

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 March 29, 2015

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 001-34757

Spectrum Brands Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

27-2166630
(I.R.S. Employer
Identification Number)

3001 Deming Way
Middleton, Wisconsin
(Address of principal executive offices)

53562
(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

The number of shares outstanding of the Registrant's common stock, \$.01 par value, as of April 28, 2015, was 53,297,793.

SPECTRUM BRANDS HOLDINGS, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR QUARTER ENDED March 29, 2015
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SPECTRUM BRANDS HOLDINGS, INC.
Condensed Consolidated Statements of Financial Position
March 29, 2015 and September 30, 2014
(Amounts in millions, except per share figures)

Assets	March 29, 2015 (Unaudited)	September 30, 2014
Current assets:		
Cash and cash equivalents	\$ 87.8	\$ 194.6
Receivables:		
Trade accounts receivable, net of allowances \$41.2 and \$48.6, respectively	494.8	439.0
Other	91.3	76.3
Inventories	814.0	624.5
Deferred income taxes	30.1	36.7
Prepaid expenses and other	68.9	63.5
Total current assets	1,586.9	1,434.6
Property, plant and equipment, net of accumulated depreciation of \$285.8 and \$264.5, respectively	461.7	428.9
Deferred charges and other	36.3	37.3
Goodwill	1,516.1	1,469.6
Intangible assets, net	2,108.6	2,091.5
Debt issuance costs	52.4	51.1
Total assets	\$ 5,762.0	\$ 5,513.0
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities of long-term debt	\$ 96.3	\$ 96.7
Accounts payable	444.3	519.7
Accrued liabilities:		
Wages and benefits	62.3	88.1
Income taxes payable	20.1	18.5
Accrued interest	39.8	35.4
Other	147.8	157.3
Total current liabilities	810.6	915.7
Long-term debt, net of current maturities	3,279.8	2,894.1
Employee benefit obligations, net of current portion	71.8	82.0
Deferred income taxes	505.1	513.2
Other	21.1	21.2
Total liabilities	4,688.4	4,426.2
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$.01 par value, authorized 200.0 shares; issued 54.8 and 54.1 shares, respectively; outstanding 53.3 and 52.7 shares, respectively	0.5	0.5
Additional paid-in capital	1,455.7	1,433.4
Accumulated deficit	(239.2)	(283.1)
Accumulated other comprehensive loss	(134.4)	(63.1)
	1,082.6	1,087.7
Less treasury stock, at cost, 1.5 and 1.4 shares, respectively	(52.7)	(44.3)
Total shareholders' equity	1,029.9	1,043.4
Noncontrolling interest	43.7	43.4
Total equity	1,073.6	1,086.8
Total liabilities and equity	\$ 5,762.0	\$ 5,513.0

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

SPECTRUM BRANDS HOLDINGS, INC.
Condensed Consolidated Statements of Operations
For the three and six month periods ended March 29, 2015 and March 30, 2014
(Unaudited)
(Amounts in millions, except per share figures)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	2015	2014	2015	2014
Net sales	\$ 1,067.0	\$ 1,021.7	\$ 2,134.8	\$ 2,122.3
Cost of goods sold	692.1	661.0	1,389.5	1,378.7
Restructuring and related charges	0.2	1.1	0.4	2.8
Gross profit	374.7	359.6	744.9	740.8
Selling	173.1	165.7	332.9	329.9
General and administrative	84.3	75.9	152.6	148.9
Research and development	12.8	12.3	24.0	23.1
Acquisition and integration related charges	11.9	6.3	20.0	11.8
Restructuring and related charges	4.2	6.8	11.4	9.5
Total operating expenses	286.3	267.0	540.9	523.2
Operating income	88.4	92.6	204.0	217.6
Interest expense	49.2	47.4	93.6	104.4
Other expense, net	3.2	0.8	3.9	1.6
Income from continuing operations before income taxes	36.0	44.4	106.5	111.6
Income tax expense	8.1	10.5	28.6	23.3
Net income	27.9	33.9	77.9	88.3
Less: Net income attributable to non-controlling interest	0.1	0.1	0.3	0.2
Net income attributable to controlling interest	\$ 27.8	\$ 33.8	\$ 77.6	\$ 88.1
Basic earnings per share:				
Weighted average shares of common stock outstanding	53.3	52.7	53.0	52.6
Net income per share attributable to controlling interest	\$ 0.52	\$ 0.64	\$ 1.46	\$ 1.68
Diluted earnings per share:				
Weighted average shares and equivalents outstanding	53.3	53.0	53.1	52.8
Net income per share attributable to controlling interest	\$ 0.52	\$ 0.64	\$ 1.46	\$ 1.67
Cash dividends declared per common share	\$ 0.33	\$ 0.30	\$ 0.63	\$ 0.55

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

SPECTRUM BRANDS HOLDINGS, INC.
Condensed Consolidated Statements of Comprehensive Income (Loss)
For the three and six month periods ended March 29, 2015 and March 30, 2014
(Unaudited)
(Amounts in millions)

	THREE MONTHS ENDED		SIX MONTHS ENDED	
	2015	2014	2015	2014
Net income	\$ 27.9	\$ 33.9	\$ 77.9	\$ 88.3
Other comprehensive income (loss), net of tax:				
Foreign currency translation loss	(43.6)	(2.6)	(78.1)	(2.9)
Unrealized gain (loss) on derivative hedging instruments	1.4	(1.6)	3.4	(0.1)
Defined benefit pension gain	2.4	0.1	3.4	0.1
Other comprehensive loss, net of tax	(39.8)	(4.1)	(71.3)	(2.9)
Comprehensive income (loss)	(11.9)	29.8	6.6	85.4
Less: Comprehensive income attributable to non-controlling interest	0.1	0.2	0.3	0.4
Comprehensive income (loss) attributable to controlling interest	\$ (12.0)	\$ 29.6	\$ 6.3	\$ 85.0

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

SPECTRUM BRANDS HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
For the six month periods ended March 29, 2015 and March 30, 2014
(Unaudited)
(Amounts in millions)

	SIX MONTHS ENDED	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 77.9	\$ 88.3
Adjustments to reconcile net income to net cash used by operating activities, net of effects of acquisitions:		
Depreciation	37.1	36.5
Amortization of intangibles	41.7	40.7
Amortization of unearned restricted stock compensation	19.4	17.9
Amortization of debt issuance costs	5.1	5.2
Non-cash increase to cost of goods sold due to acquisitions inventory step up	3.0	—
Write off unamortized discount on retired debt	—	2.8
Write off of debt issuance costs	—	6.4
Other non-cash adjustments	7.2	3.4
Net changes in operating assets and liabilities	(371.7)	(356.8)
Net cash used by operating activities	(180.3)	(155.6)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(29.9)	(36.8)
Acquisition of Tell Manufacturing, net of cash acquired	(29.2)	—
Acquisition of European IAMS and Eukanuba, net of cash acquired	(116.0)	—
Acquisition of Salix Animal Health, net of cash acquired	(147.5)	—
Acquisition of Liquid Fence, net of cash acquired	—	(25.3)
Proceeds from sales of property, plant and equipment	1.2	—
Other investing activities	(0.9)	(0.1)
Net cash used by investing activities	(322.3)	(62.2)
Cash flows from financing activities:		
Proceeds from issuance of Term Loan, net of discount	—	523.7
Proceeds from issuance of 6.125% Notes	250.0	—
Proceeds from Euro Term Loan Tranche B	185.4	—
Payment of senior credit facilities, excluding ABL revolving credit facility	(15.2)	(530.8)
Debt issuance costs	(6.9)	(5.4)
Other debt financing, net	(0.1)	11.6
Reduction of other debt	(3.6)	(1.6)
ABL revolving credit facility, net	42.0	167.5
Cash dividends paid	(33.5)	(29.0)
Treasury stock purchases	(8.5)	(4.5)
Share based tax withholding payments, net of proceeds upon vesting	(1.9)	(26.5)
Net cash provided by financing activities	407.7	105.0
Effect of exchange rate changes on cash and cash equivalents	(11.9)	(1.1)
Net decrease in cash and cash equivalents	(106.8)	(113.9)
Cash and cash equivalents, beginning of period	194.6	207.3
Cash and cash equivalents, end of period	\$ 87.8	\$ 93.4

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

SPECTRUM BRANDS HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

1 DESCRIPTION OF BUSINESS

Spectrum Brands Holdings, Inc., a Delaware corporation (“SB Holdings” or the “Company”), is a diversified global branded consumer products company. SB Holdings' common stock trades on the New York Stock Exchange (the “NYSE”) under the symbol “SPB.”

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

The Company sells its products in approximately 160 countries through a variety of trade channels, including retailers, wholesalers and distributors, hearing aid professionals, industrial distributors and original equipment manufacturers and enjoys name recognition in its markets under the Rayovac, VARTA and Remington brands, each of which has been in existence for more than 80 years, and under the Tetra, 8-in-1, Dingo, Nature's Miracle, IAMS, Eukanuba, Healthy-Hide, Digest-eeze, Spectracide, Cutter, Hot Shot, Black & Decker, George Foreman, Russell Hobbs, Farberware, Black Flag, FURminator, Kwikset, Weiser, Baldwin, National Hardware, Stanley, FANAL and Pfister brands.

The Company’s global branded consumer products have positions in six major product categories: consumer batteries, small appliances, personal care, hardware and home improvement, pet supplies and home and garden controls.

The Company manages the businesses in four vertically integrated, product-focused reporting segments: (i) Global Batteries & Appliances, which consists of the Company’s worldwide battery, personal care and small appliances primarily in the kitchen and home product categories (“Global Batteries & Appliances”); (ii) Hardware & Home Improvement, which consists of the Company's worldwide hardware, home improvement and plumbing business (“Hardware & Home Improvement”); (iii) Global Pet Supplies, which consists of the Company’s worldwide pet supplies business (“Global Pet Supplies”); and (iv) Home and Garden, which consists of the Company’s home and garden and insect control business (“Home and Garden”). Management reviews the performance of the Company based on these segments, which also reflect the manner in which the Company’s management monitors performance and allocates resources. For information pertaining to our business segments, see Note 12, “Segment Results.”

2 SIGNIFICANT ACCOUNTING POLICIES

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

These condensed consolidated financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and, in the opinion of the Company, include all adjustments (which are normal and recurring in nature) necessary to present fairly the financial position of the Company at March 29, 2015, the results of operations for the three and six month periods ended March 29, 2015 and March 30, 2014, the comprehensive income (loss) for the three and six month periods ended March 29, 2015 and March 30, 2014 and the cash flows for the six month periods ended March 29, 2015 and March 30, 2014. Certain information and note disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such SEC rules and regulations. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2014.

SPECTRUM BRANDS HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

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

Intangible Assets: Intangible assets are recorded at cost or at fair value if acquired in a purchase business combination. Customer relationships and proprietary technology intangibles are amortized, using the straight-line method, over their estimated useful lives. Excess of cost over fair value of net assets acquired (goodwill) and indefinite lived trade name intangibles are not amortized. GAAP 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. Goodwill is tested for impairment at the reporting unit level, with such groupings being consistent with the Company's reportable segments. If impairment is indicated, a write-down to fair value (normally measured by discounting estimated future cash flows) is recorded. Indefinite lived 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 the August financial period end. Management uses its judgment in assessing whether assets may have become impaired between annual impairment tests. Indicators such as unexpected adverse business conditions, economic factors, unanticipated technological change or competitive activities, loss of key personnel, and acts by governments and courts may signal that an asset has become impaired.

Shipping and Handling Costs: The Company incurred shipping and handling costs of \$66.1 and \$130.8 for the three and six month periods ended March 29, 2015, respectively, and \$63.7 and \$128.3 for the three and six months periods ended March 30, 2014, respectively. These costs are included in Selling expenses in the accompanying Condensed Consolidated Statements of Operations (Unaudited). Shipping and handling costs include costs incurred with third-party carriers to transport products to customers as well as salaries and overhead costs related to activities to prepare the Company's products for shipment from its distribution facilities.

Concentrations of Credit Risk: Trade receivables subject the Company to credit risk. Trade accounts receivable are carried at net realizable value. The Company extends credit to its customers based upon an evaluation of the customer's financial condition and credit history, and generally does not require collateral. The Company monitors its customers' credit and financial condition based on changing economic conditions and makes adjustments to credit policies as required. Provisions for losses on uncollectible trade receivables are determined based on ongoing evaluations of the Company's receivables, principally on the basis of historical collection experience and evaluations of the risks of nonpayment for a given customer.

The Company has a broad range of customers including many large retail outlet chains, one of which accounts for a significant percentage of its sales volume. This customer represented approximately 13% and 14% of the Company's Net sales during the three and six month periods ended March 29, 2015, respectively, and 16% of the Company's Net sales for both the three and six month periods ended March 30, 2014. This customer also represented approximately 11% and 14% of the Company's Trade accounts receivable, net at March 29, 2015 and September 30, 2014, respectively.

Approximately 39% and 42% of the Company's Net sales during the three and six month periods ended March 29, 2015, respectively, and 39% and 43% of the Company's Net sales during the three and six month periods ended March 30, 2014, respectively, occurred outside the U.S. These sales and related receivables are subject to varying degrees of credit, currency, political and economic risk. The Company monitors these risks and makes appropriate provisions for ability to collect based on an assessment of the risks present.

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

Total stock compensation expense associated with restricted stock units recognized by the Company during the three and six month periods ended March 29, 2015 was \$13.8 and \$19.4, respectively. Total stock compensation expense associated with restricted stock units recognized by the Company during the three and six month periods ended March 30, 2014 was \$11.3 and \$17.9, respectively. The remaining unrecognized pre-tax compensation cost related to restricted stock units at March 29, 2015 was \$48.6.

SPECTRUM BRANDS HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

The Company granted approximately 0.30 million and 0.53 million restricted stock units during the three and six month periods ended March 29, 2015, respectively. The 0.53 million restricted stock units granted during the six months ended March 29, 2015 include 0.13 million restricted stock units that vested immediately and 0.13 million time-based restricted stock units that vest over a period ranging from one to three years. The remaining 0.27 million restricted stock units are performance and time-based and vest over a period ranging from one to two years. The total market value of the restricted stock units on the dates of the grants was approximately \$47.8.

The Company granted approximately 0.02 million and 0.44 million restricted stock units during the three and six month periods ended March 30, 2014, respectively. The 0.44 million restricted units granted during the six months ended March 30, 2014, include 0.09 million restricted stock units that vested immediately and 0.05 million time-based restricted stock units that vest over a one year period. The remaining 0.30 million restricted stock units are performance and time-based and vest over a two year period. The total market value of the restricted stock units on the dates of the grants was approximately \$30.1.

The fair value of restricted stock units is determined based on the market price of the Company's shares of common stock on the grant date. A summary of the activity in the Company's non-vested restricted stock units during the six months ended March 29, 2015 is as follows:

Restricted Stock Units	Shares (in millions)	Weighted Average Share Price at Grant Date	Fair Value at Grant Date
Non-vested restricted stock units at September 30, 2014	0.83	\$ 67.66	\$ 56.0
Granted	0.53	90.43	47.8
Forfeited	(0.02)	84.13	(1.3)
Vested	(0.70)	68.28	(48.1)
Non-vested restricted stock units at March 29, 2015	0.64	\$ 85.50	\$ 54.4

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

The following table summarizes acquisition and integration related charges incurred by the Company during the three and six month periods ended March 29, 2015 and March 30, 2014:

	Three Months Ended		Six Months Ended	
	2015	2014	2015	2014
Salix Animal Health	\$ 5.1	\$ —	\$ 5.1	\$ —
European IAMS and Eukanuba	4.1	—	5.0	—
HHI Business	3.0	3.7	6.2	7.9
Tell	0.6	—	1.1	—
Liquid Fence	0.4	1.2	1.3	1.7
Other	(1.3)	1.4	1.3	2.2
Total Acquisition and integration related charges	\$ 11.9	\$ 6.3	\$ 20.0	\$ 11.8

SPECTRUM BRANDS HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

3 COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) includes foreign currency translation gains and losses on assets and liabilities of foreign subsidiaries, effects of exchange rate changes on intercompany balances of a long-term nature and transactions designated as a hedge of a net investment in a foreign subsidiary, deferred gains and losses on derivative financial instruments designated as cash flow hedges and amortization of deferred gains and losses associated with the Company's pension plans. The foreign currency translation gains and losses for the three and six month periods ended March 29, 2015 and March 30, 2014 were principally attributable to the impact of translation of the net assets of the Company's European and Latin American operations, which primarily have functional currencies in Euros, Pounds Sterling and Brazilian Real.

