parties, agrees not to interfere, hinder, restrict or delay the exercise by the ABL Agent or the ABL Secured Parties of any such license and right granted herein and agrees to execute such documentation and complete such other acts as may be required by the ABL Agent or the ABL Secured Parties in connection with the exercise of such license and right, including preservation of such license and right against any Person (including any voluntary or involuntary transferee of such Term/Notes Priority Collateral consisting of intellectual property). The rights and remedies of the ABL Agent and the ABL Secured Parties in this Section 3(d) are in addition to and not in limitation of the rights and remedies under the ABL Documents or applicable law. The provisions of this Section 3(d) are agreed to solely as among the Agents and Secured Parties and shall not be deemed to expand or otherwise modify any rights granted by any Grantor to the Agents or Secured Parties under any of the Finance Documents.

(e) *Third Party Agreement Regarding Collateral*. Notwithstanding anything herein to the contrary but subject to Section 5(e), each Agent agrees to give prior written notice to the other Agent prior to taking action to gain access to or trigger control of any Collateral; *provided, however*, that so long as the Discharge of ABL Obligations has not occurred, in no event shall the Term/Notes Agent or any Term/Notes Secured Party trigger control of any ABL Priority Collateral that consists of a Deposit Account and is otherwise subject to any "control agreement" to which the ABL Agent is a party; *provided, further*, that in no event shall the ABL Agent be obligated to give notice to Term/Notes Agent of audits or appraisals by it of ABL Priority Collateral or of the commencement of a Cash Dominion Period as a result of Availability falling below the Cash Dominion Amount or a Financial Covenant Trigger Event (each capitalized term in this proviso used but not defined herein used herein as defined in the ABL Credit Agreement).

(f) For the avoidance of doubt, none of the following shall constitute a an exercise of rights or remedies by an Agent or Secured Party in violation of this Section 3: (i) making demand for payment or accelerating the maturity of the relevant Class of Obligations; (ii) the receipt by ABL Agent and application to the ABL Obligations of collections of Accounts or proceeds of other ABL Priority Collateral received from account debtors or through any lockbox or other cash management arrangement (other than from any Deposit Account Collateral that is Term/Notes Priority Collateral), whether or not any event of default under the ABL Credit Agreement exists at the time of receipt or application; (iii) the implementation of reserves under the ABL Credit Agreement; (iv) the reduction of advance rates under the ABL Credit Agreement; (v) the cessation (whether temporary or permanent) of lending under the ABL Credit Agreement due to the existence of an Overadvance (as defined in the ABL Credit Agreement), the existence of an event of default under the ABL Credit Agreement or the failure to satisfy conditions precedent; (vi) the exercise by an ABL Secured Party of the right of offset with respect to ABL Bank Product Obligations; or (vii) the filing by any Secured Party of a proof of claim in any Bankruptcy Proceeding.

SECTION 4. *Payments.*

(a) *Application of Proceeds of Common Collateral*. Each Secured Party hereby agrees that all Common Collateral, and all proceeds thereof, received by any Secured Party in connection with any exercise of remedies as a secured creditor in respect of Common Collateral, or pursuant to a sale, transfer or other disposition pursuant to Section 5(a)(i) below, shall be applied:

first, to the payment of costs and expenses of the First-Lien Agent in connection with its exercise of remedies as a secured creditor;

second, to the payment of the First-Lien Obligations in accordance with the First-Lien Documents until the Discharge of First-Lien Obligations has occurred;

third, to the payment of the Second-Lien Obligations in accordance with the Second-Lien Documents until the Discharge of Second-Lien Obligations has occurred; and

fourth, the balance, if any, to the owner of the subject property, such other person as may be entitled thereto or as a court of competent jurisdiction may otherwise direct;

provided that notwithstanding anything to the contrary contained herein, (x) the holders of ABL Hedging Obligations shall be entitled to receive proceeds of

Term/Notes Priority Collateral pursuant to clause *second* above (after the application of the proceeds of ABL Priority Collateral to the holders of the ABL Obligations to the extent there are concurrent applications of proceeds of ABL Priority Collateral and proceeds of Term/Notes Priority Collateral) as though such obligations were Term/Notes Obligations notwithstanding the treatment of such obligations as Second-Lien Obligations with respect to the Term-Notes Priority Collateral for all other purposes (other than under Section 5(b)(i) below) of this Agreement (such payments together with the payments of insurance proceeds described in Section 5(b)(i), the "**Additional Hedging Priority Payments**") and (y) the Additional Hedging Priority Payments shall be made to the ABL Agent for the account of the holders of the ABL Hedging Obligations.

(b) *Payments Over*. Except as set forth in the proviso to Section 4(a) and in Section 5(b)(i) with respect to the Additional Hedging Priority Payments, any First-Lien Collateral or proceeds thereof received by the Second-Lien Agent or any Second-Lien Secured Party in connection with the exercise of any right or remedy (including set-off) relating to any First-Lien Collateral in contravention of this Agreement prior to the Discharge of First-Lien Obligations shall be segregated and held in trust for the benefit of, and forthwith paid over to, the First-Lien Agent (and/or its designees) for the benefit of the applicable First-Lien Secured Parties in the same form as received, with any necessary endorsements or as a court of competent jurisdiction may otherwise direct. The First-Lien Agent is hereby authorized to make any such endorsements as agent for the Second-Lien Agent or any such Second-Lien Secured Party. This authorization is coupled with an interest and is irrevocable.

SECTION 5. *Other Agreements.*

(a) *Releases*. If at any time any Grantor, the First-Lien Agent or any First-Lien Secured Party, as applicable, delivers notice to the Second-Lien Agent that any specified First-Lien Collateral (including, for such purpose, in the case of the sale of all or substantially all of the equity interests in any Subsidiary of such Grantor, any First-Lien Collateral held by such Subsidiary or any direct or indirect Subsidiary thereof) is sold, transferred or otherwise disposed of:

(i) by private or public sale of all or any portion of the First-Lien Collateral (x) in connection with any exercise of remedies as a secured creditor by the First Lien Agent or (y) after the occurrence and during the continuation of an event of default under the First Lien Documents, with the consent of the First-Lien Agent, *provided* that the net cash proceeds of any such sale, if any, are applied in accordance with this Agreement;

(ii) by the owner of such First-Lien Collateral in a transaction permitted under the ABL Credit Agreement, the Term Loan Agreement, the Senior Secured Note Indenture and each other Finance Document;

then (whether or not any Bankruptcy Proceeding is pending at the time) the Liens in favor of the Second-Lien Secured Parties on such First-Lien Collateral will automatically be released and discharged as and when, but only to the extent, such Liens on such First-Lien Collateral securing First-Lien Obligations are released and discharged. Upon delivery to the Second-Lien Agent of a notice from the First-Lien Agent stating that any release of Liens on the First-Lien Collateral securing or supporting the First-Lien Obligations has become effective (or shall become effective upon the Second-Lien Agent's release, if applicable) pursuant to the preceding sentence, the Second-Lien Agent will promptly execute and deliver such instruments, releases, termination statements or other documents confirming such release on customary terms. The Second-Lien Agent, for itself and the Second-Lien Secured Parties, hereby irrevocably appoints the First-Lien Agent and any officer or agent of the First-Lien Agent, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Second-Lien Agent and the Second-Lien Secured Parties, for the purpose of acting under this Section 5(a), to take any and all appropriate action and to execute any and all documents and instruments which may be necessary to accomplish the purposes of this Section 5(a), including any termination statements, endorsements, or other instruments of Lien transfer or Lien release.

(b) *Insurance*. Unless and until the Discharge of First-Lien Obligations has occurred, the First-Lien Agent and the First-Lien Secured Parties shall have the sole and exclusive right, subject to the rights of the Grantors under the First-Lien Documents, to adjust settlement for any insurance policy covering the First-Lien Collateral in the event of any loss thereunder and to approve any award granted in any condemnation or similar proceeding affecting the First-Lien Collateral. Unless and until the Discharge of First-Lien Obligations has occurred, all proceeds of any such policy and any such award if in respect of the First-Lien Collateral shall be paid (i) first, prior to the occurrence of the Discharge of First-Lien Obligations, to the First-Lien Agent for the benefit of First-Lien Secured Parties pursuant to the terms of the First-Lien Documents (*provided* that if such proceeds relate to the Term/Notes Priority Collateral, the holders of ABL Hedging Obligations shall be entitled to receive such proceeds pursuant to this clause (i) as though such obligations were Term/Notes Obligations), (ii) second, after the occurrence of the Discharge of First-Lien Obligations, to the Second-Lien Agent for the benefit of the Second-Lien Secured Parties pursuant to the terms of the applicable Second-Lien Documents and (iii) third, if no Second-Lien Obligations are outstanding, to the owner of the subject property, such other person as may be entitled thereto or as a court of competent jurisdiction may otherwise direct. If the Second-Lien Agent or any Second-Lien Secured Party shall, at any time,

receive any proceeds of any such insurance policy or any such award in contravention of this Agreement, it shall pay such proceeds over to the First-Lien Agent in accordance with the terms of Section 4(b).

(c) *Amendments to Finance Documents*.

(i) So long as a Class Discharge has not occurred and except as otherwise expressly provided herein, without the prior written consent of (A) in the case of the ABL Documents, the Term/Notes Agent (as directed by the Authorized Representative (as defined in the Collateral Trust Agreement) of each Class of Term/Notes Obligations (upon an affirmative vote of the Required Secured Parties of such Class to the extent required by the terms of the applicable Term/Notes Documents)) and (B) in the case of the Term/Notes Documents, the ABL Agent (upon an affirmative vote of the Required ABL Lenders to the extent required by the terms of the applicable ABL Documents), no Finance Document (other than this Agreement) may be amended, supplemented, modified or Refinanced in any manner that would contravene this Agreement or would contravene, or result in a breach or default under, this Agreement.

(ii) So long as the Discharge of ABL Obligations has not occurred, the Term/Notes Agent agrees that each applicable Term/Notes Security Document shall include the following language (or language to similar effect approved in writing by the ABL Agent):

"Notwithstanding anything herein to the contrary, (i) the liens and security interests granted to the Collateral Trustee pursuant to this Agreement and (ii) the exercise of any right or remedy by the Collateral Trustee hereunder or the application of proceeds (including insurance proceeds and condemnation proceeds) of any Collateral, are subject to the provisions of the Intercreditor Agreement dated as of June 16, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the "**ABL Intercreditor Agreement**"), among Bank of America, N.A., WFB, Spectrum Brands, Inc., SB/RH Holdings, LLC and the Subsidiaries of Spectrum Brands, Inc. party thereto. In the event of any conflict between the terms of the ABL Intercreditor Agreement and the terms of this Agreement, the terms of the ABL Intercreditor Agreement shall govern".

(iii) So long as the Discharge of Term/Notes Obligations has not occurred, the ABL Agent agrees that each applicable ABL Security Document shall include the following language (or language to similar effect approved in writing by the Term/Notes Agent):

"Notwithstanding anything herein to the contrary, (i) the liens and security interests granted to the ABL Agent pursuant to this Agreement and (ii) the exercise of any right or remedy by the ABL Agent hereunder or the application of proceeds (including insurance proceeds and condemnation proceeds) of any Collateral, are subject to the provisions of the Intercreditor Agreement dated as of June 16, 2010 (as amended, restated, supplemented or otherwise modified from time to time, the "**Intercreditor Agreement**"), among Bank of America, N.A., Wells Fargo Bank, National Association, Spectrum Brands, Inc., SB/RH Holdings, LLC and the Subsidiaries of Spectrum Brands, Inc. party thereto. In the event of any conflict between the terms of the Intercreditor Agreement and the terms of this Agreement, the terms of the Intercreditor Agreement shall govern".

(d) *Rights As Unsecured Creditors*. Except to the extent in contravention of the express terms of Sections 2(a), 2(b), 3(a)(i)(B), 3(a)(i)(C), 3(c) and 3(d) of this Agreement, any Secured Party may exercise rights and remedies as an unsecured creditor against the Company, Holdings or any Subsidiary of the Company that has guaranteed the relevant Secured Obligations in accordance with the terms of the applicable Finance Documents and applicable law. Nothing in this Agreement shall prohibit the receipt by any Secured Party of required payments in respect of interest, principal and other obligations under the Financing Documents unless such payment is made with an application of proceeds that violates the waterfall for application of proceeds set forth in Section 4(a) hereof. In the event the Second-Lien Agent or any Second-Lien Secured Party becomes a judgment lien creditor or other secured creditor in respect of First-Lien Collateral as a result of its enforcement of its rights as an unsecured creditor in respect of Second-Lien Obligations or otherwise, such judgment or other lien shall be subordinated to the Liens securing First-Lien Obligations on the same basis as the other Liens securing the Second-Lien Obligations are so subordinated to such Liens securing First-Lien Obligations under this Agreement. Nothing in this Agreement shall impair or otherwise adversely affect any rights or remedies the First-Lien Agent or the First-Lien Secured Parties may have with respect to the First-Lien Collateral.

(e) *First-Lien Agent as Bailee for Perfection*.

(i) The First-Lien Agent agrees to hold the Pledged Collateral that is part of the First-Lien Collateral in its possession or control (or in the possession or control of its agents or bailees) as bailee for the Second-Lien Agent and any assignee solely for the purpose of perfecting the security interest granted in such Pledged Collateral pursuant to the Second-Lien Security Documents, subject to the terms and conditions of this Section 5(e).

(ii) The First-Lien Agent agrees to hold the Deposit Account Collateral that is part of the First-Lien Collateral and controlled by the First-Lien Agent as bailee for the Second-Lien Agent and any assignee solely for the purpose of perfecting the security interest granted in such Deposit Account Collateral pursuant to the Second-Lien Security Documents, subject to the terms and conditions of this Section 5(e).

(iii) In the event that the First-Lien Agent (or its agent or bailees) has Lien filings against intellectual property that is part of the First-Lien Collateral that are necessary for the perfection of Liens in such Common Collateral, the First-Lien Agent agrees to hold such Liens as bailee for the Second-Lien Agent and any assignee solely for the purpose of perfecting the security interest granted in such Liens pursuant to the Second-Lien Security Documents, subject to the terms and conditions of this Section 5(e).

(iv) Except as otherwise specifically provided herein (including Sections 3(a) and 4(a), until the Discharge of First-Lien Obligations has occurred, the First-Lien Agent shall be entitled to deal with the Pledged Collateral that is part of the First-Lien Collateral in accordance with the terms of the First-Lien Documents as if the Liens under the Second-Lien Security Documents did not exist. The rights of the Second-Lien Agent and the Second-Lien Secured Parties with respect to such Pledged Collateral shall at all times be subject to the terms of this Agreement.