For information pertaining to the reclassification of unrealized gains and losses on derivative instruments, see Note 8, "Derivative Financial Instruments."

The components of Other comprehensive income (loss), net of tax, for the three and six month periods ended March 29, 2015 and March 30, 2014 are as follows:

	Three Months Ended		Six Months Ended	
	2015	2014	2015	2014
Foreign Currency Translation Adjustments:				
Net change after reclassification adjustment	\$ (43.6)	\$ (2.6)	\$ (78.1)	\$ (2.9)
Deferred tax effect	—	—	—	—
Deferred tax valuation allowance	—	—	—	—
Other Comprehensive Loss	\$ (43.6)	\$ (2.6)	\$ (78.1)	\$ (2.9)
Noncontrolling interest	—	0.2	—	0.1
Comprehensive loss attributable to controlling interest	\$ (43.6)	\$ (2.8)	\$ (78.1)	\$ (3.0)
Derivative Hedging Instruments:				
Gross change before reclassification adjustment	\$ 9.3	\$ (1.8)	\$ 17.1	\$ (0.9)
Net reclassification adjustment for (gains) losses included in earnings	(7.0)	(0.1)	(11.8)	0.9
Gross change after reclassification adjustment	\$ 2.3	\$ (1.9)	\$ 5.3	\$ —
Deferred tax effect	(0.9)	0.4	(0.9)	(0.1)
Deferred tax valuation allowance	—	(0.1)	(1.0)	—
Other Comprehensive Income (Loss)	\$ 1.4	\$ (1.6)	\$ 3.4	\$ (0.1)
Defined Benefit Pension Plans:				
Gross change before reclassification adjustment	\$ 2.8	\$ (0.2)	\$ 3.7	\$ (0.6)
Net reclassification adjustment for losses included in Cost of goods sold	0.1	0.1	0.3	0.3
Net reclassification adjustment for losses included in Selling expenses	0.1	0.1	0.2	0.2
Net reclassification adjustment for losses included in General and administrative expenses	0.2	0.2	0.3	0.3
Gross change after reclassification adjustment	\$ 3.2	\$ 0.2	\$ 4.5	\$ 0.2
Deferred tax effect	(0.8)	(0.1)	(1.1)	(0.1)
Deferred tax valuation allowance	—	—	—	—
Other Comprehensive Income	\$ 2.4	\$ 0.1	\$ 3.4	\$ 0.1
Total Other Comprehensive Loss, net of tax	\$ (39.8)	\$ (4.3)	\$ (71.3)	\$ (3.0)

SPECTRUM BRANDS HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

4 NET INCOME PER COMMON SHARE

Net income per common share of the Company for the three and six month periods ended March 29, 2015 and March 30, 2014 is calculated based upon the following number of shares:

	Three Months Ended		Six Months Ended	
	2015	2014	2015	2014
Basic	53.3	52.7	53.0	52.6
Effect of common stock equivalents	—	0.3	0.1	0.2
Diluted	53.3	53.0	53.1	52.8

5 INVENTORIES

Inventories consist of the following:

	March 29, 2015	September 30, 2014
Raw materials	\$ 138.7	\$ 104.1
Work-in-process	55.6	35.3
Finished goods	619.7	485.1
	\$ 814.0	\$ 624.5

6 GOODWILL AND INTANGIBLE ASSETS

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

	Global Batteries & Appliances	Hardware & Home Improvement	Global Pet Supplies	Home and Garden	Total
Goodwill:					
Balance at September 30, 2014	\$ 327.4	\$ 709.8	\$ 235.9	\$ 196.5	\$ 1,469.6
Additions	—	7.1	70.5	—	77.6
Effect of translation	(14.8)	(8.2)	(8.1)	—	(31.1)
Balance at March 29, 2015	\$ 312.6	\$ 708.7	\$ 298.3	\$ 196.5	\$ 1,516.1
Intangible Assets:					
Trade Names Not Subject to Amortization					
Balance at September 30, 2014	\$ 544.6	\$ 330.6	\$ 210.5	\$ 88.6	\$ 1,174.3
Additions	—	4.0	46.7	—	50.7
Effect of translation	(15.0)	(0.8)	(15.5)	—	(31.3)
Balance at March 29, 2015	\$ 529.6	\$ 333.8	\$ 241.7	\$ 88.6	\$ 1,193.7
Intangible Assets Subject to Amortization					
Balance at September 30, 2014, net	\$ 400.3	\$ 130.5	\$ 222.3	\$ 164.1	\$ 917.2
Additions	0.9	8.5	52.3	—	61.7
Amortization during period	(17.1)	(7.6)	(11.6)	(5.4)	(41.7)
Effect of translation	(13.5)	(1.4)	(7.4)	—	(22.3)
Balance at March 29, 2015, net	\$ 370.6	\$ 130.0	\$ 255.6	\$ 158.7	\$ 914.9
Total Intangible Assets, net at March 29, 2015	\$ 900.2	\$ 463.8	\$ 497.3	\$ 247.3	\$ 2,108.6

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During the three month period ended March 29, 2015, the Company recorded additions to goodwill and intangible assets related to the acquisitions of Procter & Gamble’s European pet food business consisting of the IAMS and Eukanuba brands (“European IAMS and Eukanuba”) and Salix Animal Health LLC (“Salix”), which is included in the Global Pet Supplies segment. See Note 14 “Acquisitions,” for further information.

Intangible assets subject to amortization include proprietary technology, customer relationships and certain trade names. The useful lives for proprietary technology assets associated with the Global Batteries & Appliances segment, the Hardware & Home Improvement segment and the Global Pet Supplies segment are from 9 to 17 years, 8 to 9 years and 4 to 9 years, respectively. The useful lives of customer relationships are from 15 to 20 years within the Global Batteries & Appliances segment, 20 years in each of the Hardware & Home Improvement and Home and Garden segments and from 2 to 20 years within the Global Pet Supplies segment. The useful lives for trade names are from 1 to 12 years within the Global Batteries & Appliances segment, 5 to 8 years within the Hardware & Home Improvement segment and 3 years within the Global Pet Supplies segment.

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

	March 29, 2015	September 30, 2014
Technology Assets Subject to Amortization:		
Gross balance	\$ 195.5	\$ 192.2
Accumulated amortization	(67.0)	(57.6)
Carrying value, net	\$ 128.5	\$ 134.6
Trade Names Subject to Amortization:		
Gross balance	\$ 173.7	\$ 171.0
Accumulated amortization	(69.1)	(61.0)
Carrying value, net	\$ 104.6	\$ 110.0
Customer Relationships Subject to Amortization:		
Gross balance	\$ 903.0	\$ 877.2
Accumulated amortization	(221.2)	(204.6)
Carrying value, net	\$ 681.8	\$ 672.6
Total Intangible Assets, net Subject to Amortization	\$ 914.9	\$ 917.2

Amortization expense for the three and six month periods ended March 29, 2015 and March 30, 2014 is as follows:

	Three Months Ended		Six Months Ended	
	2015	2014	2015	2014
Proprietary technology amortization	\$ 4.7	\$ 4.7	\$ 9.4	\$ 9.2
Trade names amortization	4.1	4.1	8.2	8.2
Customer relationships amortization	12.4	11.7	24.1	23.3
	\$ 21.2	\$ 20.5	\$ 41.7	\$ 40.7

The Company estimates annual amortization expense of intangible assets for the next five fiscal years will approximate \$81.0 per year.

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7 DEBT

Debt consists of the following:

	March 29, 2015		September 30, 2014		Interest Terms
	Amount	Rate	Amount	Rate	
Term Loan, due September 4, 2017 (Tranche A)	\$ 635.2	3.1 %	\$ 648.4	3.0 %	Variable rate, see below
Term Loan, due September 4, 2019 (Tranche C)	508.6	3.6 %	509.9	3.6 %	Variable rate, see below
CAD Term Loan, due December 17, 2019	30.5	5.1 %	34.2	5.1 %	Variable rate, see below
Euro Term Loan, due September 4, 2019	242.5	3.8 %	283.3	3.8 %	Variable rate, see below
Euro Term Loan, due December 19, 2021	163.3	3.8 %	—	— %	Variable rate, see below
6.375% Notes, due November 15, 2020	520.0	6.4 %	520.0	6.4 %	Fixed rate
6.625% Notes, due November 15, 2022	570.0	6.6 %	570.0	6.6 %	Fixed rate
6.75% Notes, due March 15, 2020	300.0	6.8 %	300.0	6.8 %	Fixed rate
6.125% Notes, due December 15, 2024	250.0	6.1 %	—	— %	Fixed rate
ABL Facility, expiring May 24, 2017	42.0	4.0 %	—	2.5 %	Variable rate, see below
Other notes and obligations	31.0	12.6 %	36.6	8.8 %	Various
Capitalized lease obligations	88.6	6.1 %	94.7	6.1 %	Various
	\$ 3,381.7		\$ 2,997.1		
Original issuance discounts on debt	(5.6)		(6.3)		
Less: current maturities	(96.3)		(96.7)		
Long-term debt	\$ 3,279.8		\$ 2,894.1		

The Company has the following debt instruments outstanding at March 29, 2015: (i) a senior secured term loan (the “Term Loan”) pursuant to a senior credit agreement (the “Senior Credit Agreement”) which consists of \$635.2 (“Tranche A”), \$508.6 principal (“Tranche C”), \$30.5 Canadian dollar denominated principal (“CAD Term Loan”), \$242.5 Euro denominated principal (“Euro Term Loan Tranche A”) and \$163.3 Euro denominated principal (“Euro Term Loan Tranche B”) (together, the “Term Loan”); (ii) \$300.0 6.75% unsecured notes (the “6.75% Notes”); (iii) \$520.0 6.375% unsecured notes (the “6.375% Notes”); (iv) \$570.0 6.625% unsecured notes (the “6.625% Notes”); (v) \$250.0 6.125% unsecured notes (the “6.125% Notes”) and (vi) a \$400.0 asset based lending revolving credit facility (the “ABL Facility”).

Interest Terms

Certain of the Company’s debt instruments are subject to variable interest rates. The variable rates disclosed in the table above are weighted averages based on outstanding debt balances and corresponding rates in effect as of the period end. At March 29, 2015, the Company’s variable interest rate terms are as follows: Tranche A is equal to LIBOR (International Exchange London Interbank Offered Rate), subject to a 0.75% floor, plus 2.25%, with a Base option rate of 4.5%; Tranche C is equal to LIBOR, subject to a 0.75% floor, plus 2.75%, with a Base option rate of 5.0%; the CAD Term Loan is equal to CDOR (Canadian Dollar Offered Rate), subject to a 1.25% floor (1.29% at March 29, 2015) plus 3.75%, with a Base option rate of 5.6%; Euro Term Loan Tranche A and Euro Term Loan Tranche B are equal to EURIBOR, subject to a 0.75% floor, plus 3.0%, with no Base option available; the ABL Facility is equal to LIBOR plus 1.75%, with a Base option rate of 4.0%.

Term Loan

On December 19, 2014 the Company amended the Term Loan, issuing a tranche maturing December 19, 2021, which provides for borrowings in an aggregate principal amount of €150.0 (the “Euro Term Loan Tranche B”). The Euro Term Loan Tranche B is guaranteed by the Company’s wholly owned subsidiary, SB/RH Holdings, LLC, as well as by the borrower’s, Spectrum Brands, Inc. (the “Borrower” or the “Issuer”), existing and future domestic subsidiaries. The net proceeds from the amendment, together with the net proceeds of the 6.125% Notes, were used to fund acquisitions, repay certain amounts drawn under the revolving credit facility and for general corporate purposes, which may include, among other things, working capital needs, the refinancing of existing indebtedness and business expansion.

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The Euro Term Loan Tranche B was issued at a .25% discount and recorded net of the discount incurred. The €0.4 discount is reflected as an adjustment to the carrying value of principal, and is being amortized with a corresponding charge to interest expense over the remaining life of the debt. In connection with the Euro Term Loan Tranche B, the Company recorded \$0.2 and \$2.3 of fees during the three and six month periods ended March 29, 2015, respectively. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) and are being amortized as an adjustment to interest expense over the remaining life of the loan.

6.125% Notes

On December 4, 2014, the Issuer issued \$250.0 aggregate principal amount of 6.125% Notes at par value, due December 15, 2024 (the “6.125% Notes”). The 6.125% Notes are guaranteed by the Company’s wholly owned subsidiary, SB/RH Holdings, LLC, as well as by the Issuer’s existing and future domestic subsidiaries.

The Issuer may redeem all or a part of the 6.125% Notes, upon not less than 30 or more than a 60 day notice, at specified redemption prices. Further, the indenture governing the 6.125% Notes (the “2024 Indenture”) requires the Issuer 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 Issuer, as defined in the 2024 Indenture.

The 2024 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 2024 Indenture provides for customary events of default, including failure to make required payments, failure to comply with certain agreements or covenants, failure to make payments when due or on acceleration of certain other indebtedness, and certain events of bankruptcy and insolvency. Events of default under the 2024 Indenture arising from certain events of bankruptcy or insolvency will automatically cause the acceleration of the amounts due under the 6.125% Notes. If any other event of default under the 2024 Indenture occurs and is continuing, the trustee for the 2024 Indenture or the registered holders of at least 25% in the then aggregate outstanding principal amount of the 6.125% Notes, may declare the acceleration of the amounts due under those notes.

The Company recorded \$0.6 and \$4.6 of fees in connection with the offering of the 6.125% Notes during the three and six month periods ended March 29, 2015, respectively. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) and are amortized as an adjustment to interest expense over the remaining life of the 6.125% Notes.

ABL Facility

As a result of borrowings and payments under the ABL Facility, at March 29, 2015, the Company had aggregate borrowing availability of approximately \$257.6, net of lender reserves of \$6.4 and outstanding letters of credit of \$30.3.

8 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used by the Company principally in the management of its interest rate, foreign currency exchange rate and raw material price exposures. The Company does not hold or issue derivative financial instruments for trading purposes. Derivative instruments are reported at fair value in the Condensed Consolidated Statements of Financial Position (Unaudited). When hedge accounting is elected at inception, the Company formally designates the financial instrument as a hedge of a specific underlying exposure and documents both the risk management objectives and strategies for undertaking the hedge. The Company formally assesses both at the inception of the hedging instrument 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

SPECTRUM BRANDS HOLDINGS, INC.**Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)**
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fair value is recognized in earnings in the period incurred. 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 recognized in earnings in the period incurred.

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 Accumulated Other Comprehensive Income (Loss) ("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 both March 29, 2015 and September 30, 2014, the Company had a series of U.S. dollar denominated interest rate swaps outstanding which effectively fix the interest on floating rate debt, exclusive of lender spreads, at 1.36% for a notional principal amount of \$300.0 through April 2017. The derivative net loss on these contracts recorded in AOCI by the Company at March 29, 2015 was \$1.8, net of tax benefit of \$0.0. At March 29, 2015, the portion of derivative net losses estimated to be reclassified from AOCI into earnings by the Company over the next 12 months is \$1.3, net of tax.