(v) The First-Lien Agent shall have no obligation whatsoever to the Second-Lien Agent or any Second-Lien Secured Party to assure that the Pledged Collateral that is part of the First-Lien Collateral is genuine or owned by the Grantors or to protect or preserve rights or benefits of any Person or any rights pertaining to such Common Collateral except as expressly set forth in this Section 5(e). The duties or responsibilities of the First-Lien Agent under this Section 5(e) shall be limited solely to holding Pledged Collateral as bailee for the Second-Lien Agent for purposes of perfecting the Lien held by the Second-Lien Secured Parties.

(vi) The First-Lien Agent shall not have by reason of the Second-Lien Security Documents or this Agreement or any other document a fiduciary relationship in respect of the Second-Lien Agent or any Second-Lien Secured Party and the Second-Lien Agent and the Second-Lien Secured Parties hereby waive and release the First-Lien Agent from all claims and liabilities arising pursuant to the First-Lien Agent’s role under this Section 5(e), as agent and bailee with respect to the Common Collateral.

(vii) Upon the Discharge of First-Lien Obligations, the First-Lien Agent shall deliver to the Second-Lien Agent, or otherwise allow the Second-Lien Agent to obtain control of, to the extent that it is legally permitted to do so, the remaining Pledged Collateral (if any) and Deposit Account Collateral (if any) theretofore part of the First-Lien Collateral, together with any necessary endorsements, or take such action in respect thereof as a court of competent jurisdiction may otherwise direct. The Company shall take such further action as is required to effectuate the transfer contemplated hereby and shall indemnify the First-Lien Agent for loss or damage suffered by the First-Lien Agent as a result of such transfer, except for loss or damage suffered by the First-Lien Agent as a result of its own willful misconduct or gross negligence. The First-Lien Agent shall have no obligation to follow instructions from any Second-Lien Agent in contravention of this Agreement.

(viii) Neither the First-Lien Agent nor the First-Lien Secured Parties shall be required to marshal any present or future collateral security for Holdings', the Company's or its Subsidiaries' obligations to the First-Lien Agent or the First-Lien Secured Parties under the applicable Finance Documents or any assurance of payment in respect thereof or to resort to such collateral security or other assurances of payment in any particular order, and all of their rights in respect of such collateral security or any assurance of payment in respect thereof shall be cumulative and in addition to all other rights, however existing or arising.

(f) *When Class Discharge Deemed Not to Have Occurred*. Upon a Refinancing of any Finance Documents, no Class Discharge shall be deemed to occur, and the Obligations under such Refinancing of such Finance Documents shall automatically be treated as Secured Obligations for all purposes of this Agreement, including for purposes of the Lien priorities and rights in respect of Common Collateral set forth herein (with any Obligations under such new Finance Documents secured by First-Lien Collateral being treated as First-Lien Obligations for all purposes hereunder); *provided* that (i) such Refinancing is permitted pursuant to Section 5(c) hereof and (ii) the new Agent thereunder shall agree in a writing addressed to the Agent for the other Class and the Secured Parties of such Class, to be bound by the terms of this Agreement (which writing shall be in form and substance reasonably satisfactory to such Agent). If the new Secured Obligations under such new Finance Documents are secured by assets of the Grantors that do not also secure the Secured Obligations of the other Class, then the Secured Obligations of the other Class shall be secured at such time by a Lien on such assets to the same extent provided in the applicable Finance Documents for such Class and this Agreement (including the Lien priorities and rights in respect of Common Collateral set forth herein).

SECTION 6. *Bankruptcy Proceedings.*

(a) *Financing Issues*. If the Company or any other Grantor shall be subject to any Bankruptcy Proceeding and the First-Lien Agent shall desire to permit the use of cash collateral or to permit the Company or any other Grantor to obtain financing under Section 363 or Section 364 of the Bankruptcy Code or any similar provision in any Bankruptcy Law ("**DIP Financing**"), then the Second-Lien Agent, on behalf of itself and each applicable Second-Lien Secured Party, agrees that it will raise no objection to, and will not support any objection to, and will not otherwise contest (i) such use of cash collateral or DIP Financing and will not request adequate protection or any other relief in connection therewith (except to the extent permitted by Section 6(c)) and, to the extent the Liens securing the First-Lien Obligations under the First-Lien Documents are subordinated to any Liens securing such DIP Financing, the Second-Lien Agent, on behalf of itself and each applicable Second-Lien Secured Party, will subordinate its Liens in the Second-Lien Collateral to such DIP Financing (and all Obligations relating thereto) on the same basis as the other Liens securing the Second-Lien Obligations are so subordinated to Liens securing First-Lien Obligations under this Agreement, *provided* that (A) for any DIP Financing secured by a super-priority lien on the ABL Priority Collateral, the sum of (x) the aggregate principal amount of any and all such DIP Financing and (y) the ABL Outstandings Amount at such time does not exceed the Maximum ABL Amount at such time and (B) for any DIP Financing secured by a super-priority lien on the Term/Notes Priority Collateral, the sum of (x) the aggregate principal amount of any and all such DIP Financing and (y) the Term/Notes Outstandings Amount at such time does not exceed the Maximum Term/Notes Amount at such time, (ii) any motion for relief from the automatic stay or from any injunction against foreclosure or enforcement in respect of First-Lien Obligations made by the First-Lien Agent or any other First-Lien Secured Party, (iii) any lawful exercise by any First-Lien Secured Party of the right to credit bid First-Lien Obligations at any sale in foreclosure of Common Collateral, (iv) any other request for judicial relief made in any court by any holder of First-Lien Obligations relating to the lawful enforcement of any Lien on the First-Lien Collateral or (v) any order relating to a sale of assets of any Grantor to which the First-Lien Agent has consented that provides, to the extent the sale is to be free and clear of Liens, that the Liens securing the First-Lien Obligations and the Second-Lien Obligations will attach to the proceeds of the sale on the same basis of priority as the Liens securing the related First-Lien Collateral rank to the Liens securing the Second-Lien Collateral in accordance with this Agreement.

(b) *Relief from the Automatic Stay*. Until the Discharge of First-Lien Obligations has occurred, the Second-Lien Agent, on behalf of itself and each

applicable Second-Lien Secured Party, agrees that none of them shall seek relief from the automatic stay or any other stay in any Bankruptcy Proceeding in respect of the First-Lien Collateral without the prior written consent of the First-Lien Agent.

(c) *Adequate Protection*. The Second-Lien Agent, on behalf of itself and each applicable Second-Lien Secured Party, agrees that none of them shall contest (or support any other Person contesting) (i) any request by the First-Lien Agent or the First-Lien Secured Parties for adequate protection or (ii) any objection by the First-Lien Agent or the First-Lien Secured Parties to any motion, relief, action or proceeding based on the First-Lien Agent's or the First-Lien Secured Parties' claiming a lack of adequate protection. The First-Lien Agent may seek or request adequate protection of its interest in the First-Lien Collateral in the form of a replacement Lien on additional collateral, which Lien, if granted, will be senior to the Liens securing the Second-Lien Obligations, including any Liens permitted under this Section 6(c) to the extent such additional collateral would have constituted First-Lien Collateral for the applicable First-Lien Obligations but for the occurrence of the Bankruptcy Proceeding. Notwithstanding the foregoing, in any Bankruptcy Proceeding, (A) the Second-Lien Agent, on behalf of itself and any applicable Second-Lien Secured Party, may seek or request adequate protection in the form of a replacement Lien on additional collateral, *provided* that any such Lien shall be subordinated to the Liens securing the First-Lien Obligations and any DIP Financing secured by the First Lien Collateral permitted under Section 6(a) (and all Obligations relating thereto) on the same basis as the other Liens securing the Second-Lien Obligations are so subordinated to the Liens securing First-Lien Obligations under this Agreement to the extent such additional collateral would have constituted Second-Lien Collateral for the applicable Second-Lien Obligations but for the occurrence of the Bankruptcy Proceeding and (B) in the event the Second-Lien Agent, on behalf of itself or any applicable Second-Lien Secured Party, seeks or requests adequate protection and such adequate protection is granted in the form of additional collateral, then such Second-Lien Agent, on behalf of itself or each such Second-Lien Secured Party, agrees that the First-Lien Agent shall also be granted a senior Lien on such additional collateral as security for the applicable First-Lien Obligations to the extent such additional collateral would have constituted First-Lien Collateral for the applicable First-Lien Obligations but for the occurrence of the Bankruptcy Proceeding and any such DIP Financing, and that any Lien on such additional collateral securing the Second-Lien Obligations shall be subordinated to the Liens on such collateral securing the First-Lien Obligations and any such DIP Financing (and all Obligations relating thereto) and any other Liens granted to the First-Lien Secured Parties as adequate protection on the same basis as the other Liens securing the Second-Lien Obligations are so subordinated to such Liens securing First-Lien Obligations under this Agreement. Except as otherwise expressly set forth in Section 6(a) or in connection with the exercise of remedies with respect to the Common Collateral, nothing herein shall

limit the rights of the Second-Lien Agent or the other Second-Lien Secured Parties in seeking adequate protection with respect to their rights in the Common Collateral in any Bankruptcy Proceeding (including adequate protection in the form of a cash payment, periodic cash payments, cash payments of interest or otherwise), *provided*, *however*, that nothing herein shall limit the rights of the First-Lien Agent or the other First-Lien Secured Parties to object to such adequate protection in the form of cash payments, periodic cash payments or cash payments of interest.

(d) *Preference and Avoidance Issues*. If any Secured Party is required in any Bankruptcy Proceeding or otherwise to turn over or otherwise pay to the estate of the Company or any other Grantor (or any trustee, receiver or similar person therefor), because the payment of such amount was declared to be fraudulent or preferential in any respect or for any other reason, any amount (a "**Recovery**"), whether received as proceeds of security, enforcement of any right of set-off or otherwise, then as among the parties hereto the related Secured Obligations shall be deemed to be reinstated to the extent of such Recovery and to be outstanding as if such payment had not occurred. If this Agreement has been terminated prior to such Recovery, this Agreement shall be reinstated in full force and effect, and such prior termination shall not diminish, release, discharge, impair or otherwise affect the obligations of the parties hereto.

(e) *Application*. This Agreement shall be applicable prior to and after the commencement of any Bankruptcy Proceeding. All references herein to any Grantor shall apply to any trustee for such Person and such Person as debtor in possession. The relative rights as to the Common Collateral and other collateral and proceeds thereof shall continue after the filing thereof on the same basis as prior to the date of the petition, subject to any court order approving the financing of, or use of cash collateral by, any Grantor.

(f) *Waivers*. Until the Discharge of First-Lien Obligations has occurred, the Second-Lien Agent, on behalf of itself and each applicable Second-Lien Secured Party, will not assert or enforce any claim under Section 506(c) of the United States Bankruptcy Code senior to or on a parity with the Liens securing the First-Lien Obligations for costs or expenses of preserving or disposing of any First-Lien Collateral.

(g) *Reorganization Securities*. If, in any Bankruptcy Proceeding, debt obligations of any reorganized Grantor secured by Lien upon any property of such reorganized Grantor are distributed pursuant to a plan of reorganization on account of First-Lien Obligations and Second-Lien Obligations, then, to the extent such debt obligations are secured by Liens upon Collateral, the provisions of this Agreement will survive the distribution of such debt obligations and will apply with like effect to the Liens securing such debt obligations.

SECTION 7. *Reliance; Waivers; etc.*

(a) *Reliance*. All loans and other extensions of credit made or deemed made on and after the date hereof by the First-Lien Secured Parties to Holdings, the Company or any Subsidiary of the Company shall be deemed to have been given and made in reliance upon this Agreement. The Second-Lien Agent, on behalf of itself and each applicable Second-Lien Secured Party, acknowledges that it and the applicable Second-Lien Secured Parties have, independently and without reliance on the First-Lien Agent or any First-Lien Secured Party, and based on documents and information deemed by them appropriate, made their own credit analysis and decision to enter into each applicable Second-Lien Document, this Agreement and the transactions contemplated hereby and thereby and will continue to make their own credit decisions in taking or not taking any action under the applicable Second-Lien Document or this Agreement.

(b) *No Warranties or Liability*. The Second-Lien Agent, on behalf of itself and each applicable Second-Lien Secured Party, acknowledges and agrees that neither the First-Lien Agent nor any First-Lien Secured Party has made any express or implied representation or warranty, including with respect to the execution, validity, legality, completeness, collectibility or enforceability of any of the First-Lien Documents, the ownership of any Common Collateral or the perfection or priority of any Liens thereon. The First-Lien Secured Parties will be entitled to manage and supervise their respective loans and extensions of credit under the First-Lien Documents in accordance with law and as they may otherwise, in their sole discretion, deem appropriate, and the First-Lien Secured Parties may manage their loans and extensions of credit without regard to any rights or interests that the Second-Lien Agent or any other Second-Lien Secured Party has in the First-Lien Collateral or otherwise, except as otherwise provided in this Agreement. Neither the First-Lien Agent nor any First-Lien Secured Party shall have any duty to any Second-Lien Agent or any Second-Lien Secured Party to act or refrain from acting in a manner that allows, or results in, the occurrence or continuance of an event of default or default under any agreements with Holdings, the Company or any Subsidiary thereof (including the Second-Lien Documents), regardless of any knowledge thereof that they may have or be charged with. Except as expressly set forth in this Agreement, the First-Lien Agent, the First-Lien Secured Parties, the Second-Lien Agent and the Second-Lien Secured Parties have not otherwise made to each other, nor do they hereby make to each other, any warranties, express or implied, nor do they assume any liability to each other with respect to (i) the enforceability, validity, value or collectibility of any of the Second-Lien Obligations, the First-Lien Obligations or any guarantee or security which may have been granted to any of them in connection therewith, (ii) the Grantors' title to or right to transfer any of the Common Collateral or (iii) any other matter except as expressly set forth in this Agreement.

(c) *Obligations Unconditional*. All rights, interests, agreements and obligations of the First-Lien Agent and the First-Lien Secured Parties, and the Second-Lien Agent and the Second-Lien Secured Parties, respectively, hereunder shall remain in full force and effect irrespective of:

(i) any lack of validity or enforceability of any First-Lien Documents or any Second-Lien Documents;

(ii) any change in the time, manner or place of payment of, or in any other terms of, all or any of the First-Lien Obligations or Second-Lien Obligations, or any amendment or waiver or other modification, including any increase in the amount thereof, whether by course of conduct or otherwise, of the terms of any First-Lien Document or of the terms of any Second-Lien Document;

(iii) any exchange of any security interest in any Common Collateral, or any amendment, waiver or other modification, whether in writing or by course of conduct or otherwise, of all or any of the First-Lien Obligations or Second-Lien Obligations or any guarantee thereof;

(iv) the commencement of any Bankruptcy Proceeding in respect of the Company or any other Grantor; or

(v) any other circumstances that otherwise might constitute a defense available to, or a discharge of, the Company or any other Grantor in respect of the First-Lien Obligations, or of any Second-Lien Agent or any Second-Lien Secured Party in respect of this Agreement.