The Company's interest rate swap derivative financial instruments at March 29, 2015 and September 30, 2014 are summarized as follows:

	March 29, 2015		September 30, 2014	
	Notional Amount	Remaining Years	Notional Amount	Remaining Years
Interest rate swaps - fixed	\$ 300.0	2.0	\$ 300.0	2.5

The Company periodically enters into forward foreign exchange contracts to hedge the risk from forecasted foreign currency denominated third party and intercompany sales or payments. These obligations generally require the Company to exchange foreign currencies for U.S. Dollars, Euros, Pounds Sterling, Australian Dollars, Brazilian Reals, Mexican Pesos, Canadian Dollars or Japanese Yen. These foreign exchange contracts are cash flow hedges of fluctuating foreign exchange related to sales of product or raw material purchases. Until the sale or purchase is recognized, the fair value of the related hedge is recorded in AOCI and as a derivative hedge asset or liability, as applicable. At the time the sale or purchase is recognized, the fair value of the related hedge is reclassified as an adjustment to Net sales or purchase price variance in Cost of goods sold. At March 29, 2015, the Company had a series of foreign exchange derivative contracts outstanding through June 2016 with a contract value of \$215.4. The derivative net gain on these contracts recorded in AOCI by the Company at March 29, 2015 was \$15.2, net of tax expense of \$5.4. At March 29, 2015, the portion of derivative net gains estimated to be reclassified from AOCI into earnings by the Company over the next 12 months is \$15.2, net of tax.

The Company is exposed to risk from fluctuating prices for raw materials, specifically zinc and brass used in its manufacturing processes. The Company hedges a portion of the risk associated with the purchase of 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 March 29, 2015, the Company had a series of zinc swap contracts outstanding through September 2016 for 7.3 thousand metric tons with a contract value of \$16.0. At March 29, 2015, the Company had a series of brass swap contracts outstanding through September 2016 for 1.9 thousand metric tons with a contract value of \$9.2. The derivative net loss on these contracts recorded in AOCI by the Company at March 29, 2015 was \$0.7, net of tax benefit of \$0.1. At March 29, 2015, the portion of derivative net loss estimated to be reclassified from AOCI into earnings by the Company over the next 12 months is \$0.8, net of tax.

Derivative Contracts Not Designated as Hedge Accounting

The Company periodically enters into forward and swap foreign exchange contracts to economically hedge the risk from third party and intercompany payments resulting from existing obligations. These obligations generally require the Company to exchange foreign currencies for U.S. Dollars, Canadian Dollars, Euros or Australian Dollars. These foreign exchange contracts are fair value hedges of a related liability or asset recorded in the accompanying Condensed Consolidated Statements of Financial Position (Unaudited). The gain or loss on the derivative hedge contracts is recorded in earnings as an offset to the

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change in value of the related liability or asset at each period end. At March 29, 2015 and September 30, 2014, the Company had \$174.1 and \$108.9, respectively, of notional value of such foreign exchange derivative contracts outstanding.

The Company periodically enters into commodity swap contracts to economically hedge the risk from fluctuating prices for raw materials, specifically the pass-through of market prices for silver used in manufacturing purchased watch batteries. The Company hedges a portion of the risk associated with these materials through the use of commodity swaps. The swap contracts are designated as economic hedges with the unrealized gain or loss recorded in earnings and as an asset or liability at each period end. The unrecognized changes in fair value of the hedge contracts are adjusted through earnings when the realized gains or losses affect earnings upon settlement of the hedges. The swaps effectively fix the floating price on a specified quantity of silver through a specified date. At March 29, 2015, the Company had a series of such swap contracts outstanding through September 2015 for 15.0 thousand troy ounces with a contract value of \$0.3. At September 30, 2014, the Company had a series of such swap contracts outstanding through September 30, 2015 for 25.0 thousand troy ounces with a contract value of \$0.4.

Fair Value of Derivative Instruments

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

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

Asset Derivatives	March 29, 2015	September 30, 2014
Derivatives designated as hedging instruments under ASC 815:		
Interest rate contracts	\$ —	\$ 0.6
Commodity contracts	0.1	1.3
Commodity contracts	0.1	—
Foreign exchange contracts	20.7	12.0
Foreign exchange contracts	0.1	0.3
Total asset derivatives designated as hedging instruments under ASC 815	21.0	14.2
Derivatives not designated as hedging instruments under ASC 815:		
Foreign exchange contracts	—	0.5
Total asset derivatives	\$ 21.0	\$ 14.7

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

Liability Derivatives	March 29, 2015	September 30, 2014
Derivatives designated as hedging instruments under ASC 815:		
Interest rate contracts	\$ 1.4	\$ 1.3
Interest rate contracts	0.4	0.4
Interest rate contracts	0.4	—
Commodity contracts	1.0	0.2
Foreign exchange contracts	0.2	—
Total liability derivatives designated as hedging instruments under ASC 815	\$ 3.4	\$ 1.9
Derivatives not designated as hedging instruments under ASC 815:		
Commodity contract	\$ —	\$ 0.1
Foreign exchange contracts	0.9	0.1
Total liability derivatives	\$ 4.3	\$ 2.1

Changes in AOCI from Derivative Instruments

For derivative instruments that are designated and qualify as cash flow hedges, the effective portion of the gain or loss on the derivative is reported as a component of AOCI and reclassified into earnings in the same period or periods during which the hedged transaction affects earnings. Gains and losses on derivatives representing either hedge ineffectiveness or hedge components excluded from the assessment of effectiveness are recognized in current earnings. See Note 3, "Comprehensive Income (Loss)" for further information.

The following table summarizes the impact of derivative instruments on the accompanying Condensed Consolidated Statement of Operations (Unaudited) for the three month period ended March 29, 2015, pretax:

	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)
Derivatives in ASC 815 Cash Flow Hedging Relationships					
Interest rate contracts	\$ (1.4)	Interest expense	\$ (0.5)	Interest expense	\$ —
Commodity contracts	(0.5)	Cost of goods sold	(0.1)	Cost of goods sold	—
Foreign exchange contracts	(0.1)	Net sales	—	Net sales	—
Foreign exchange contracts	11.3	Cost of goods sold	7.6	Cost of goods sold	—
Total	\$ 9.3		\$ 7.0		\$ —

The following table summarizes the impact of derivative instruments on the accompanying Condensed Consolidated Statement of Operations (Unaudited) for the six month period ended March 29, 2015, pretax:

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Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on 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)
Interest rate contracts	\$ (2.0)	Interest expense	\$ (0.9)	Interest expense	\$ —
Commodity contracts	(1.7)	Cost of goods sold	0.3	Cost of goods sold	—
Foreign exchange contracts	20.8	Cost of goods sold	12.4	Cost of goods sold	—
Total	\$ 17.1		\$ 11.8		\$ —

The following table summarizes the impact of derivative instruments on the accompanying Condensed Consolidated Statement of Operations (Unaudited) for the three month period ended March 30, 2014, pretax:

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on 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	\$ (1.0)	Cost of goods sold	\$ 0.2	Cost of goods sold	\$ (0.2)
Foreign exchange contracts	—	Net sales	0.1	Net sales	—
Foreign exchange contracts	(0.8)	Cost of goods sold	(0.2)	Cost of goods sold	—
Total	\$ (1.8)		\$ 0.1		\$ (0.2)

The following table summarizes the impact of derivative instruments on the accompanying Condensed Consolidated Statement of Operations (Unaudited) for the six month period ended March 30, 2014, pretax:

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on 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	\$ 0.1	Cost of goods sold	\$ —	Cost of goods sold	\$ —
Foreign exchange contracts	0.1	Net sales	0.1	Net sales	—
Foreign exchange contracts	(1.1)	Cost of goods sold	(1.0)	Cost of goods sold	—
Total	\$ (0.9)		\$ (0.9)		\$ —

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Other Changes in Fair Value of Derivative Contracts

For derivative instruments that are used to economically hedge the fair value of the Company's third party and intercompany foreign currency payments, commodity purchases and interest rate payments, but are not designated as hedging instruments under ASC 815, the gain (loss) associated with the derivative contract is recognized in earnings in the period of change. During the three month periods ended March 29, 2015 and March 30, 2014, the Company recognized the following gains (losses) on these derivative contracts:

Derivatives Not Designated as Hedging Instruments Under ASC 815	Amount of Gain (Loss) Recognized in Income on Derivatives		Location of Gain (Loss) Recognized in Income on Derivatives
	2015	2014	
Foreign exchange contracts	\$ (5.7)	\$ (0.1)	Other expense, net

During the six month periods ended March 29, 2015 and March 30, 2014, the Company recognized the following gains (losses) on these derivative contracts:

Derivatives Not Designated as Hedging Instruments Under ASC 815	Amount of Gain (Loss) Recognized in Income on Derivatives		Location of Gain (Loss) Recognized in Income on Derivatives
	2015	2014	
Commodity contracts	\$ —	\$ (0.1)	Cost of goods sold
Foreign exchange contracts	(7.4)	0.7	Other expense, net
Total	\$ (7.4)	\$ 0.6	

9 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's net derivative portfolio as of March 29, 2015, contains Level 2 instruments and consists of commodity, interest rate and foreign exchange contracts. The fair values of these instruments as of March 29, 2015 were as follows ((liability)/asset):

	Level 1	Level 2	Level 3	Total
Assets:				
Interest rate contracts	\$ —	\$ —	\$ —	\$ —
Commodity contracts	—	0.2	—	0.2
Foreign exchange contracts	—	20.8	—	20.8
Total Assets	\$ —	\$ 21.0	\$ —	\$ 21.0
Liabilities:				
Interest rate contracts	\$ —	\$ (2.2)	\$ —	\$ (2.2)
Commodity contracts	—	(1.0)	\$ —	(1.0)
Foreign exchange contracts	—	(1.1)	—	(1.1)
Total Liabilities	\$ —	\$ (4.3)	\$ —	\$ (4.3)

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The Company's net derivative portfolio as of September 30, 2014, contains Level 2 instruments and consists of commodity and foreign exchange contracts. The fair values of these instruments as of September 30, 2014 were as follows:

	Level 1	Level 2	Level 3	Total
Assets:				
Interest rate contracts	\$ —	\$ 0.6	\$ —	\$ 0.6
Commodity contracts	—	1.3	—	1.3
Foreign exchange contracts	—	12.8	—	12.8
Total Assets	\$ —	\$ 14.7	\$ —	\$ 14.7
Liabilities:				
Interest rate contracts	\$ —	\$ (1.7)	\$ —	\$ (1.7)
Commodity contracts	—	(0.3)	—	(0.3)
Foreign exchange contracts	—	(0.1)	—	(0.1)
Total Liabilities	\$ —	\$ (2.1)	\$ —	\$ (2.1)

The carrying values of cash and cash equivalents, accounts and notes receivable, accounts payable and non-publicly traded debt approximate fair value. The fair values of long-term publicly traded debt are based on unadjusted quoted market prices (Level 1) and derivative financial instruments are generally based on quoted or observed market prices (Level 2).

The carrying values of goodwill, intangible assets and other long-lived assets are tested annually, or more frequently if an event occurs that indicates an impairment loss may have been incurred, using fair value measurements with unobservable inputs (Level 3).

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

	March 29, 2015		September 30, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Total debt	\$ (3,376.1)	\$ (3,491.9)	\$ (2,990.8)	\$ (3,061.5)
Interest swap agreements	(2.2)	(2.2)	(1.1)	(1.1)
Commodity swap and option agreements	(0.8)	(0.8)	1.0	1.0
Foreign exchange forward agreements	19.7	19.7	12.7	12.7

10 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, including the United Kingdom, the Netherlands, Germany, Guatemala, Brazil, Mexico and Taiwan. These pension plans generally provide benefits of stated amounts for each year of service.

The Company's results of operations for the three and six month periods ended March 29, 2015 and March 30, 2014 reflect the following pension and deferred compensation benefit costs:

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Components of net periodic benefit and deferred compensation benefit cost	Three Months Ended		Six Months Ended	
	2015	2014	2015	2014
Service cost	\$ 0.8	\$ 0.9	\$ 1.6	\$ 1.7
Interest cost	2.4	2.6	4.8	5.2
Expected return on assets	(2.5)	(2.5)	(5.0)	(4.9)
Recognized net actuarial loss	0.4	0.4	0.8	0.7
Net periodic benefit cost	<u>\$ 1.1</u>	<u>\$ 1.4</u>	<u>\$ 2.2</u>	<u>\$ 2.7</u>

The Company funds its U.S. pension plans in accordance with the Internal Revenue Service defined guidelines and, where applicable, in amounts sufficient to satisfy the minimum funding requirements of applicable laws. Additionally, in compliance with the Company's funding policy, annual contributions to non-U.S. defined benefit plans are equal to the actuarial recommendations or statutory requirements in the respective countries. The Company's contributions to its pension and deferred compensation plans for the three and six month periods ended March 29, 2015 and March 30, 2014 were as follows:

Pension and deferred compensation contributions	Three Months Ended		Six Months Ended	
	2015	2014	2015	2014
Contributions made during period	\$ 3.3	\$ 2.1	\$ 5.5	\$ 5.4

The Company sponsors a defined contribution pension plan for its domestic salaried employees, which allows participants to make contributions by salary reduction pursuant to Section 401(k) of the Internal Revenue Code. The Company also sponsors defined contribution pension plans for employees of certain foreign subsidiaries. Company contributions charged to operations, including discretionary amounts, for the three and six month periods ended March 29, 2015 were \$2.5 and \$6.0, respectively. Company contributions charged to operations, including discretionary amounts, for the three and six month periods ended March 30, 2014 were \$3.1 and \$7.3, respectively.

11 INCOME TAXES

The Company's effective tax rates for the three and six month periods ended March 29, 2015 were 22% and 27%, respectively. The Company's effective tax rates for the three and six month periods ended March 30, 2014 were 24% and 21%, respectively. The Company's effective tax rates differ from the U.S. federal statutory rate of 35% principally due to (i) income earned outside the U.S. that is subject to statutory rates lower than 35%, (ii) the release of valuation allowance on U.S. net operating loss deferred tax assets offsetting tax expense on both U.S. pretax income and foreign income not permanently reinvested, and (iii) deferred income tax expense related to the change in book versus tax basis of indefinite-lived intangibles, which are amortized for tax purposes but not for book purposes.

The Company records the impact of a tax position if it concludes that the position is more likely than not sustainable upon audit, based on the technical merits of the position. At March 29, 2015 and September 30, 2014, the Company had \$10.9 and \$11.3, respectively, of unrecognized tax benefits related to uncertain tax positions. At March 29, 2015 and September 30, 2014, the Company had approximately \$3.4 and \$3.5, respectively, of accrued interest and penalties related to the uncertain tax positions. Interest and penalties related to uncertain tax positions are reported as Income tax expense.

As of March 29, 2015, certain of the Company's legal entities in various jurisdictions are undergoing income tax audits. 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.

SPECTRUM BRANDS HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

12 SEGMENT RESULTS

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

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

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

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

Segment information for the three and six month periods ended March 29, 2015 and March 30, 2014 is as follows:

	Three Months Ended		Six Months Ended	
	2015	2014	2015	2014
<i>Net sales to external customers</i>				
Consumer batteries	\$ 181.8	\$ 211.4	\$ 422.0	\$ 475.8
Small appliances	151.6	152.5	375.4	369.3
Personal care	110.5	117.0	283.0	295.1
Global Batteries & Appliances	443.9	480.9	1,080.4	1,140.2
Hardware & Home Improvement	289.4	266.9	560.6	545.3
Global Pet Supplies	209.8	159.4	330.4	288.5
Home and Garden	123.9	114.5	163.4	148.3
Total segments	\$ 1,067.0	\$ 1,021.7	\$ 2,134.8	\$ 2,122.3

	Three Months Ended		Six Months Ended	
	2015	2014	2015	2014
<i>Segment profit</i>				
Global Batteries & Appliances	\$ 41.8	\$ 44.2	\$ 138.4	\$ 141.4
Hardware & Home Improvement	37.3	34.8	76.1	74.8
Global Pet Supplies	18.7	20.6	24.4	33.6
Home and Garden	28.3	23.1	31.1	21.9
Total segments	126.1	122.7	270.0	271.7
Corporate expense	21.4	15.9	34.2	30.0
Acquisition and integration related charges	11.9	6.3	20.0	11.8
Restructuring and related charges	4.4	7.9	11.8	12.3
Interest expense	49.2	47.4	93.6	104.4
Other expense, net	3.2	0.8	3.9	1.6
Income from continuing operations before income taxes	\$ 36.0	\$ 44.4	\$ 106.5	\$ 111.6

SPECTRUM BRANDS HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

Segment assets for the Company’s product-focused reporting segments and its Corporate function are as follows:

	March 29, 2015	September 30, 2014
	(Unaudited)	
Segment total assets		
Global Batteries & Appliances	\$ 2,094.0	\$ 2,152.0
Hardware & Home Improvement	1,700.6	1,629.0
Global Pet Supplies	1,151.7	890.4
Home and Garden	617.3	526.6
Total segment assets	5,563.6	5,198.0
Corporate	198.4	315.0
Total assets at period end	<u>\$ 5,762.0</u>	<u>\$ 5,513.0</u>

13 RESTRUCTURING AND RELATED CHARGES

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

The Company reports restructuring and related charges relating to administrative functions in Operating expenses, such as initiatives impacting sales, marketing, distribution or other non-manufacturing functions. Restructuring and related charges reflected in Operating expenses include, but are not limited to, termination and related costs, any asset impairments relating to the functional areas described above and other costs directly related to the initiatives.

The following table summarizes restructuring and related charges incurred by segment for the three and six month periods ended March 29, 2015 and March 30, 2014:

	Three Months Ended		Six Months Ended	
	2015	2014	2015	2014
Cost of goods sold:				
Global Batteries & Appliances	\$ 0.1	\$ —	\$ 0.2	\$ 0.5
Hardware & Home Improvement	—	1.1	—	2.3
Global Pet Supplies	0.1	—	0.2	—
Total restructuring and related charges in cost of goods sold	<u>\$ 0.2</u>	<u>\$ 1.1</u>	<u>\$ 0.4</u>	<u>\$ 2.8</u>
Operating expenses:				
Global Batteries & Appliances	\$ 0.6	\$ 5.0	\$ 5.2	\$ 6.7
Hardware & Home Improvement	1.4	0.8	1.5	0.8
Global Pet Supplies	2.1	1.0	4.2	1.3
Home and Garden	0.1	—	0.2	—
Corporate	—	—	0.3	0.7
Total restructuring and related charges in operating expenses	<u>\$ 4.2</u>	<u>\$ 6.8</u>	<u>\$ 11.4</u>	<u>\$ 9.5</u>
Total restructuring and related charges	<u>\$ 4.4</u>	<u>\$ 7.9</u>	<u>\$ 11.8</u>	<u>\$ 12.3</u>

HHI Business Rationalization Initiatives

During the fourth quarter of the fiscal year ended September 30, 2014, the Company implemented a series of initiatives throughout the Hardware & Home Improvement business segment to reduce operating costs and exit low margin business outside the U.S. (the “HHI Business Rationalization Initiatives”). These initiatives include headcount reductions, the exit of

SPECTRUM BRANDS HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

certain facilities and the sale of a portion of the Hardware & Home Improvement operations in Canada. Costs associated with these initiatives, which are expected to be incurred through September 30, 2016, are projected to total approximately \$11.0.

The Company recorded \$1.3 and \$1.4 of pretax restructuring and related charges during the three and six month periods ended March 29, 2015, and no pretax restructuring and related charges during the three and six month periods ended March 30, 2014, related to the HHI Business Rationalization Initiatives.

Global Expense Rationalization Initiatives Summary

During the third quarter of the fiscal year ended September 30, 2013, the Company implemented a series of initiatives throughout the Company to reduce operating costs (the “Global Expense Rationalization Initiatives”). These initiatives consist of headcount reductions primarily in the Global Batteries & Appliances segment, the Global Pet Supplies segment, the Home and Garden segment and within Corporate. Costs associated with these initiatives, which are expected to be incurred through September 30, 2015, are currently projected to approximately \$36.0.

The Company recorded \$2.8 and \$10.0 of pretax restructuring and related charges during the three and six month periods ended March 29, 2015, respectively, and \$5.8 and \$8.7 of pretax restructuring and related charges during the three and six month periods ended March 30, 2014, respectively, related to the Global Expense Rationalization Initiatives.

The following table summarizes the remaining accrual balance associated with the Global Expense Rationalization Initiatives and the activity during the six month period ended March 29, 2015:

	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2014	\$ 4.1	\$ 1.4	\$ 5.5
Provisions	4.5	(0.3)	4.2
Cash expenditures	(3.7)	(0.7)	(4.4)
Non-cash items	(0.2)	—	(0.2)
Accrual balance at March 29, 2015	\$ 4.7	\$ 0.4	\$ 5.1
Expensed as incurred ^(A)	\$ 2.1	\$ 3.7	\$ 5.8

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

The following table summarizes the expenses incurred during the six month period ended March 29, 2015, the cumulative amount incurred to date and the total future costs expected to be incurred associated with the Global Expense Rationalization Initiatives by operating segment:

	Global Batteries & Appliances	Global Pet Supplies	Corporate	Total
Restructuring and related charges during the six month period ended March 29, 2015	\$ 5.6	\$ 4.0	\$ 0.4	\$ 10.0
Restructuring and related charges since initiative inception	\$ 26.7	\$ 5.8	\$ 2.1	\$ 34.6
Total future restructuring and related charges expected	\$ 0.3	\$ 0.6	\$ 0.1	\$ 1.0

The Company recorded \$0.1 of pretax restructuring and related charges for both the three and six month periods ended March 29, 2015 and \$1.9 and \$3.1 of pretax restructuring and related charges during the three and six month periods ended March 30, 2014, respectively, related to initiatives implemented by the HHI Business prior to the Company's acquisition on December 17, 2012.

In connection with other restructuring efforts, the Company recorded \$0.3 of pretax restructuring and related charges for both the three and six month periods ended March 29, 2015 and \$0.1 and \$0.5 of pretax restructuring and related charges during the three and six month periods ended March 30, 2014.

SPECTRUM BRANDS HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

14 ACQUISITIONS

In accordance with ASC Topic 805, “Business Combinations” (“ASC 805”), the Company accounts for acquisitions by applying the acquisition method of accounting. The acquisition method of accounting requires, among other things, that the assets acquired and liabilities assumed in a business combination be measured at their fair values as of the closing date of the acquisition.

Tell Manufacturing

On October 1, 2014, the Company completed the acquisition of Tell, a leading manufacturer and distributor of commercial doors, locks and hardware. The preliminary value of the consideration given in this acquisition, net of working capital adjustments, was \$30.3 and is not significant individually.

The results of Tell's operations since October 1, 2014 are included in the Company's Condensed Consolidated Statements of Operations (Unaudited) and are reported as part of the Hardware & Home Improvement segment.

Preliminary Valuation of Assets and Liabilities

The assets acquired and liabilities assumed in the Tell acquisition have been measured at their fair values at October 1, 2014 as set forth below. The excess of the purchase price over the fair values of the net tangible assets and identifiable intangible assets was recorded as goodwill, which includes value associated with the assembled workforce including an experienced research team, and is expected to be deductible for income tax purposes. The preliminary fair values recorded were determined based upon a valuation and the estimates and assumptions used in such valuation are subject to change, which could be significant, within the measurement period (up to one year from the acquisition date). The primary areas of acquisition accounting that are not yet finalized relate to amounts for intangible assets, contingent liabilities, residual goodwill and income taxes.

The preliminary fair values recorded for the assets acquired and liabilities assumed for Tell are as follows:

Cash	\$	1.1
Accounts receivable		5.4
Inventories		7.2
Prepaid expense		0.6
Property, plant and equipment, net		1.5
Intangible assets		12.5
Total assets acquired	\$	28.3
Total liabilities assumed		5.1
Total identifiable net assets less goodwill		23.2
Goodwill		7.1
Total identifiable net assets	\$	30.3

Preliminary Valuation Adjustments

The Company performed a preliminary valuation of the acquired inventories, property, plant and equipment, trade name and customer relationships at October 1, 2014. A summary of the significant inputs to the valuation is as follows:

- Inventories – The replacement cost approach was applied to estimate the fair value of the raw materials inventory. Finished goods were valued at estimated selling price less the sum of costs of disposal and a reasonable profit on the value added in the completion and disposal effort.

SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

Property, plant and equipment – The cost approach was utilized to estimate the fair value of approximately 97.0% of the property, plant and equipment. The sales comparison approach was utilized to estimate the fair value of the remaining 3.0% of the property, plant and equipment.

The Company valued an indefinite-lived trade name 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 Tell, related trademarks and trade names, other similar trademark licensing and transaction agreements and the relative profitability and perceived contribution of the trade name. Trade name was valued at \$4.0 under this approach.

The Company valued customer relationships using the income approach, specifically the multi-period excess earnings method. In determining the fair value of the customer relationships, 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 were estimated using annual expected growth rates of 2.5% to 7.1%. The Company assumed a customer retention rate of approximately 90%, which was supported by historical retention rates. Income taxes were estimated at 38% and amounts were discounted using a rate of 20%. The customer relationships were valued at \$8.5 under this approach and will be amortized over 13 years.

European IAMS and Eukanuba

On December 31, 2014, the Company completed the acquisition of European IAMS and Eukanuba, leading premium brands for dogs and cats. The preliminary value of the consideration given in this acquisition, net of working capital adjustments, was \$116.0 and is not significant individually.

The results of European IAMS and Eukanuba's operations since December 31, 2014 are included in the Company's Condensed Consolidated Statements of Operations (Unaudited) and are reported as part of the Global Pet Supplies segment.

Preliminary Valuation of Assets and Liabilities

The assets acquired and liabilities assumed in the European IAMS and Eukanuba acquisition have been measured at their fair values at December 31, 2014 as set forth below. The excess of the purchase price over the fair values of the net tangible assets and identifiable intangible assets was recorded as goodwill. The preliminary fair values recorded were determined based upon a valuation and the estimates and assumptions used in such valuation are subject to change, which could be significant, within the measurement period (up to one year from the acquisition date). The primary areas of acquisition accounting that are not yet finalized relate to amounts for intangible assets, contingent liabilities, residual goodwill and income taxes.

The preliminary fair values recorded for the assets acquired and liabilities assumed for European IAMS and Eukanuba are as follows:

Inventories	\$	17.2
Prepaid expense		1.3
Other current assets		2.6
Property, plant and equipment, net		58.3
Intangible assets		40.5
Total assets acquired	\$	119.9
Total liabilities assumed		5.6
Total identifiable net assets less goodwill		114.3
Goodwill		1.7
Total identifiable net assets	\$	116.0

SPECTRUM BRANDS HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

Preliminary Valuation Adjustments

The Company performed a preliminary valuation of the acquired inventories, property, plant and equipment, trade name and customer relationships at December 31, 2014. A summary of the significant inputs to the valuation is as follows:

- Inventories – The replacement cost approach was applied to estimate the fair value of the raw materials inventory. Work-in-process and finished goods inventory were valued at estimated selling price less the sum of costs of disposal and a reasonable profit on the value added in the completion and disposal effort.
- Real estate, property, plant and equipment – The market approach was utilized to estimate the fair value of land. The direct cost approach was utilized to estimate the fair value of property, plant and equipment.
- 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, related licensing agreements and the importance of the technology and profit levels, among other considerations. The Company anticipates using these technologies through the legal life of the underlying patent; therefore, the expected life of these technologies was equal to the remaining life of the underlying patents which was 8 years. The technology assets were valued at \$3.6 under this approach.
- The Company valued indefinite-lived trade names using the income approach, specifically the relief from royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the trade names were not owned. Royalty rates were selected based on consideration of several factors, including prior transactions of European IAMS and Eukanuba, related trademarks and trade names, other similar trademark licensing and transaction agreements and the relative profitability and perceived contribution of the trade names. Trade names were valued at \$26.7 under this approach.
- The Company valued customer relationships using the income approach, specifically the multi-period excess earnings method. In determining the fair value of the customer relationships, 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 were estimated using annual expected growth rates of 0.5% to 13.2%. The Company assumed a customer retention rate of approximately 90% - 100%, which was supported by historical retention rates. Income taxes were estimated at 25% and amounts were discounted using a rate of 15% - 16%. The customer relationships were valued at \$10.2 under this approach and will be amortized over a period of 2 and 15 years.

Salix

On January 16, 2015, the Company completed the acquisition of Salix, the world's leading and largest vertically integrated producer and distributor of premium, natural rawhide dog chews, treats and snacks. The preliminary value of the consideration given in this acquisition, net of working capital adjustments, was \$148.0 and is not significant individually.

The results of Salix's operations since January 16, 2015 are included in the Company's Condensed Consolidated Statements of Operations (Unaudited) and are reported as part of the Global Pet Supplies segment.

SPECTRUM BRANDS HOLDINGS, INC.
Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

Preliminary Valuation of Assets and Liabilities

The assets acquired and liabilities assumed in the Salix acquisition have been measured at their fair values at January 16, 2015 as set forth below. The excess of the purchase price over the fair values of the net tangible assets and identifiable intangible assets was recorded as goodwill, which includes value associated with the assembled workforce including an experienced research team, and is expected to be deductible for income tax purposes. The preliminary fair values recorded were determined based upon a valuation and the estimates and assumptions used in such valuation are subject to change, which could be significant, within the measurement period (up to one year from the acquisition date). The primary areas of acquisition accounting that are not yet finalized relate to amounts for intangible assets, contingent liabilities, residual goodwill and income taxes.

The preliminary fair values recorded for the assets acquired and liabilities assumed for Salix are as follows:

Cash	\$	0.5
Accounts receivable		9.9
Inventories		17.0
Prepaid expense		2.4
Property, plant and equipment, net		1.2
Intangible assets		58.5
Total assets acquired	\$	89.5
Total liabilities assumed		10.3
Total identifiable net assets less goodwill		79.2
Goodwill		68.8
Total identifiable net assets	\$	148.0

Preliminary Valuation Adjustments

The Company performed a preliminary valuation of the acquired inventories, property, plant and equipment, trade name, customer relationships and non-compete agreement at January 16, 2015. A summary of the significant inputs to the valuation is as follows:

·Inventories – The replacement cost approach was applied to estimate the fair value of the raw materials and unbranded finished goods inventory. Branded finished goods were valued based on the comparative sales method, which estimates the expected sales price of the finished goods inventory, reduced for all costs expected to be incurred in its completion/disposition and a profit on those costs.

·Property, plant and equipment – The cost approach was utilized to estimate the fair value of approximately 98.0% of the property, plant and equipment. The sales comparison approach was utilized to estimate the fair value of the remaining 2.0% of the property, plant and equipment.

·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, related licensing agreements and the importance of the technology and profit levels, among other considerations. The Company anticipates using these technologies through the legal life of the underlying patent; therefore, the expected life of these technologies was equal to the remaining life of the underlying patents which was 17 years. The technology assets were valued at \$2.1 under this approach.

·The Company valued indefinite-lived trade names using the income approach, specifically the relief from royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the trade names were not owned. Royalty rates were selected based on consideration of several factors, including prior transactions of Salix, related trademarks and trade names, other similar

SPECTRUM BRANDS HOLDINGS, INC.

Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
(Amounts in millions of dollars, except per share figures or as otherwise specified)

trademark licensing and transaction agreements and the relative profitability and perceived contribution of the trade names. Trade names were valued at \$20.0 under this approach.

The Company valued definite-lived trade names using the income approach, specifically the relief from royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the trade names were not owned. Royalty rates were selected based on consideration of several factors, including prior transactions of Salix, related trademarks and trade names, other similar trademark licensing and transaction agreements and the relative profitability and perceived contribution of the trade names. Trade name was valued at \$1.0 under this approach and will be amortized over 13 years.

The Company valued customer relationships using the income approach, specifically the multi-period excess earnings method. In determining the fair value of the customer relationships, 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 were estimated using annual expected growth rates of 0.0% to 12.1%. The Company assumed a customer retention rate of approximately 92.5%, which was supported by historical retention rates. Income taxes were estimated at 38% and amounts were discounted using a rate of 12% - 13%. The customer relationships were valued at \$34.0 under this approach and will be amortized over 13 years.