SECTION 8. *Conflicts.* In the event of any conflict between the provisions of this Agreement and the provisions of any ABL Document or any Term/Notes Document, the provisions of this Agreement shall govern.

SECTION 9. *Continuing Nature of This Agreement; Severability.*

(a) Subject to Section 6(d), this Agreement shall continue to be effective until a Class Discharge has occurred. This is a continuing agreement of lien subordination and the First-Lien Secured Parties may continue, at any time and without notice to the Second-Lien Agent or any Second-Lien Secured Party, to extend credit and other financial accommodations and lend monies to or for the benefit of the Company or any other Grantor constituting First-Lien Obligations in reliance hereon, subject to the limitations specified herein. The terms of this Agreement shall survive, and shall continue in full force and effect, in any Bankruptcy Proceeding.

(b) In the event any one or more of the provisions contained in this Agreement should be held invalid, illegal or unenforceable in any respect, the

validity, legality and enforceability of the remaining provisions contained herein and therein shall not in any way be affected or impaired thereby (it being understood that the invalidity of a particular provision in a particular jurisdiction shall not in and of itself affect the validity of such provision in any other jurisdiction). The parties shall endeavor in good-faith negotiations to replace the invalid, illegal or unenforceable provisions with valid provisions the economic effect of which comes as close as possible to that of the invalid, illegal or unenforceable provisions.

SECTION 10. *Amendments; Waivers.* (a) No failure or delay on the part of any party hereto in exercising any right or power hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the parties hereto are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provision of this Agreement or consent to any departure by any party therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice or demand on any party hereto in any case shall entitle such party to any other or further notice or demand in similar or other circumstances.

(b) Neither this Agreement nor any provision hereof may be waived, amended or otherwise modified except pursuant to an agreement or agreements in writing entered into by the ABL Agent (upon an affirmative vote of the Required ABL Lenders, to the extent required by the terms of the ABL Documents) and the Term/Notes Agent (as directed by the Authorized Representative of each Class of Term/Notes Obligations (upon an affirmative vote of the Required Secured Parties of such Class to the extent required by the terms of the applicable Term/Notes Documents)); *provided* that no such agreement shall by its terms amend, modify or otherwise affect the rights or obligations of (x) any Grantor (which shall include any amendment that modifies the Company's ability to cause additional obligations to constitute ABL Obligations or Term/Notes Obligations or modifies the definition of "Maximum ABL Amount" or the definition of "Maximum Term/Notes Amount") without the Company's prior written consent or (y) any Secured Party hereunder more adversely than it affects the comparable rights hereunder of other Secured Parties of the same Class, without the consent of such Secured Party.

SECTION 11. *Information Concerning Financial Condition of Holdings, the Company and the Subsidiaries.* The Secured Parties shall each be responsible for keeping themselves informed of (i) the financial condition of Holdings, the Company and its Subsidiaries and all endorsers and/or guarantors of the Secured Obligations and (ii) all other circumstances bearing upon the risk of nonpayment

of the Secured Obligations. The Secured Parties shall have no duty to advise any other party hereunder of information known to it or them regarding such condition or any such circumstances or otherwise. In the event that any Secured Party, in its sole discretion, undertakes at any time or from time to time to provide any such information to any other party, it or they shall be under no obligation (A) to make, and the Secured Parties shall not make, any express or implied representation or warranty, including with respect to the accuracy, completeness, truthfulness or validity of any such information so provided, (B) to provide any additional information or to provide any such information on any subsequent occasion, (C) to undertake any investigation or (D) to disclose any information that, pursuant to accepted or reasonable commercial finance practices, such party wishes to maintain as confidential or is otherwise required to maintain as confidential.

SECTION 12. *Subrogation.* The Second-Lien Agent, on behalf of itself and each applicable Second-Lien Secured Party, hereby waives any rights of subrogation it may acquire as a result of any payment hereunder until the Discharge of First-Lien Obligations has occurred.

SECTION 13. *Application of Payments.* Except as otherwise provided herein, all payments received by the First-Lien Secured Parties may be applied, reversed and reapplied, in whole or in part, to such part of the First-Lien Obligations as the First-Lien Secured Parties, in their sole discretion, deem appropriate, consistent with the terms of the First-Lien Documents. Except as otherwise provided herein, the Second-Lien Agent, on behalf of itself and each applicable Second-Lien Secured Party, assents to any such extension or postponement of the time of payment of the First-Lien Obligations or any part thereof and to any other indulgence with respect thereto, to any substitution, exchange or release of any security that may at any time secure any part of the First-Lien Obligations and to the addition or release of any other Person primarily or secondarily liable therefor.

SECTION 14. *Jurisdiction; Consent to Service of Process*. (a) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of any New York State court or Federal court of the United States of America sitting in the Borough of Manhattan in New York City, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such Federal court. Each party hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

(b) Each party hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement in any New York State or Federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(c) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 15. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

SECTION 15. *Notices.* All notices to the ABL Secured Parties and the Term/Notes Secured Parties permitted or required under this Agreement may be sent to the ABL Agent or the Term/Notes Agent as provided in the relevant Finance Document. Unless otherwise specifically provided herein, any notice or other communication herein required or permitted to be given shall be in writing and may be personally served, telecopied, electronically mailed by PDF transmission or sent by courier service or U.S. mail and shall be deemed to have been given when delivered in person or by courier service, upon receipt of a telecopy or electronic mail by PDF transmission or upon receipt via U.S. mail (registered or certified, with postage prepaid and properly addressed). For the purposes hereof, the addresses of the parties hereto shall be as set forth below each party's name on the signature pages hereto, or, as to each party, at such other address as may be designated by such party in a written notice to all the other parties. The ABL Agent hereby agrees to promptly notify the Term/Notes Agent upon the Discharge of ABL Obligations. The Term/Notes Agent hereby agrees to promptly notify the ABL Agent upon the Discharge of Term/Notes Obligations.

SECTION 16. *Further Assurances.* Each of the ABL Agent, on behalf of itself and each applicable ABL Secured Party, and the Term/Notes Agent, on behalf of itself and each Term/Notes Secured Party, agrees that each of them shall take such further action and shall execute and deliver to the other Agent and the Secured Parties of the other Class such additional documents and instruments (in recordable form, if requested) as such Agent or such Secured Parties may reasonably request to effectuate the terms of and the Lien priorities contemplated by this Agreement.

SECTION 17. *Applicable Law.* This Agreement shall be construed in accordance with and governed by the laws of the State of New York.

SECTION 18. *Binding on Successors and Assigns.* This Agreement shall be binding upon the ABL Agent, the ABL Secured Parties, the Term/Notes Agent and the Term/Notes Secured Parties, Holdings, the Company, the Subsidiaries of the Company party hereto and their respective successors and permitted assigns.

SECTION 19. *Specific Performance.* The First-Lien Agent may demand specific performance of this Agreement. The Second-Lien Agent, on behalf of itself and each applicable Second-Lien Secured Party, hereby irrevocably waives any defense based on the adequacy of a remedy at law and any other defense that might be asserted to bar the remedy of specific performance in any action that may be brought by the First-Lien Agent.

SECTION 20. *Headings.* Section, subsection and other headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

SECTION 21. *Counterparts.* This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original but all of which when taken together shall constitute a single contract. Delivery of an executed signature page to this Agreement by facsimile transmission shall be as effective as delivery of a manually signed counterpart of this Agreement.

SECTION 22. *Authorization.* By its signature, each Person executing this Agreement on behalf of a party hereto represents and warrants to the other parties hereto that it is duly authorized to execute this Agreement. The ABL Agent represents and warrants that this Agreement is binding upon the ABL Secured Parties. The Term/Notes Agent represents and warrants that this Agreement is binding upon the Term/Notes Secured Parties.