The Company valued a non-compete agreement using the income approach that compares the prospective cash flows with and without the non-compete agreement in place. The value of the non-compete agreement is the difference between the discounted cash flows of the business under each of these two alternative scenarios (with competition and without competition), considering both tax expenditure and tax amortization benefits. The non-compete agreement was valued at \$1.4 under this approach and will be amortized over 3 years.

15 SUBSEQUENT EVENTS

ASC 855, "Subsequent Events" ("ASC 855"), establishes general standards of accounting and disclosure of events that occur after the balance sheet date but before financial statements are issued or available to be issued. ASC 855 requires the Company to evaluate events that occur after the balance date through the date of the Company's financial statements are issued, and to determine whether adjustments to or additional disclosures in the financial statements are necessary. The Company has evaluated subsequent events through the date these financial statements were issued.

On April 28, 2015, the Company entered into an Agreement and Plan of Merger (the "AAG Merger Agreement") with Armored AutoGroup Parent Inc. ("AAG"), Ignite Merger Sub, Inc., a direct wholly owned subsidiary of Spectrum Brands, Inc., and Avista Capital Partners II GP, LLC, as representative for the shareholders and optionholders of AAG. Under the AAG Merger Agreement, the Company will acquire AAG for a purchase price of approximately \$1,400.0 (subject to customary adjustments for cash, debt, net working capital and transaction-related expenses described in the AAG Merger Agreement), which will be paid entirely in cash (the "AAG Acquisition"). The obligations of the parties to complete the AAG Acquisition are subject to various customary closing conditions, including the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended and, in the case of the Company's obligation to complete the acquisition, the accuracy of AAG's representations and warranties (subject to certain qualifications), material compliance by AAG with certain pre-closing covenants and no material adverse change in AAG since the date of the AAG Merger Agreement. The AAG Merger Agreement may be terminated by mutual consent of AAG and the Company and under certain other circumstances, including by AAG or the Company if the closing of the acquisition has not occurred by June 30, 2015. The acquisition is expected to close in the third quarter of our Fiscal 2015. The Company will account for this acquisition in accordance with ASC 805.

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

Introduction

Spectrum Brands Holdings, Inc., a Delaware corporation ("SB Holdings"), is a diversified global branded consumer products company. SB Holdings' common stock trades on the New York Stock Exchange (the "NYSE") under the symbol "SPB."

Unless the context indicates otherwise, the terms the "Company," "Spectrum," "we," "our" or "us" are used to refer to SB Holdings and its subsidiaries.

Business Overview

We manufacture and market alkaline, zinc carbon and hearing aid batteries, herbicides, insecticides and repellants and specialty pet supplies. We design and market rechargeable batteries, battery-powered lighting products, electric shavers and accessories, grooming products and hair care appliances. We also design, market and distribute a broad range of branded small household appliances and personal care products. We also design, manufacture, market, distribute and sell certain hardware, home improvement and plumbing products, and are a leading United States ("U.S.") provider of residential locksets and builders' hardware and a leading provider of faucets. Our manufacturing and product development facilities are located in the U.S., Europe, Latin America and Asia. Substantially all of our rechargeable batteries, chargers and portable lighting products, shaving and grooming products, small household appliances and personal care products are manufactured by third-party suppliers, primarily located in Asia.

We sell our products in approximately 160 countries through a variety of trade channels, including retailers, wholesalers and distributors, hearing aid professionals, industrial distributors and original equipment manufacturers 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, Dingo, Nature's Miracle, IAMS, Eukanuba, Healthy-Hide, Digest-eeze, Spectracide, Cutter, Hot Shot, Black & Decker, George Foreman, Russell Hobbs, Farberware, Black Flag, FURminator, Kwikset, Weiser, Baldwin, National Hardware, Stanley and Pfister brands. We also have patented technologies such as Smartkey, a rekeyable lockset technology, and Smart Code Home Connect.

Our diversified global branded consumer products have positions in six major product categories: consumer batteries, small appliances, personal care, hardware and home improvement, pet supplies and home and garden controls.

Our chief operating decision-maker manages the businesses in four vertically integrated, product-focused reporting segments: (i) Global Batteries & Appliances, which consists of the Company's worldwide battery, personal care and small appliances primarily in the kitchen and home product categories ("Global Batteries & Appliances"); (ii) Hardware & Home Improvement, which consists of the Company's worldwide hardware, home improvement and plumbing business ("Hardware & Home Improvement"); (iii) Global Pet Supplies, which consists of the Company's worldwide pet supplies business ("Global Pet Supplies"); and (iv) Home and Garden, which consists of the Company's home and garden and insect control business ("Home and Garden"). Management reviews our performance based on these segments. For information pertaining to our business segments, see Note 12, "Segment Results" of Notes to Condensed Consolidated Financial Statements (Unaudited), included in this Quarterly Report on Form 10-Q.

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

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

On April 28, 2015, we entered into an agreement to acquire Armored AutoGroup Parent, Inc. ("AAG"). AAG is a consumer products company consisting primarily of Armor All® and STP® products, two of the most recognizable brands in the

automotive aftermarket appearance products and performance chemicals categories, respectively, and the AC/PRO® brand of do-it-yourself automotive air conditioner recharge products.

Results of Operations

Fiscal Quarter and Fiscal Six Months Ended March 29, 2015 Compared to Fiscal Quarter and Fiscal Six Months Ended March 30, 2014

In this Quarterly Report on Form 10-Q we refer to the three month period ended March 29, 2015 as the “Fiscal 2015 Quarter,” the six month period ended March 29, 2015 as the “Fiscal 2015 Six Months,” the three month period ended March 30, 2014 as the “Fiscal 2014 Quarter,” and the six month period ended March 30, 2014 as the “Fiscal 2014 Six Months.”

Net Sales. Net sales for the Fiscal 2015 Quarter increased \$45.3 million to \$1,067.0 million from \$1,021.7 million in the Fiscal 2014 Quarter, a 4% increase. The following table details the principal components of the change in net sales from the Fiscal 2014 Quarter to the Fiscal 2015 Quarter (in millions):

	Net Sales
Fiscal 2014 Quarter Net Sales	\$ 1,021.7
Increase in global pet supplies	58.1
Increase in hardware and home improvement	27.1
Increase in small appliances	10.2
Increase in home and garden	9.4
Increase in personal care	4.6
Decrease in consumer batteries	(9.3)
Foreign currency impact, net	(54.8)
Fiscal 2015 Quarter Net Sales	<u>\$ 1,067.0</u>

Net sales for the Fiscal 2015 Six Months increased \$12.5 million to \$2,134.8 million from \$2,122.3 million in the Fiscal 2014 Six Months, a 1% increase. The following table details the principal components of the change in net sales from the Fiscal 2014 Six Months to the Fiscal 2015 Six Months (in millions):

	Net Sales
Fiscal 2014 Six Months Net Sales	\$ 2,122.3
Increase in global pet supplies	52.6
Increase in small appliances	24.7
Increase in hardware and home improvement	22.2
Increase in home and garden	15.1
Increase in personal care	9.9
Decrease in consumer batteries	(20.3)
Foreign currency impact, net	(91.7)
Fiscal 2015 Six Months Net Sales	<u>\$ 2,134.8</u>

Consolidated net sales by product line for the Fiscal 2015 Quarter, the Fiscal 2014 Quarter, the Fiscal 2015 Six Months and the Fiscal 2014 Six Months are as follows (in millions):

	Fiscal Quarter		Fiscal Six Months	
	2015	2014	2015	2014
Product line net sales by segment				
Global batteries and appliances				
Consumer batteries	\$ 181.8	\$ 211.4	\$ 422.0	\$ 475.8
Small appliances	151.6	152.5	375.4	369.3
Personal care	110.5	117.0	283.0	295.1
Total Global batteries and appliances	\$ 443.9	\$ 480.9	\$ 1,080.4	\$ 1,140.2
Hardware and home improvement	289.4	266.9	560.6	545.3
Global pet supplies	209.8	159.4	330.4	288.5
Home and garden	123.9	114.5	163.4	148.3
Total net sales to external customers	\$ 1,067.0	\$ 1,021.7	\$ 2,134.8	\$ 2,122.3

Global consumer battery sales decreased \$29.6 million, or 14%, during the Fiscal 2015 Quarter versus the Fiscal 2014 Quarter. Excluding the impact of negative foreign exchange of \$20.3 million, global consumer battery sales decreased \$9.3 million. The constant currency decrease in global consumer battery sales was attributable to a decrease in North American sales of \$15.0 million, which was partially offset by increases in European and Latin American consumer battery sales of \$4.2 million and \$1.4 million, respectively. The North American battery decrease was due to the following: (i) \$10.0 million in alkaline batteries; (ii) \$2.8 million in specialty batteries; and (iii) \$2.2 million in lights. The decrease in North American alkaline battery sales was primarily attributable to continued competitor discounting coupled with a retail customer bankruptcy. The decrease in North American specialty batteries and lights was primarily attributable to distribution loss to a competitor at a major retailer. On a constant currency basis, the European sales increase was primarily due to \$7.3 million in alkaline batteries tempered with a \$2.7 million decrease in specialty batteries. The increase in European alkaline battery sales was driven by customer gains and increased volume at existing retailers. The decrease in European specialty batteries was driven by non-recurrence of promotions. The Latin American sales increase was primarily attributable to \$2.2 million in our lighting category as a result of continuing geographic expansion coupled with an effective product launch of our compact fluorescent light bulbs. Global consumer battery sales decreased \$53.8 million, or 11%, during the Fiscal 2015 Six Months compared to the Fiscal 2014 Six Months. Excluding the impact of negative foreign exchange of \$33.5 million, global consumer battery sales decreased \$20.4 million. The constant currency decrease in global consumer battery sales was primarily attributable to the factors discussed above for the Fiscal 2015 Quarter across all geographic regions.

Small appliance sales decreased \$0.9 million, or 1%, during the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter, which included \$11.1 million of negative foreign exchange impact. Excluding foreign exchange, European, Latin American and North American sales increased \$6.6 million, \$3.3 million and \$0.3 million, respectively. The European sales increase was attributable to new products and promotions at current customers coupled with customer gains. The Latin American sales increase was attributable to volume gains, new products and sales promotions, specifically in Central America, Brazil, Argentina and Chile. Small appliance sales increased \$6.1 million, or 2%, during the Fiscal 2015 Six Months versus the Fiscal 2014 Six Months, which included a negative foreign currency exchange impact of \$18.6 million. Excluding foreign exchange, European and Latin American sales increased \$15.2 million and \$1.9 million, respectively, based on factors discussed above for the Fiscal 2015 Quarter. The North American sales increase of \$7.6 million during the Fiscal 2015 Six Months was due to promotions coupled with new products and existing retailer shelf space gains.

Personal care sales decreased \$6.5 million, or 6%, during the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter, which included \$11.1 million of negative foreign exchange impact. Excluding foreign exchange, North American and Latin American sales increased \$3.2 million and \$2.5 million, respectively, which was offset by a European sales decrease of \$1.1 million. The North American sales increase was primarily a result of product display location changes at a major customer. The Latin American sales increase was primarily attributable to the growth of our hair care product category and shaving products coupled with customer gains. The European sales decrease was due to non-recurrence of promotions that occurred in the Fiscal 2014 Quarter. Personal care sales decreased \$12.1 million, or 4%, during the Fiscal 2015 Six Months compared to the Fiscal 2014 Six Months. Excluding the negative foreign currency exchange impact of \$22.0 million, personal care sales increased \$9.9 million in the Fiscal 2015 Six Months. Excluding foreign exchange, European and Latin American sales increased \$7.0 million and \$3.3 million, respectively. These gains were tempered by a \$0.4 million sales decline in North America. The European sales increase during the Fiscal 2015 Six Months was due to strong sales in the first quarter of our fiscal year ending September 30, 2015 ("Fiscal 2015"), primarily due to new product releases related to male grooming coupled

with geographic expansion into Eastern Europe. The Latin American sales increase was due to factors discussed above for the Fiscal 2015 Quarter.

Hardware and home improvement sales increased \$22.5 million, or 8%, during the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter, which included negative foreign exchange impact of \$4.6 million. On a constant currency basis, security sales, plumbing sales and hardware sales increased \$19.1 million, \$7.3 million and \$0.7 million, respectively. The port delays had a \$7.8 million negative impact on sales during the Fiscal 2015 Quarter. The sales gain in security was primarily from non-retail channels coupled with the acquisition of Tell Manufacturing, Inc. (“Tell”) during our first quarter of Fiscal 2015, which resulted in a \$9.3 million increase in sales during the Fiscal 2015 Quarter. The sales gain in plumbing was primarily a result of promotions and retail growth due to new product launches. Hardware and home improvement sales increased \$15.3 million, or 3%, during the Fiscal 2015 Six Months compared to the Fiscal 2014 Six Months, which included negative foreign exchange impacts of \$6.9 million. On a constant currency basis, the sales increase was attributable to gains in security sales and plumbing sales of \$25.8 million and \$10.3 million, respectively. These gains were partially offset by a sales decline in hardware of \$13.9 million. The sales gains in security and plumbing were attributable to the strong Fiscal 2015 Quarter sales discussed above. The sales decline in hardware was mainly due to a distributor transition for our Asian supplier during our first quarter of Fiscal 2015.

Global pet supplies sales increased \$50.4 million, or 32%, during the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter, which included negative foreign exchange impact of \$7.7 million. On a constant currency basis and including acquisitions, companion animal sales increased \$61.7 million while aquatic sales decreased \$3.6 million. The constant currency sales increase in companion animal was primarily driven by the acquisitions of Procter & Gamble’s European pet food business (“European IAMS and Eukanuba”) and Salix Animal Health LLC (“Salix”), which accounted for \$62.6 million of sales during the Fiscal 2015 Quarter. The aquatics sales decline was driven by weakness in the aquatic product category in North America coupled with lower international sales. Global pet supplies sales increased \$41.9 million, or 15%, during the Fiscal 2015 Six Months versus the Fiscal 2014 Six Months, which included a negative foreign exchange impact of \$10.7 million. On a constant currency basis and including acquisitions, companion animal sales increased \$61.2 million while aquatic sales decreased \$8.5 million, primarily due to the factors discussed above for both product categories during the Fiscal 2015 Quarter.

Home and garden control sales increased \$9.4 million, or 8%, during the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter. The sales gain was attributable to increases in repellent product sales, lawn and garden control product sales and household insect control sales of \$4.2 million, \$3.4 million and \$1.8 million, respectively. The sales increase in all three product categories was a result of distribution gains and strong sales at existing customers, which drove replenishment orders during the Fiscal 2015 Quarter. Home and garden control sales increased \$15.1 million, or 10%, during the Fiscal 2015 Six Months compared to the Fiscal 2014 Six Months, primarily attributable to the factors discussed above for the Fiscal 2015 Quarter coupled with the full period impact of the acquisition of The Liquid Fence Company, Inc. (“Liquid Fence”), which occurred during the second quarter of our fiscal year ended September 30, 2014 (“Fiscal 2014”).

Gross Profit. Gross profit and gross profit margin for the Fiscal 2015 Quarter was \$374.7 million and 35.1%, respectively, versus \$359.6 million and 35.2%, respectively, for the Fiscal 2014 Quarter. Gross profit was up primarily due to the previously discussed acquisitions during Fiscal 2015, which contributed \$24.9 million in gross profit in the Fiscal 2015 Quarter. Gross profit margin percentage was down slightly in the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter, primarily driven by impact of negative foreign currency exchange.

Gross profit for the Fiscal 2015 Six Months was \$744.9 million versus \$740.8 million for the Fiscal 2014 Six Months. Our gross profit margin for the Fiscal 2015 Six Months compared to the Fiscal 2014 Six Months was the same at 34.9% for both periods. Excluding the impact of negative foreign currency exchange, gross profit margin increased by 10 basis points to 35.0% for the Fiscal 2015 Six Months.

Operating Expenses. Operating expenses for the Fiscal 2015 Quarter totaled \$286.3 million compared to \$267.0 million for the Fiscal 2014 Quarter. The \$19.3 million increase in operating expenses during the Fiscal 2015 Quarter is primarily attributable to the increases in General and administrative expenses, Selling expenses and Acquisition and integration related charges, of \$8.4 million, \$7.4 million and \$5.6 million, respectively. These increases were partially offset by a decrease in Restructuring and related charges of \$2.6 million. The increase in General and administrative expenses and Selling expenses was mainly due to an increase in Net sales coupled with an increase in stock compensation expense of \$2.5 million. Selling expenses as a percentage of net sales remained constant at 16.2% for the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter. The \$5.6 million increase in Acquisition and integration related charges was primarily attributable to costs related to the acquisition of European IAMS and Eukanuba and Salix during the Fiscal 2015 Quarter.

Operating expenses for the Fiscal 2015 Six Months totaled \$540.9 million compared to \$523.2 million for the Fiscal 2014 Six Months. The \$17.7 million increase in operating expenses during the Fiscal 2014 Six Months was primarily due to increases in Acquisition and integration related charges, General and administrative expenses, Selling expenses, Restructuring and related charges of \$8.2 million, \$3.7 million, \$3.0 million and \$1.9 million, respectively. The operating expense increase during the Fiscal 2015 Six Months was primarily attributable to the factors discussed above for the Fiscal 2015 Quarter.

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

See 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.

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

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

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

Financial information pertaining to our reportable segments is contained in Note 12, "Segment Results," to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q.

Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization ("Adjusted EBITDA") is a metric used by management and frequently used by the financial community which provides insight into an organization's operating trends and facilitates comparisons between peer companies, since interest, taxes, depreciation and amortization can differ greatly between organizations as a result of differing capital structures and tax strategies. Adjusted EBITDA can also be a useful measure of a company's ability to service debt and is one of the measures used for determining our debt covenant compliance. Adjusted EBITDA excludes certain items that are unusual in nature or not comparable from period to period. While we believe that Adjusted EBITDA is useful supplemental information, such adjusted results are not intended to replace our Generally Accepted Accounting Principles' ("GAAP") financial results and should be read in conjunction with those GAAP results.

Below are reconciliations of GAAP Net income (loss), as adjusted, to Adjusted Earnings Before Interest and Taxes ("EBIT") and to Adjusted EBITDA for each segment and for Consolidated SB Holdings for the Fiscal 2015 Quarter, the Fiscal 2015 Six Months, the Fiscal 2014 Quarter and the Fiscal 2014 Six Months:

Fiscal 2015 Quarter	Global Batteries & Appliances	Hardware & Home Improvement	Global Pet Supplies	Home and Garden	Corporate / Unallocated Items ^(a)	Consolidated SB Holdings
(in millions)						
Net income (loss), as adjusted ^(a)	\$ 37.9	\$ 32.4	\$ 12.6	\$ 28.0	\$ (83.0)	\$ 27.9
Income tax expense	—	—	—	—	8.1	8.1
Interest expense	—	—	—	—	49.2	49.2
Acquisition and integration related charges	1.0	2.7	3.9	0.3	4.0	11.9
Restructuring and related charges	0.7	1.3	2.3	0.1	—	4.4
Purchase accounting fair value adjustment	—	—	2.2	—	—	2.2
Other ^(b)	—	—	—	—	1.7	1.7
Adjusted EBIT	\$ 39.6	\$ 36.4	\$ 21.0	\$ 28.4	\$ (20.0)	\$ 105.4
Depreciation and amortization ^(c)	17.5	9.3	9.9	3.1	13.9	53.7
Adjusted EBITDA	\$ 57.1	\$ 45.7	\$ 30.9	\$ 31.5	\$ (6.1)	\$ 159.1

Fiscal 2015 Six Months	Global Batteries & Appliances	Hardware & Home Improvement	Global Pet Supplies	Home and Garden	Corporate / Unallocated Items ^(a)	Consolidated SB Holdings
(in millions)						
Net income (loss), as adjusted ^(a)	\$ 126.2	\$ 70.9	\$ 15.4	\$ 28.8	\$ (163.4)	\$ 77.9
Income tax expense	—	—	—	—	28.6	28.6
Interest expense	—	—	—	—	93.6	93.6
Acquisition and integration related charges	2.6	4.5	4.3	2.2	6.4	20.0
Restructuring and related charges	5.5	1.5	4.4	0.1	0.3	11.8
Purchase accounting fair value adjustment	—	0.8	2.2	—	—	3.0
Other ^(d)	—	—	—	—	1.8	1.8
Adjusted EBIT	\$ 134.3	\$ 77.7	\$ 26.3	\$ 31.1	\$ (32.7)	\$ 236.7
Depreciation and amortization ^(c)	34.9	20.0	17.6	6.4	19.3	98.2
Adjusted EBITDA	\$ 169.2	\$ 97.7	\$ 43.9	\$ 37.5	\$ (13.4)	\$ 334.9

Fiscal 2014 Quarter	Global Batteries & Appliances	Hardware & Home Improvement	Global Pet Supplies	Home and Garden	Corporate / Unallocated Items ^(a)	Consolidated SB Holdings
(in millions)						
Net income (loss), as adjusted ^(a)	\$ 35.7	\$ 31.9	\$ 19.4	\$ 22.8	\$ (75.9)	\$ 33.9
Income tax expense	—	—	—	—	10.5	10.5
Interest expense	—	—	—	—	47.4	47.4
Acquisition and integration related charges	2.8	1.4	—	0.3	1.8	6.3
Restructuring and related charges	4.9	2.0	1.0	—	—	7.9
Adjusted EBIT	\$ 43.4	\$ 35.3	\$ 20.4	\$ 23.1	\$ (16.2)	\$ 106.0
Depreciation and amortization ^(c)	17.8	10.0	8.1	3.3	11.3	50.5
Adjusted EBITDA	\$ 61.2	\$ 45.3	\$ 28.5	\$ 26.4	\$ (4.9)	\$ 156.5

Fiscal 2014 Six Months	Global Batteries & Appliances	Hardware & Home Improvement	Global Pet Supplies	Home and Garden	Corporate / Unallocated Items ^(a)	Consolidated SB Holdings
(in millions)						
Net income (loss), as adjusted ^(a)	\$ 128.8	\$ 67.6	\$ 31.9	\$ 21.5	\$ (161.5)	\$ 88.3
Income tax expense	—	—	—	—	23.3	23.3
Interest expense	—	—	—	—	104.4	104.4
Acquisition and integration related charges	4.7	3.6	—	0.3	3.2	11.8
Restructuring and related charges	7.2	3.1	1.3	—	0.7	12.3
Adjusted EBIT	\$ 140.7	\$ 74.3	\$ 33.2	\$ 21.8	\$ (29.9)	\$ 240.1
Depreciation and amortization ^(c)	34.7	20.7	15.7	6.1	17.9	95.1
Adjusted EBITDA	\$ 175.4	\$ 95.0	\$ 48.9	\$ 27.9	\$ (12.0)	\$ 335.2

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

(b) Included in other are costs associated with a transition agreement with another key executive.

(c) Included within depreciation and amortization is amortization of stock based compensation.

(d) Included in other are costs associated with onboarding for a key executive coupled with costs associated with a transition agreement with another key executive.

Global Batteries & Appliances

	Fiscal Quarter		Fiscal Six Months	
	2015	2014	2015	2014
(in millions)				
Net sales to external customers	\$ 443.9	\$ 480.9	\$ 1,080.4	\$ 1,140.2
Segment profit	\$ 41.8	\$ 44.2	\$ 138.4	\$ 141.4
Segment profit as a % of net sales	9.4 %	9.2 %	12.8 %	12.4 %
Segment Adjusted EBITDA	\$ 57.1	\$ 61.2	\$ 169.2	\$ 175.4
Assets as of March 29, 2015 and September 30, 2014	\$ 2,094.0	\$ 2,152.0	\$ 2,094.0	\$ 2,152.0

Global Batteries & Appliances net sales to external customers are discussed within the “Product line net sales by segment” discussion above.

Segment profit in the Fiscal 2015 Quarter decreased to \$41.8 million from \$44.2 million in the Fiscal 2014 Quarter, driven by the previously discussed sales decrease which was partially tempered by operating cost savings from the Global Expense Rationalization Initiatives that were originally implemented in the fiscal year ended September 30, 2013 (“Fiscal 2013”) and expanded in Fiscal 2014. Segment profitability as a percentage of net sales increased to 9.4% in the Fiscal 2015 Quarter compared to 9.2% in the Fiscal 2014 Quarter as a result of the cost savings discussed above.

Segment profit in the Fiscal 2015 Six Months decreased to \$138.4 million from \$141.4 million in the Fiscal 2014 Six Months, driven by decreased sales and operating cost improvements as discussed for the Fiscal 2015 Quarter. Segment profitability as a percentage of net sales increased to 12.8% in the Fiscal 2015 Six Months versus 12.4% in the Fiscal 2014 Six Months, due to the cost improvements discussed above.

Segment Adjusted EBITDA in the Fiscal 2015 Quarter decreased to \$57.1 million from \$61.2 million in the Fiscal 2014 Quarter. Segment Adjusted EBITDA in the Fiscal 2015 Six Months decreased to \$169.2 million from \$175.4 million in the

Fiscal 2014 Six Months. The decrease in segment Adjusted EBITDA for both periods was driven by the factors that drove the decrease in segment profit discussed above for each respective period.

Segment assets at March 29, 2015 decreased to \$2,094.0 million from \$2,152.0 million at September 30, 2014. The decrease was primarily due to the decrease of \$44.7 million in intangible assets as a result of amortization of definite lived intangible assets and foreign currency impact.

Hardware & Home Improvement

	Fiscal Quarter		Fiscal Six Months	
	2015	2014	2015	2014
	(in millions)			
Net sales to external customers	\$ 289.4	\$ 266.9	\$ 560.6	\$ 545.3
Segment profit	\$ 37.3	\$ 34.8	\$ 76.1	\$ 74.8
Segment profit as a % of net sales	12.9 %	13.0 %	13.6 %	13.7 %
Segment Adjusted EBITDA	\$ 45.7	\$ 45.3	\$ 97.7	\$ 95.0
Assets as of March 29, 2015 and September 30, 2014	\$ 1,700.6	\$ 1,629.0	\$ 1,700.6	\$ 1,629.0

Hardware and home improvement net sales to external customers are discussed within the “Product line net sales by segment” discussion above.

Segment profit in the Fiscal 2015 Quarter increased to \$37.3 million from \$34.8 million in the Fiscal 2014 Quarter. Segment profitability as a percentage of sales declined slightly to 12.9% in the Fiscal 2015 Quarter, versus 13.0% in the Fiscal 2014 Quarter. The increase in segment profit was driven by the previously discussed sales increase, whereas the slight decline in segment profitability as a percentage of sales was driven by an increase in manufacturing costs.

Segment profit in the Fiscal 2015 Six Months increased to \$76.1 million from \$74.8 million in the Fiscal 2014 Six Months. Segment profitability as a percentage of sales was 13.6% in the Fiscal 2015 Six Months and 13.7% in the Fiscal 2014 Six Months. The increase in segment profit and decrease in segment profitability as a percentage of sales was driven by factors discussed above for the Fiscal 2015 Quarter.

Segment Adjusted EBITDA was \$45.7 million in the Fiscal 2015 Quarter versus \$45.3 million in the Fiscal 2014 Quarter. The slight increase in Segment Adjusted EBITDA of \$0.4 million was due to the previously discussed increase in sales. Segment Adjusted EBITDA was \$97.7 million in the Fiscal 2015 Six Months versus \$95.0 million in the Fiscal 2014 Six Months. The increase in Segment Adjusted EBITDA for this period was driven by the increased sales and cost savings discussed above.

Segment assets at March 29, 2015 and September 30, 2014 were \$1,700.6 million and \$1,629.0 million, respectively. The increase in segment assets was primarily driven by a seasonal increase in account receivable and inventory of \$70.5 million and the Tell acquisition, offset by depreciation and amortization.

Global Pet Supplies

	Fiscal Quarter		Fiscal Six Months	
	2015	2014	2015	2014
	(in millions)			
Net sales to external customers	\$ 209.8	\$ 159.4	\$ 330.4	\$ 288.5
Segment profit	\$ 18.7	\$ 20.6	\$ 24.4	\$ 33.6
Segment profit as a % of net sales	8.9 %	12.9 %	7.4 %	11.6 %
Segment Adjusted EBITDA	\$ 30.9	\$ 28.5	\$ 43.9	\$ 48.9
Assets as of March 29, 2015 and September 30, 2014	\$ 1,151.7	\$ 890.4	\$ 1,151.7	\$ 890.4

Global pet supply net sales to external customers are discussed within the “Product line net sales by segment” discussion above.

Segment profit decreased to \$18.7 million in the Fiscal 2015 Quarter compared to \$20.6 million in the Fiscal 2014 Quarter and segment profitability as a percentage of sales in the Fiscal 2015 Quarter decreased to 8.9% from 12.9% in the Fiscal 2014 Quarter. The decrease in segment profit and segment profitability as a percent of sales were driven by an increase in product costs coupled with unfavorable product mix and a one-time increase to cost of goods sold in the Fiscal 2015 Quarter due to the sale of inventory revalued in connection with the Salix and European IAMS and Eukanuba acquisitions of \$1.7 million and \$0.5, respectively. These unfavorable items were partially offset by cost improvements from the Global Expense Rationalization Initiatives that were originally implemented in Fiscal 2013 and expanded upon in Fiscal 2014.

Segment profit decreased to \$24.4 million in the Fiscal 2015 Six Months compared to \$33.6 million in the Fiscal 2014 Six Months. Segment profitability as a percentage of sales in the Fiscal 2015 Six Months decreased to 7.4% from 11.6% in the Fiscal 2014 Six Months. The decreases in segment profit and segment profitability as a percent of sales were driven by the factors discussed above for the Fiscal 2015 Quarter.

Segment Adjusted EBITDA in the Fiscal 2015 Quarter increased to \$30.9 million from \$28.5 million in the Fiscal 2014 Quarter. The increase in Segment Adjusted EBITDA was primarily due a combined increase of \$7.7 million from the Salix and European IAMS and Eukanuba acquisitions tempered by the factors discussed above for the decrease in segment profit for the Fiscal 2015 Quarter. Segment Adjusted EBITDA in the Fiscal 2015 Six Months decreased to \$43.9 million from \$48.9 million in the Fiscal 2014 Six Months. The decrease in segment Adjusted EBITDA was driven by the factors that drove the decrease in segment profit discussed above, partially offset by the combined increase in Adjusted EBITDA of \$7.7 million from the Salix and European IAMS and Eukanuba acquisitions.

Segment assets at March 29, 2015 increased to \$1,151.7 million from \$890.4 million at September 30, 2014. The increase in segment assets was primarily attributable to the acquisitions of Salix and European IAMS and Eukanuba during the Fiscal 2015 Quarter. Goodwill and intangible assets increased to \$795.6 million at March 29, 2015 from \$668.7 million at September 30, 2014.

See Note 14, “Acquisitions,” to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our Acquisitions.

Home and Garden

	Fiscal Quarter		Fiscal Six Months	
	2015	2014	2015	2014
	(in millions)			
Net sales to external customers	\$ 123.9	\$ 114.5	\$ 163.4	\$ 148.3
Segment profit	\$ 28.3	\$ 23.1	\$ 31.1	\$ 21.9
Segment profit as a % of net sales	22.8 %	20.2 %	19.0 %	14.8 %
Segment Adjusted EBITDA	\$ 31.5	\$ 26.4	\$ 37.5	\$ 27.9
Assets as of March 29, 2015 and September 30, 2014	\$ 617.3	\$ 526.6	\$ 617.3	\$ 526.6

Home and Garden net sales to external customers are discussed within the “Product line net sales by segment” discussion above.