SECTION 23. *No Third Party Beneficiaries; Successors and Assigns.* This Agreement and the rights and benefits hereof shall inure to the benefit of, and be binding upon, each of the parties hereto and their respective successors and assigns and shall inure to the benefit of each of, and be binding upon, the holders of Secured Obligations. No other Person shall have or be entitled to assert rights or benefits hereunder.

SECTION 24. *Effectiveness.* This Agreement shall become effective when executed and delivered by the parties hereto. This Agreement shall be effective both before and after the commencement of any Bankruptcy Proceeding. All references to the Company or any other Grantor shall include the Company or any other Grantor as debtor and debtor in possession and any receiver or trustee for the Company or any other Grantor (as the case may be) in any Bankruptcy Proceeding.

SECTION 25. *ABL Agent and Term/Notes Agent.* It is understood and agreed that (i) BofA is entering into this Agreement in its capacity as administrative agent under the ABL Credit Agreement and the provisions of

Section 12 of the ABL Credit Agreement applicable to BofA as administrative agent thereunder shall also apply to BofA as ABL Agent hereunder, (ii) WFB is entering in this Agreement in its capacity as collateral trustee under the Term/Notes Security Documents, and the provisions of Section 6 of the Collateral Trust Agreement applicable to the collateral trustee thereunder shall also apply to WFB as Term/Notes Agent hereunder.

SECTION 26. *Relative Rights.* The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the First-Lien Secured Parties, on the one hand, and the Second-Lien Secured Parties, on the other hand. Notwithstanding anything in this Agreement to the contrary (except to the extent contemplated by Sections 5(c)(ii) and (iii)), nothing in this Agreement is intended to or will amend, waive or otherwise modify the provisions of the ABL Credit Agreement, the Term Loan Credit Agreement, the Senior Secured Notes Indenture, any other Term/Notes Agreement or any other ABL Document or Term/Notes Document or permit Holdings, the Company or any Subsidiary of the Company to take any action, or fail to take any action, to the extent such action or failure would otherwise constitute a breach of, or default under, the ABL Credit Agreement, the Term Loan Credit Agreement, the Senior Secured Note Indenture, any other Term/Notes Agreement or any other ABL Document or Term/Notes Document.

SECTION 27. *Intercreditor Agreements.* Notwithstanding anything to the contrary contained in this Agreement, each party hereto agrees that the First-Lien Secured Parties (as among themselves) and the Second-Lien Secured Parties (as among themselves) may each enter into intercreditor agreements (or similar arrangements) with the First-Lien Agent or the Second-Lien Agent, respectively, governing the rights, benefits and privileges as among the First-Lien Secured Parties or the Second-Lien Secured Parties, as the case may be, in respect of the Common Collateral, this Agreement and the other First-Lien Security Documents or Second-Lien Security Documents, as the case may be, including as to application of proceeds of the Common Collateral, voting rights, control of the Common Collateral and waivers with respect to the Common Collateral, in each case so long as the terms thereof do not violate or conflict with the provisions of this Agreement or the other First-Lien Security Documents or Second-Lien Security Documents, as the case may be. In any event, if a respective intercreditor agreement (or similar arrangement) exists, the provisions thereof shall not be (or be construed to be) an amendment, modification or other change to this Agreement or any other First-Lien Security Document or Second-Lien Security Document, and the provisions of this Agreement and the other First-Lien Security Documents and Second-Lien Security Documents shall remain in full force and effect in accordance with the terms hereof and thereof (as such provisions may be amended, supplemented or otherwise modified from time to time in accordance with the terms thereof, including to give effect to any such intercreditor agreement (or similar arrangement)).

SECTION 28. *Supplements*. Upon the execution by any Subsidiary of the Company of a supplement hereto in form and substance satisfactory to each of the ABL Agent and the Term/Notes Agent, such Subsidiary shall be a party to this Agreement and shall be bound by the provisions hereof to the same extent as the Company and each other Grantor are so bound.

[Remainder of page intentionally left blank]

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

By: /s/ Lisa Freeman
Name: Lisa Freeman
Title: SVP

Address:

200 Glastonbury Blvd
Glastonbury, CT 06033
Attention: Spectrum Brands Loan Administration
Facsimile: (860) 368-6029

with a copy (which shall not constitute notice) to:

Parker, Hudson, Rainer & Dobbs LLP
285 Peachtree Center Ave., N.E., Suite 1500
Atlanta, GA 30303
Attention: Bobbi Acord Noland, Esq.
Facsimile: (404) 522-8409

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Term/Notes Agent

By: /s/ Elizabeth T. Wagner
Name: Elizabeth T. Wagner
Title: Vice President

Address:

Wells Fargo Bank, National Association
7000 Central Parkway
Suite 550
Atlanta, GA 30328

SPECTRUM BRANDS, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President, Secretary & General Counsel

DB ONLINE, LLC,
ROVCAL, INC.,
SPECTRUM JUNGLE LABS CORPORATION,
SPECTRUM NEPTUNE US HOLDCO CORPORATION,
TETRA HOLDING (US), INC.,
UNITED PET GROUP, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Secretary

ROV HOLDING, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Secretary

SCHULTZ COMPANY,
UNITED INDUSTRIES CORPORATION

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Assistant Secretary

SB/RH HOLDINGS, LLC

By: /s/ Lisa R. Carstarphen
Name: Lisa Carstarphen
Title: Vice President and Secretary

RUSSELL HOBBS, INC.,
APN HOLDING COMPANY, INC.,
APPLICA AMERICAS, INC.,
APPLICA CONSUMER PRODUCTS, INC.,
APPLICA MEXICO HOLDINGS, INC.,
HOME CREATIONS DIRECT, LTD.,
HP DELAWARE, INC.,
HPG LLC,
SALTON HOLDINGS, INC.,
TOASTMASTER INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa Carstarphen
Title: Vice President and Secretary

Exhibit 10.20

TRADEMARK SECURITY AGREEMENT

(Trademarks, Trademark Registrations, Trademark Applications and Trademark Licenses)

WHEREAS, Russell Hobbs, Inc., Spectrum Brands, Inc., ROV Holding, Inc., Tetra Holding (US), Inc. and United Pet Group, Inc., each a Delaware corporation, Applica Consumer Products, Inc., a Florida corporation, and ROVCAL, Inc., a California corporation, (herein referred to each as a "**Grantor**") owns, or in the case of licenses is a party to, the Trademark Collateral (as defined below);

WHEREAS, SPECTRUM BRANDS, INC., a Delaware corporation (the "**Company**"), SB/RH HOLDINGS, LLC, a Delaware limited liability company ("**Holdings**") , the Term Lenders party thereto, and CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as administrative agent (the "**Term Loan Agent**") are parties to a Credit Agreement dated as of June 16, 2010 (as amended, supplemented, modified or Refinanced from time to time in accordance with the terms of the ABL Intercreditor Agreement, the "**Term Loan Credit Agreement**"); and

WHEREAS, the Company, the Guarantors party thereto and US Bank, National Association, as indenture trustee (the "**Senior Indenture Trustee**") are parties to the Senior Secured Note Indenture dated as of June 16, 2010, pursuant to which the Company will issue its 9.50% Senior Secured Notes due 2018;

WHEREAS, the Company, Holdings, the other Grantors party thereto, the Term Loan Agent, the Senior Indenture Trustee and Wells Fargo Bank, National Association, as collateral trustee (the "**Collateral Trustee**") are parties to a Collateral Trust Agreement dated as of June 16, 2010, pursuant to which the Collateral Trustee has been appointed by the Term Loan Agent on behalf of the Term Lenders and the Senior Indenture Trustee on behalf of the Senior Noteholders, and the Collateral Trustee has agreed, to hold and administer the Liens granted pursuant to the Security Documents for the ratable benefit of all of the Secured Parties on a *pari passu* basis;

WHEREAS, pursuant to a Security Agreement dated as of June 16, 2010 (as amended and/or supplemented from time to time, the "**Security Agreement**") among the Company, Holdings, the other Grantors party thereto and the Collateral Trustee, the Grantor has secured the Secured Obligations by granting to the Collateral Trustee for the benefit of the Secured Parties a continuing security interest in personal property of the Grantor, including all right, title and interest of the Grantor in, to and under the Trademark Collateral (as defined below);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor grants to the Collateral Trustee, to secure the Secured Obligations, a continuing security interest in all of the Grantor's right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the "**Trademark Collateral**"), whether now owned or existing or hereafter acquired or arising:

(i) each Trademark (as defined in the Security Agreement) owned by the Grantor, including, without limitation, each Trademark registration and application referred to in Schedule 1 hereto, and all of the goodwill of the business connected with the use of, or symbolized by, each Trademark, *provided* that no security interest shall be granted in any United States intent-to-use trademark applications to the extent that, and solely during the period in which, the grant of a security interest therein would impair the validity or enforceability of such intent-to-use trademark applications under applicable federal law;

(ii) each Trademark License (as defined in the Security Agreement) to which the Grantor is a party, including, without limitation, each Trademark License recorded with the U.S. Patent and Trademark Office identified in Schedule 1 hereto, and all of the goodwill of the business connected with the use of, or symbolized by, each Trademark licensed pursuant thereto; and

(iii) all proceeds of and revenues from the foregoing, including, without limitation, all proceeds of and revenues from any claim by the Grantor against third parties for past, present or future unfair competition with, or violation of intellectual property rights in connection with or injury to, or infringement or dilution of, any Trademark owned by the Grantor (including, without limitation, any Trademark identified in Schedule 1 hereto), and all rights and benefits of the Grantor under any Trademark License (including, without limitation, any Trademark License recorded with the U.S. Patent and Trademark Office identified in Schedule 1 hereto), or for injury to the goodwill associated with any of the foregoing.

The Grantor irrevocably constitutes and appoints the Collateral Trustee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of the Grantor or in the Collateral Trustee's name, from time to time, in the Collateral Trustee's discretion, so long as any Event of Default shall have occurred and be continuing, to take with respect to the Trademark Collateral any and all appropriate action which the Grantor might take with respect to the Trademark Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Trademark Security Agreement and to accomplish the purposes hereof.

Except to the extent expressly permitted in the Security Agreement or the Term Loan Credit Agreement, the Grantor agrees not to sell, license, exchange, assign or otherwise transfer or dispose of, or grant any rights with respect to, or mortgage or otherwise encumber, any of the Trademark Collateral.

The foregoing security interest is granted in conjunction with the security interests granted by the Grantor to the Collateral Trustee pursuant to the Security Agreement. The Grantor acknowledges and affirms that the rights and remedies of the Collateral Trustee with respect to the security interest in the Trademark Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, the Grantor has caused this Trademark Security Agreement to be duly executed by its officer thereunto duly authorized as of the 16 day of June, 2010.

RUSSELL HOBBS, INC.,
APPLICA CONSUMER PRODUCTS, INC.,
TOASTMASTER INC.,

By: /s/ Lisa R. Carstarphen
Name: Lisa Carstarphen
Title: Vice President and Secretary

SPECTRUM BRANDS, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Senior Vice President, Secretary and General Counsel

ROVCAL, INC.,
TETRA HOLDING (US), INC.,
UNITED PET GROUP, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Secretary

UNITED INDUSTRIES CORPORATION

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Assistant Secretary

Acknowledged:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as Collateral Trustee

By: /s/ Elizabeth T. Wagner

Name: Elizabeth T. Wagner
Title: Vice President

Exhibit 10.21

COPYRIGHT SECURITY AGREEMENT

(Copyrights, Copyright Registrations, Copyright Applications and Copyright Licenses)

WHEREAS, Russell Hobbs, Inc., Spectrum Brands, Inc., ROV Holding, Inc., Tetra Holding (US), Inc. and United Pet Group, Inc., each a Delaware corporation, Applica Consumer Products, Inc., a Florida corporation,. and ROVCAL, Inc., a California corporation, (herein referred to each as a "**Grantor**") owns, or in the case of licenses is a party to, the Copyright Collateral (as defined below);

WHEREAS, SPECTRUM BRANDS, INC., a Delaware corporation (the "**Company**"), SB/RH HOLDINGS, LLC, a Delaware limited liability company ("**Holdings**") , the Term Lenders party thereto, and CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as administrative agent (the "**Term Loan Agent**") are parties to a Credit Agreement dated as of June 16, 2010 (as amended, supplemented, modified or Refinanced from time to time in accordance with the terms of the ABL Intercreditor Agreement, the "**Term Loan Credit Agreement**"); and

WHEREAS, the Company, the Guarantors party thereto and US Bank, National Association, as indenture trustee (the "**Senior Indenture Trustee**") are parties to the Senior Secured Note Indenture dated as of June 16, 2010, pursuant to which the Company will issue its 9.50% Senior Secured Notes due 2018;

WHEREAS, the Company, Holdings, the other Grantors party thereto, the Term Loan Agent, the Senior Indenture Trustee and Wells Fargo Bank, National Association, as collateral trustee (the "**Collateral Trustee**") are parties to a Collateral Trust Agreement dated as of June 16, 2010, pursuant to which the Collateral Trustee has been appointed by the Term Loan Agent on behalf of the Term Lenders and the Senior Indenture Trustee on behalf of the Senior Noteholders, and the Collateral Trustee has agreed, to hold and administer the Liens granted pursuant to the Security Documents for the ratable benefit of all of the Secured Parties on a *pari passu* basis;

WHEREAS, pursuant to a Security Agreement dated as of June 16, 2010 (as amended and/or supplemented from time to time, the "**Security Agreement**") among the Company, Holdings, the other Grantors party thereto and the Collateral Trustee, the Grantor has secured the Secured Obligations by granting to the Collateral Trustee for the benefit of the Secured Parties a continuing security interest in personal property of the Grantor, including all right, title and interest of the Grantor in, to and under the Copyright Collateral (as defined below);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor grants to the Collateral Trustee, to secure the Secured Obligations, a continuing security interest in all of the Grantor's right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the "**Copyright Collateral**"), whether now owned or existing or hereafter acquired or arising:

(i) each Copyright (as defined in the Security Agreement) owned by the Grantor, including, without limitation, each Copyright registration or application therefor referred to in Schedule 1 hereto;

(ii) each Copyright License (as defined in the Security Agreement) to which the Grantor is a party, including, without limitation, each Copyright License identified in Schedule 1 hereto; and

(iii) all proceeds of, revenues from, and accounts and general intangibles arising out of, the foregoing, including, without limitation, all proceeds of and revenues from any claim by the Grantor against third parties for past, present or future infringement of any Copyright (including, without limitation, any Copyright owned by the Grantor and identified in Schedule 1), and all rights and benefits of the Grantor under any Copyright License (including, without limitation, any Copyright License identified in Schedule 1).