Segment profitability in the Fiscal 2015 Quarter increased to \$28.3 million from \$23.1 million in the Fiscal 2014 Quarter. Segment profitability as a percentage of sales in the Fiscal 2015 Quarter increased to 22.8% from 20.2% last year. The increase in segment profit and segment profitability as a percentage of sales is attributable to the increase in net sales to external customers as discussed within the “Product line net sales by segment” above coupled with cost improvements from the Global Expense Rationalization Initiatives that were originally implemented in Fiscal 2013 and expanded upon in Fiscal 2014.

Segment profitability in the Fiscal 2015 Six Months increased to \$31.1 million from \$21.9 million in the Fiscal 2014 Six Months, driven by increased sales in the Fiscal 2015 Six Months and cost improvements coupled with the Liquid Fence

acquisition that closed in the second quarter of Fiscal 2014. Segment profitability as a percentage of sales in the Fiscal 2015 Six Months increased to 19.0%, from 14.8% in the Fiscal 2014 Six Months due to factors discussed for the increase in segment profit.

Segment Adjusted EBITDA in the Fiscal 2015 Quarter increased to \$31.5 million from \$26.4 million in the Fiscal 2014 Quarter. Segment Adjusted EBITDA in the Fiscal 2015 Six Months increased to \$37.5 million from \$27.9 million in the Fiscal 2014 Six Months. The increase in segment adjusted EBITDA for both periods are driven by the factors discussed above for the increase in segment profit and segment profitability.

Segment assets at March 29, 2015 increased to \$617.3 million from \$526.6 million at September 30, 2014. The increase in segment assets was driven by normal seasonal increases in inventory in preparation of our major selling season. Goodwill and intangible assets decreased to \$443.8 million at March 29, 2015 from \$449.2 million at September 30, 2014, due to amortization of definite lived intangible assets.

Corporate Expense. Our corporate expense was \$21.4 million in the Fiscal 2015 Quarter compared to \$15.9 million in the Fiscal 2014 Quarter. The \$5.5 million increase in corporate expense is primarily attributable to an increase of \$2.5 million in stock compensation expense coupled with a \$1.7 million expense related to a transition and retention agreement entered into with a key executive. Corporate expense as a percentage of consolidated net sales increased to 2.0% in the Fiscal 2015 Quarter compared to 1.6% in the Fiscal 2014 Quarter based on the factors discussed above.

Our corporate expense was \$34.2 million in the Fiscal 2015 Six Months compared to \$30.0 million in the Fiscal 2014 Six Months and corporate expense as a percentage of consolidated net sales increased to 1.6% in the Fiscal 2015 Six Months compared to 1.4% in the Fiscal 2014 Six Months. The increase in corporate expense and corporate expense as a percentage of net sales is primarily attributable to the factors discussed above for the Fiscal 2015 Quarter.

Acquisition and Integration Related Charges. Acquisition and integration related charges include, but are not limited to, transaction costs such as banking, legal and accounting professional fees directly related to acquisitions, termination and related costs for transitional and certain other employees, integration related professional fees and other post business combination related expenses associated with our acquisitions. See Note 2, "Significant Accounting Policies - Acquisition and Integration Related Charges" to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for further detail regarding our Acquisition and integration related charges.

Restructuring and Related Charges. See Note 13, "Restructuring and Related Charges" to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for information regarding our restructuring and related charges.

Interest Expense. Interest expense in the Fiscal 2015 Quarter was \$49.2 million compared to \$47.4 million in the Fiscal 2014 Quarter. The \$1.8 million increase in interest expense in the Fiscal 2015 Quarter is driven primarily by \$1.6 million in costs related to the Euro Term Loan Tranche B and \$3.9 million in costs related to the 6.125% Notes, which were incurred in connection with acquisitions made in the Fiscal 2015 Quarter, partially offset by savings due to lower interest on our Term Loan and other debt. See Note 7, "Debt," to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our outstanding debt.

Interest expense in the Fiscal 2015 Six Months was \$93.6 million compared to \$104.4 million in the Fiscal 2014 Six Months. The \$10.8 million decrease in interest expense in the Fiscal 2015 Six Months is primarily driven by the non-recurrence of \$11.3 million in costs related to the refinancing of the Term Loan in the first quarter of our Fiscal 2014, consisting of the write off of unamortized deferred financing fees and original issue discount, coupled with savings due to lower interest on our Term Loan and other debt. These decreases were tempered by \$1.8 million in costs related to the Euro Term Loan Tranche B and \$4.9 million in costs related to the 6.125% Notes, which were incurred in connection with acquisitions made in the Fiscal 2015 Six Months. 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.

Income Taxes. Our effective tax rates for the Fiscal 2015 Quarter and the Fiscal 2015 Six Months were 22% and 27%, respectively. Our effective tax rates for the Fiscal 2014 Quarter and the Fiscal 2014 Six Months were 24% and 21%, respectively. Our effective tax rates differ from the U.S. federal statutory rate of 35% principally due to (i) income earned outside the U.S. that is subject to statutory rates lower than 35%, (ii) the release of valuation allowance on U.S. net operating loss deferred tax assets offsetting tax expense on both U.S. pretax income and foreign income not permanently reinvested, and (iii) deferred income tax expense related to the change in book versus tax basis of indefinite-lived intangibles, which are

amortized for tax purposes but not for book purposes. Additionally, we recorded a tax charge of \$3.6 million for both the Fiscal 2015 Quarter and the Fiscal 2015 Six Months, to establish a valuation allowance against certain deferred tax assets related to our Brazil operations, since it is more likely than not that we will not obtain tax benefits from these assets. For the Fiscal 2014 Quarter and the Fiscal 2014 Six Months, the tax rate was reduced due to a favorable Mexican tax law change.

We are not treating current and certain prior year earnings as permanently reinvested, except for jurisdictions where repatriation is either precluded or restricted by law. Due to the valuation allowance recorded against U.S. net deferred tax assets, including net operating loss carryforwards, we do not recognize any incremental U.S. tax expense on the expected future repatriation of foreign earnings. Should the U.S. valuation allowance be released at some future date, the recording of U.S. tax on foreign earnings not considered permanently reinvested might have a material effect on our effective tax rate. By the end of our fiscal year ending September 30, 2015, we expect to record approximately \$3.5 million of additional tax expense from non-U.S. withholding and other taxes expected to be incurred on repatriation of current earnings, and also expect to record \$16.9 million of U.S. tax on future repatriation that would be offset by operating losses.

During our fiscal year ending September 30, 2014, we earned domestic pretax book income after having generated significant domestic book and tax losses since our fiscal year ended September 30, 1997. We generated small domestic income during the Fiscal 2015 Quarter and the Fiscal 2015 Six Months. Should we generate domestic pretax profits in the near-term, there is a reasonable possibility that some or most of the domestic valuation allowance could be released, which could result in a material tax benefit. We estimate that \$123.4 million of valuation allowance related to domestic deferred tax assets cannot be released regardless of the amount of domestic income generated due to prior period ownership changes that limit the amount of NOLs we can use.

Liquidity and Capital Resources

Operating Activities

For the Fiscal 2015 Six Months, cash used by operating activities totaled \$180.3 million compared to cash used of \$155.6 million during the Fiscal 2014 Six Months. The \$24.7 million increase in cash used by operating activities was primarily due to:

- Cash used for working capital and other items of \$35.3 million was driven by increases in inventory, accounts receivable and other working capital accounts; partially offset by an increase in cash from the change in accounts payable;
- Other uses totaling \$1.9 million

Offset by,

- Lower cash payments for interest of \$7.1 million; and
- Lower cash payments for income taxes of \$5.4 million.

We expect to fund our cash requirements, including capital expenditures, interest and principal payments due in Fiscal 2015, through a combination of cash on hand, cash flow from operations and funds available for borrowings under our asset based lending revolving credit facility (the "ABL Facility"). Going forward, our ability to satisfy financial and other covenants in our senior credit agreements and senior unsecured indentures and to make scheduled payments or prepayments on our debt and other financial obligations will depend on our future financial and operating performance. There can be no assurances that our business will generate sufficient cash flows from operations or that future borrowings under our ABL Revolving Credit Facility will be available in an amount sufficient to satisfy our debt maturities or to fund our other liquidity needs. While our cash flow from operations for the Fiscal Six Months is negative, primarily driven by the seasonal increase of inventory related to Hardware and Home Improvement and Home and Garden Segments, we expect cash flow from operations for the full year Fiscal 2015 to be positive from normal operating performance and seasonal reductions in working capital during the second half of the fiscal year, which is consistent with the previous full fiscal years.

At March 29, 2015, there are no significant foreign cash balances available for repatriation. During Fiscal 2015, we expect to generate between \$75 million and \$125 million of foreign cash that may be repatriated for general corporate purposes.

See Item 1A. “Risk Factors” in our Annual Report on Form 10-K for the fiscal year ended September 30, 2014, for further discussion of the risks associated with our ability to service all of our existing indebtedness and our ability to maintain compliance with financial and other covenants related to our indebtedness.

Investing Activities

Net cash used by investing activities was \$322.3 million for the Fiscal 2015 Six Months compared to \$62.2 million for the Fiscal 2014 Six Months. The \$260.1 million increase in cash used by investing activities in the Fiscal 2015 Six Months is primarily driven by an increase in cash used for acquisitions of \$267.4 million, which was related to the \$147.5 million purchase, net of cash acquired, of Salix, the \$116.0 million purchase, net of cash acquired, of European IAMS and Eukanuba and the \$29.2 million purchase, net of cash acquired, of Tell, partially offset by the \$25.3 million Fiscal 2014 Six Months cash paid for the Liquid Fence acquisition coupled with a decrease in purchases of property, plant and equipment of \$6.9 million and proceeds from sales of property, plant and equipment of \$1.2 million.

Financing Activities

Debt Financing

At March 29, 2015 we had the following debt instruments outstanding: (i) a senior secured term loan pursuant to a senior credit agreement (the “Senior Credit Agreement”) which consists of \$635.2 principal due September 4, 2017 (“Tranche A”), \$508.6 principal due September 4, 2019 (“Tranche C”), \$30.5 Canadian dollar denominated principal due December 17, 2019 (“CAD Term Loan”), \$242.5 Euro denominated principal due September 4, 2019 (“Euro Term Loan Tranche A”) and \$163.3 Euro denominated principal due December 19, 2021 (“Euro Term Loan Tranche B”) (together, the “Term Loan”); (ii) \$300.0 6.75% unsecured notes (the “6.75% Notes”); (iii) \$520.0 6.375% unsecured notes (the “6.375% Notes”); (iv) \$570.0 6.625% unsecured notes (the “6.625% Notes”); (v) \$250.0 6.125% unsecured notes (the “6.125% Notes”) and (vi) a \$400.0 asset based lending revolving credit facility (the “ABL Facility”).

At March 29, 2015, we were in compliance with all covenants under the Senior Credit Agreement, the indenture governing the 6.375% Notes and the 6.625% Notes, the indenture governing the 6.75% Notes, the indenture governing the 6.125% Notes and the credit agreement governing the ABL Facility (the “ABL Credit Agreement”).

From time to time we may repurchase our existing indebtedness, including outstanding securities of SB/RH Holdings, LLC or its subsidiaries, in the open market or otherwise.

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.

Financing Cash Flows

The Fiscal 2015 Six Months net cash provided by financing activities of \$407.7 million consisted of the following: (i) proceeds related to the issuance of \$250.0 million of unsecured notes; (ii) proceeds related to the Euro Term Loan Tranche B of \$185.4 million (iii) borrowings of \$42.0 million on our ABL Facility; (iv) a use to pay share-based tax withholdings of employees for vested stock awards of \$1.9 million, net of proceeds upon vesting; (v) a use to pay \$33.5 million of dividends; (vi) a use to pay \$6.9 million of debt issuance costs; (vii) a use of \$8.5 million for treasury stock purchases; (viii) a use of \$0.1 million from other financing activities; and (ix) a use for reduction of other debt of \$3.6 million. The primary use of the proceeds from these activities was to fund working capital needs as discussed within “Liquidity and Capital Resources - Operating Activities” and to provide resources for acquisitions.

The Fiscal 2014 Six Months net cash provided by financing activities of \$105.0 million consisted of the following: (i) proceeds related to the issuance \$523.7 million of Term Debt; (ii) a use of \$530.8 million to repay debt under the Senior Credit Facilities; (iii) borrowings of \$167.5 million on our ABL Facility; (iv) a use to pay share-based tax withholdings of employees for vested stock awards of \$26.5 million, net of proceeds upon vesting; (v) a use to pay \$29.0 million of dividends; (vi) a use to pay \$5.4 million of debt issuance costs; (vii) a use of \$4.5 million for treasury stock purchases; (viii) \$11.6 million proceeds from other financing activities; and (ix) a use for reduction of other debt of \$1.6 million. The primary use of the proceeds was to fund working capital needs as discussed within “Liquidity and Capital Resources - Operating Activities” and to provide resources for acquisitions.

Interest Payments and Fees

In addition to principal payments on our debt obligations as mentioned above, we have annual interest payment obligations of approximately \$162.7 million in the aggregate. This includes interest under our 6.375% Notes of approximately \$33.2 million, interest under our 6.625% Notes of approximately \$37.8 million, interest under our 6.75% Notes of approximately \$20.3 million, interest under our 6.125% Notes of approximately \$15.3 million and interest under our Term Loan and ABL Facility of approximately \$54.5 million and \$1.6 million, respectively. Interest on our debt is payable in cash. Interest on the 6.375% Notes, the 6.625% Notes, the 6.75% Notes and the 6.125% Notes is payable semi-annually in arrears and interest under the Term Loan is payable on various interest payment dates as provided in the Senior Credit Agreement and the ABL Credit Agreement. We are required to pay certain fees in connection with our outstanding debt obligations. Such fees include a quarterly commitment fee of up to 0.375% on the unused portion of the ABL Facility and certain additional fees with respect to the letter of credit sub-facility under the ABL Facility.

Equity Financing Activities

During the Fiscal 2015 Six Months, we granted 0.53 million restricted stock units to our employees and our directors. All vesting dates are subject to the recipient's continued employment with us, except as otherwise permitted by our Board of Directors, or in certain cases where the employee is terminated without cause. The total market value of the restricted stock units on the date of grant was approximately \$47.8 million, which represented unearned restricted stock compensation. Unearned compensation is amortized to expense over the appropriate vesting period.

From time to time we may repurchase our outstanding shares of Common Stock in the open market or otherwise.

Financing Related to the AAG Acquisition

On April 28, 2015, we entered into an Agreement and Plan of Merger (the "AAG Merger Agreement") to acquire Armored AutoGroup Parent Inc. ("AAG"). AAG is a consumer products company consisting primarily of Armor All® and STP® products, two of the most recognizable brands in the automotive aftermarket appearance products and performance chemicals categories, respectively, and the AC/PRO® brand of do-it-yourself automotive air conditioner recharge products. We plan to fund the AAG Acquisition and associated fees and expenses through a combination of new debt and equity, including equity to be purchased by HRG Group, Inc. As part of the AAG Acquisition, we received financing commitments from Credit Suisse, Deutsche Bank and Jefferies, pursuant to which, and subject to certain conditions, the financial institutions committed to provide to us "back stop" bridge facilities in an aggregate amount of \$1,500.0 million (the "Bridge Facility"). The obligations of the financial institutions to provide debt financing under the Bridge Facility are subject to a number of conditions, including, without limitation, (i) that since February 28, 2015 through the date of the AAG Merger Agreement and since the date of the AAG Merger Agreement, there has not been material adverse change in AAG, (ii) the execution and delivery of definitive documentation with respect to the Bridge Facilities consistent with the debt commitment letter, (iii) the accuracy of certain specified representations and warranties in the loan documents and in the AAG Merger Agreement, (iv) consummation of the acquisition of AAG substantially in accordance with the terms and conditions of the AAG Merger Agreement concurrently with the initial funding of the Bridge Facilities, (v) delivery of certain customary closing documents (including, among others, a customary solvency certificate) and certain financial statements of AAG and (vi) payment of applicable costs, fees and expenses. The final termination date for the debt commitment letter is the earlier of (i) the termination of the AAG Merger Agreement, (ii) our receipt of an aggregate \$1,500.0 million in gross proceeds from equity and/or debt offerings and (iii) June 30, 2015.