The Grantor irrevocably constitutes and appoints the Collateral Trustee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of the Grantor or in the Collateral Trustee's name, from time to time, in the Collateral Trustee's discretion, so long as any Event of Default shall have occurred and be continuing, to take with respect to the Copyright Collateral any and all appropriate action which the Grantor might take with respect to the Copyright Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Copyright Security Agreement and to accomplish the purposes hereof.

Except to the extent expressly permitted in the Security Agreement or the Term Loan Credit Agreement, the Grantor agrees not to sell, license, exchange, assign or otherwise transfer or dispose of, or grant any rights with respect to, or mortgage or otherwise encumber, any of the Copyright Collateral.

The foregoing security interest is granted in conjunction with the security interests granted by the Grantor to the Collateral Trustee pursuant to the Security Agreement. The Grantor acknowledges and affirms that the rights and remedies of the Collateral Trustee with respect to the security interest in the Copyright Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, the Grantor has caused this Copyright Security Agreement to be duly executed by its officer thereunto duly authorized as of the 16th day of June, 2010.

RUSSELL HOBBS, INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa Carstarphen
Title: Vice President and Secretary

SCHULTZ COMPANY

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Assistant Secretary

Acknowledged:

WELLS FARGO BANK, NATIONAL ASSOCIATION, as
Collateral Trustee

By: /s/ Elizabeth T. Wagner

Name: Elizabeth T. Wagner
Title: Vice President

Exhibit 10.22

PATENT SECURITY AGREEMENT

(Patents, Patent Applications and Patent Licenses)

WHEREAS, Russell Hobbs, Inc., Spectrum Brands, Inc., ROV Holding, Inc., Tetra Holding (US), Inc. and United Pet Group, Inc., each a Delaware corporation, Applica Consumer Products, Inc., a Florida corporation,. and ROVCAL, Inc., a California corporation, (herein referred to each as a "**Grantor**") owns, or in the case of licenses is a party to, the Patent Collateral (as defined below);

WHEREAS, SPECTRUM BRANDS, INC., a Delaware corporation (the "**Company**"), SB/RH HOLDINGS, LLC, a Delaware limited liability company ("**Holdings**") , the Term Lenders party thereto, and CREDIT SUISSE AG, CAYMAN ISLANDS BRANCH, as administrative agent (the "**Term Loan Agent**") are parties to a Credit Agreement dated as of June 16, 2010 (as amended, supplemented, modified or Refinanced from time to time in accordance with the terms of the ABL Intercreditor Agreement, the "**Term Loan Credit Agreement**"); and

WHEREAS, the Company, the Guarantors party thereto and US Bank, National Association, as indenture trustee (the "**Senior Indenture Trustee**") are parties to the Senior Secured Note Indenture dated as of June 16, 2010, pursuant to which the Company will issue its 9.50% Senior Secured Notes due 2018;

WHEREAS, the Company, Holdings, the other Grantors party thereto, the Term Loan Agent, the Senior Indenture Trustee and Wells Fargo Bank, National Association, as collateral trustee (the "**Collateral Trustee**") are parties to a Collateral Trust Agreement dated as of June 16, 2010, pursuant to which the Collateral Trustee has been appointed by the Term Loan Agent on behalf of the Term Lenders and the Senior Indenture Trustee on behalf of the Senior Noteholders, and the Collateral Trustee has agreed, to hold and administer the Liens granted pursuant to the Security Documents for the ratable benefit of all of the Secured Parties on a *pari passu* basis;

WHEREAS, pursuant to a Security Agreement dated as of June 16, 2010 (as amended and/or supplemented from time to time, the "**Security Agreement**") among the Company, Holdings, the other Grantors party thereto and the Collateral Trustee, the Grantor has secured the Secured Obligations by granting to the Collateral Trustee for the benefit of such Secured Parties a continuing security interest in personal property of the Grantor, including all right, title and interest of the Grantor in, to and under the Patent Collateral (as defined below);

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Grantor grants to the Collateral Trustee, to secure the Secured Obligations, a continuing security interest in all of the Grantor's right, title and interest in, to and under the following (all of the following items or types of property being herein collectively referred to as the "**Patent Collateral**"), whether now owned or existing or hereafter acquired or arising:

(i) each Patent (as defined in the Security Agreement) owned by the Grantor, including, without limitation, each Patent referred to in Schedule 1 hereto;

(ii) each Patent License (as defined in the Security Agreement) to which the Grantor is a party, including, without limitation, each Patent License recorded with the U.S. Patent and Trademark Office identified in Schedule 1 hereto; and

(iii) all proceeds of and revenues from the foregoing, including, without limitation, all proceeds of and revenues from any claim by the Grantor against third parties for past, present or future infringement of any Patent owned by the Grantor (including, without limitation, any Patent identified in Schedule 1 hereto) and all rights and benefits of the Grantor under any Patent License (including, without limitation, any Patent License recorded with the U.S. Patent and Trademark Office identified in Schedule 1 hereto).

The Grantor irrevocably constitutes and appoints the Collateral Trustee and any officer or agent thereof, with full power of substitution, as its true and lawful attorney-in-fact with full power and authority in the name of the Grantor or in the Collateral Trustee's name, from time to time, in the Collateral Trustee's discretion, so long as any Event of Default shall have occurred and be continuing, to take with respect to the Patent Collateral any and all appropriate action which the Grantor might take with respect to the Patent Collateral and to execute any and all documents and instruments which may be necessary or desirable to carry out the terms of this Patent Security Agreement and to accomplish the purposes hereof.

Except to the extent expressly permitted in the Security Agreement or the Term Loan Credit Agreement, the Grantor agrees not to sell, license, exchange, assign or otherwise transfer or dispose of, or grant any rights with respect to, or mortgage or otherwise encumber, any of the Patent Collateral.

The foregoing security interest is granted in conjunction with the security interests granted by the Grantor to the Collateral Trustee pursuant to the Security Agreement. The Grantor acknowledges and affirms that the rights and remedies of the Collateral Trustee with respect to the security interest in the Patent Collateral granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

IN WITNESS WHEREOF, the Grantor has caused this Patent Security Agreement to be duly executed by its officer thereunto duly authorized as of the 16th day of June, 2010.

RUSSELL HOBBS, INC.,
APPLICA CONSUMER PRODUCTS, INC.

By: /s/ Lisa R. Carstarphen
Name: Lisa Carstarphen
Title: Vice President and Secretary

SPECTRUM BRANDS, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Senior Vice President, Secretary and General Counsel

ROVCAL, INC.,
TETRA HOLDING (US), INC.,
UNITED PET GROUP, INC.

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Secretary

UNITED INDUSTRIES CORPORATION

By: /s/ John T. Wilson
Name: John T. Wilson
Title: Vice President and Assistant Secretary

Acknowledged:

WELLS FARGO BANK, NATIONAL
ASSOCIATION, as Collateral Trustee

By: /s/ Elizabeth T. Wagner
Name: Elizabeth T. Wagner
Title: Vice President

Exhibit 31.1

CERTIFICATIONS

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

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

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

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

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

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

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

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

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

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

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

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

Date: August 18, 2010

/S/ DAVID R. LUMLEY

David R. Lumley
Chief Executive Officer

Exhibit 31.2

CERTIFICATIONS

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

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

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

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

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

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

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

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

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

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

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

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

Date: August 18, 2010

/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 4, 2010 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David R. Lumley, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

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

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

/S/ DAVID R. LUMLEY

Name: **David R. Lumley**
Title: **Chief Executive Officer**
Date: **August 18, 2010**

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 4, 2010 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 18, 2010**

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.