Off-Balance Sheet Arrangements

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

Contractual Obligations and Commercial Commitments

There have been no material changes to our contractual obligations and commercial commitments as discussed in our Annual Report on Form 10-K for Fiscal 2014.

Critical Accounting Policies and Critical Accounting Estimates

Our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q have been prepared in accordance with generally accepted accounting principles in the United States of America and fairly present

our financial position and results of operations. There have been no material changes to our critical accounting policies or critical accounting estimates as discussed in our Annual Report on Form 10-K for Fiscal 2014.

New Accounting Pronouncements

Presentation of debt issuance costs

In April 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) No. 2015-03, *Interest – Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*. This ASU requires debt issuance costs related to a recognized debt liability to be presented on the balance sheet as a direct deduction from the debt liability, similar to the presentation of debt discounts. This ASU will become effective for us beginning in the first quarter of our fiscal year ending September 30, 2017. We do not expect the adoption of this standard to have a significant impact on our consolidated financial statements.

Revenue recognition

In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*. This ASU requires revenue recognition to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The new revenue recognition model requires identifying the contract, identifying the performance obligations, determining the transaction price, allocating the transaction price to performance obligations and recognizing the revenue upon satisfaction of the performance obligations. This ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments, and assets recognized from costs incurred to obtain or fulfill a contract. This ASU can be applied either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying the update recognized at the date of the initial application along with additional disclosures. This ASU will become effective for us beginning in the first quarter of our fiscal year ending September 30, 2018. We have not selected a method for adoption nor determined the potential effects on our consolidated financial statements.

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, when appropriate, use derivative financial instruments to mitigate the risk from such exposures.

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

There have been no material changes to our market risk exposures, including those from interest rates, foreign currency exchange rates and commodity prices, from those discussed in our Annual Report on Form 10-K for Fiscal 2014.

Sensitivity Analysis

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

At March 29, 2015, the potential change in fair value of our outstanding interest rate derivative instruments assuming a 1 percent unfavorable shift in interest rates would be a loss of \$2.0 million. The net impact on reported earnings, after also including the effect of the change on one year’s underlying interest rate exposure on our variable rate Term Loan, would be a net loss of \$2.0 million.

At March 29, 2015, the potential change in fair value of outstanding foreign exchange derivative instruments, assuming a 10% unfavorable change in the underlying exchange rates, would be a loss of \$35.9 million. The net impact on reported earnings, after also including the effect of the change on one year’s underlying foreign currency-denominated exposures, would be a net gain of \$21.0 million.

At March 29, 2015, the potential change in fair value of outstanding commodity price derivative instruments, assuming a 10% unfavorable change in the underlying commodity prices, would be a loss of \$2.5 million. The net impact on reported earnings, after also including the effect of 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 \$1.7 million.

Item 4. Controls and Procedures

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

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

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Litigation

We are a defendant in various matters of litigation generally arising out of the ordinary course of business.

We do not believe that any matters or proceedings presently pending will have a material adverse effect on our results of operations, financial condition, liquidity or cash flows.

Item 1A. Risk Factors

When considering an investment in the Company, you should carefully consider the risk factors discussed in our Annual Report on Form 10-K filed with the SEC on November 21, 2014 (our "Form 10-K"). Any of these risk factors could materially and adversely affect our or our subsidiaries' business, financial condition and results of operations and these risk factors are not the only risks that we or our subsidiaries may face. Additional risks and uncertainties not presently known to us or our subsidiaries or that are not currently believed to be material also may adversely affect us or our subsidiaries. With the exception of the additional risk factors discussed below, there have been no material changes in our risk factors from those disclosed in Part I, Item 1A, of our Form 10-K.

Risks Related to the AAG Acquisition

The AAG Acquisition may not be consummated, and if such acquisition is not consummated, we may be subject to monetary or other damages under the AAG Merger Agreement.

On April 28, 2015, we entered into an Agreement and Plan of Merger (the "AAG Merger Agreement") with Armored AutoGroup Parent Inc. ("AAG"), Ignite Merger Sub, Inc., a direct wholly owned subsidiary of Spectrum Brands, Inc., and

Avista Capital Partners II GP, LLC, as representative for the shareholders and optionholders of AAG. Under the AAG Merger Agreement, the Company will acquire AAG for a purchase price of approximately \$1,400.0 million (subject to customary adjustments for cash, debt, net working capital and transaction-related expenses described in the AAG Merger Agreement), which will be paid entirely in cash (the “AAG Acquisition”). Completion of this acquisition is subject to certain limited conditions, including the accuracy of AAG’s representations and warranties, material compliance by AAG with certain pre-closing covenants, regulatory review and no material adverse change in AAG since the date of the AAG Merger Agreement.

We expect the AAG Acquisition to close by the end of our fiscal third quarter. There can be no assurance, however, that all closing conditions for the acquisition will be satisfied. The AAG Merger Agreement may be terminated by the mutual consent of the parties and under certain other circumstances, including by either party if the closing of the acquisition has not occurred by June 30, 2015.

The representations, warranties and covenants made by AAG in the AAG Merger Agreement do not survive the closing and are not subject to indemnification. Therefore, in the event that AAG breaches the representations, warranties and covenants made by AAG in the AAG Merger Agreement, except in respect of those covenants and agreements that by their terms apply or are to be performed in whole or in part at or after the Closing, we will have no recourse to AAG’s former shareholders other than for actual fraud. We have elected to self-insure against such risk.

We plan to fund the AAG Acquisition and associated fees and expenses through a combination of new debt and equity, including equity to be purchased by HRG Group, Inc. However, our ability to obtain financing is subject to certain conditions that may not be satisfied at the closing of the AAG Acquisition. If we are unable to obtain sufficient financing or experience a significant diminution of our existing cash and cash equivalents or other sources of capital, and as a result we do not have sufficient funds to complete the AAG Acquisition or otherwise do not consummate the AAG Acquisition, we may be subject to monetary or other damages under the AAG Merger Agreement as a result of our failure to complete the AAG Acquisition. Our ability to obtain financing is not a condition to closing under the AAG Merger Agreement.

Failure to complete the AAG Acquisition could impact our stock price and our future business and financial results.

If the AAG Acquisition is not completed or our financing for the AAG Acquisition becomes unavailable, our ongoing business and financial results may be adversely affected and we will be subject to a number of risks, including the following:

- depending on the reasons for the failure to complete the AAG Acquisition, we could be liable to AAG or its current owners for monetary or other damages in connection with the termination or breach of the merger agreement;
- we have dedicated significant time and resources, financial and otherwise, in planning for the AAG Acquisition and the associated integration;
- we are responsible for certain transaction costs relating to the AAG Acquisition, whether or not the acquisition is completed;
- while the AAG Merger Agreement is in force, we are subject to certain restrictions on the conduct of our business, including our ability to make certain other significant acquisitions, which may adversely affect our ability to execute certain of our business strategies; and
- matters relating to the AAG Acquisition (including integration planning) may require substantial commitments of time and resources by our management, whether or not the acquisition is completed, which could otherwise have been devoted to other opportunities that may have been beneficial to us.

In addition, if the AAG Acquisition is not completed, we may experience negative reactions from the financial markets and from our customers and employees. We may also be subject to litigation related to any failure to complete the acquisition or to enforcement proceedings commenced against us to perform our obligations under the merger agreement. If the acquisition is not completed, these risks may materialize and may adversely affect our business, financial results and financial condition, as well as the price of our common stock.

We face significant risks from the AAG Acquisition similar to risks generally associated with our acquisition and expansion strategy.

The AAG Acquisition subjects us to significant risks generally associated with our acquisition and expansion strategy. Significant costs have been incurred and are expected to be incurred in connection with AAG Acquisitions and our integration of AAG with our business, including legal, accounting, financial advisory and other costs. We may also not realize the anticipated benefits of, and synergies from, the AAG Acquisition and will be responsible for certain liabilities and integration costs as a result of the AAG Acquisition. As a result of the AAG Acquisition and other acquisitions, we may also not be able to retain key personnel or recruit additional qualified personnel, which could require us to incur substantial additional costs to recruit replacement personnel. General customer uncertainty, including our and AAG's customers, related to the AAG Acquisition could also harm us. Each of these risks, which is described in more detail in our Form 10-K, could result in the AAG Acquisition having a material adverse effect on our business.

We and AAG have similar major customers and the loss of any significant customer may adversely affect our results of operations.

A limited number of the same customers represents a large percentage of our and AAG's respective net sales. One of our largest customers accounted for approximately 23% of AAG's net sales for AAG for the twelve months ended December 31, 2014. AAG's next largest customer accounted for approximately 12% of net sales for the same period and no other customer accounting for more than 10% of AAG's net sales for the same period. The success of our and AAG's businesses depends, in part, on our ability to maintain our level of sales and product distribution through high-volume distributors, retailers, super centers and mass merchandisers.

Currently, neither we nor AAG have long-term supply agreements with a substantial number of our retail customers, including our largest customers. These high-volume stores and mass merchandisers frequently reevaluate the products they carry. A decision by our major customers, whether before or after the AAG Acquisition, to discontinue or decrease the amount of products purchased from us, sell a national brand on an exclusive basis or change the manner of doing business with us could reduce our revenues and materially adversely affect our results of operations. See "Risk Factors—Risks Related to our Business—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," contained in our Form 10-K.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

During the Fiscal 2015 Quarter, we did not sell any equity securities that were not registered under the Securities Act. On August 6, 2013, the Board of Directors approved a \$200 million common stock repurchase program. The authorization is effective for 24 months. During the Fiscal 2015 Quarter, we did not purchase any shares under the common stock repurchase program.

Item 6. Exhibits

Please refer to the Exhibit Index.

EXHIBIT INDEX

Exhibit 2.1	Agreement and Plan of Merger Acquisition Agreement, dated as of April 28, 2015 between Spectrum Brands Holdings, Inc., Armored AutoGroup Parent Inc., Ignite Merger Sub, Inc. and Avista Capital Partners II GP, LLC, as representative for the shareholders and optionholders of Armored AutoGroup Parent Inc. (incorporated herein by reference to Exhibit 2.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on April 29, 2015).
Exhibit 3.1	Amended and Restated Certificate of Incorporation of Spectrum Brands Holdings, Inc. (incorporated herein by reference to Exhibit 3.1 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on March 7, 2013).
Exhibit 3.2	Second Amended and Restated By-laws of Spectrum Brands Holdings, Inc. (incorporated herein by reference to Exhibit 3.2 to the Current Report on Form 8-K filed with the SEC by Spectrum Brands Holdings, Inc. on March 7, 2013).
Exhibit 10.1	Transition employment agreement, effective as of January 8, 2015, between Spectrum Brands Holdings, Inc. and David R. Lumley (incorporated by reference to Exhibit 10.3 to Spectrum Brands Holdings, Inc.'s Quarterly Report on Form 10-Q filed with the SEC on February 5, 2015).
Exhibit 10.2	Employment Agreement, dated March 16, 2015, among Spectrum Brands Holdings, Inc., Spectrum Brands, Inc. and Andreas Rouve.*
Exhibit 31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
Exhibit 31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 the Sarbanes-Oxley Act of 2002.*
Exhibit 32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
Exhibit 32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**

* Filed herewith

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

EMPLOYMENT AGREEMENT

This EMPLOYMENT AGREEMENT ("Agreement") is entered into as of March 16, 2015 by and between Spectrum Brands, Inc., a Delaware corporation, (the "Company"), Spectrum Brands Holdings, Inc. a Delaware corporation ("Parent"), and Andreas Rouvé ("Executive").

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

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

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

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

1. Employment Duties and Acceptance. The Parent hereby employs Executive as, and Executive agrees to serve and accept employment with the Parent as, Chief Executive Officer and President, reporting directly to the Board of Directors of the Parent. During the Term (as defined in Section 2 hereof), Executive shall devote substantially all of his working time and best efforts to such employment and perform such duties as Chief Executive Officer, including those duties reasonably assigned by the Board of Directors consistent with Executive's position as Chief Executive and President of Parent. As Chief Executive and President, Executive shall be responsible for the day to day management of the Company and shall have authority consistent with his title. Executive shall be based at the Company's world headquarters located at 3001 Deming Way, Middleton, Wisconsin 53562. In addition, during the Term, Executive agrees to serve without additional compensation as the Chief Executive Officer and President of the Company and any other subsidiaries or affiliates of the Parent, as reasonably requested by the Parent.

2. Term of Employment. Subject to the termination of employment as set forth in Section 4 hereof, Executive's employment and appointment hereunder shall be for a term commencing on April 1, 2015 (the "Effective Date") and expiring thirty-six (36) months thereafter, or on April 1, 2018 (the "Initial Term"). Upon expiration of the Initial Term and subject to the termination of employment as set forth in Section 4 hereof, this Agreement shall automatically extend for successive renewal periods of one (1) year (the "Renewal Term(s)"), unless either party provides written notice at least ninety (90) days prior to the Renewal Term of its election not to renew the Initial Term or any Renewal Term. The Initial Term and any Renewal Term shall be collectively referred to as the "Term".

3. Compensation and Benefits. During the Term of this Agreement and provided Executive's employment has not terminated pursuant to Section 4 hereof, in consideration for the performance by Executive of his duties hereunder, the Company shall pay or provide to Executive certain compensation and benefits as set forth in this Section 3 and such other compensation as the

Board of Directors of the Parent (the "Board") or the Compensation Committee thereof (the "Compensation Committee") may determine (collectively, "Compensation and Benefits"). Executive agrees to accept the Compensation and Benefits as set forth in this Section 3 in full satisfaction for his performance hereunder and agrees that necessary withholdings for taxes, FICA contributions and the like shall be deducted from such Compensation.

(a) Base Salary. Executive shall receive a base salary of Seven Hundred Thirty-five Thousand Dollars (\$735,000) per annum for the duration of the Term (the "Base Salary"), which Base Salary shall be paid in equal semi-monthly installments in arrears. The Compensation Committee shall review annually the Base Salary payable to Executive hereunder and may, in its sole discretion, increase (but not decrease) Executive's Base Salary. Any such increased Base Salary shall be and become the "Base Salary" for purposes of this Agreement.

(b) Management Incentive Plan Bonus. Executive shall be eligible to receive a Management Incentive Plan (or comparable successor plan) bonus for each fiscal year ending during the Term (commencing with Fiscal Year 2015), payable annually in arrears, which shall be based on a target amount of one hundred twenty-five percent (125%) of Base Salary (the "Target Amount") paid during the applicable Fiscal Year, provided the Company achieves certain annual performance goals (the "Performance Targets") as established by the Board and/or Compensation Committee from time to time, and beginning with Fiscal Year 2016, following consultation with Executive and such performance targets shall be communicated within seventy-five (75) days following the commencement of the applicable fiscal year (the "Bonus"). For Fiscal Year 2015, for the purposes of the Bonus calculation, the Base Salary and Bonus will be calculated for the period beginning on April 1, 2015 through September 30, 2015 and for the period prior to April 1, 2015, the Base Salary and the Bonus will be calculated in accordance with Executive's Registered Director's Agreement with Rayovac Europe GmbH, dated August 27, 2007 as amended October 1, 2007. If Executive exceeds the Performance Target, the Bonus shall be increased in accordance with the formula approved by the Compensation Committee no later than the close of the first quarter of the applicable fiscal year; provided, however, in no event shall the Bonus exceed 250% of the Target Amount. Any such increased annual Bonus shall be and become the "Bonus" for purposes of this Agreement. The Bonus shall be payable in cash and/or stock (which shall be vested fully as of the date of transfer) the percentages of which shall be identical to those paid to the Company's senior executives as established by the Compensation Committee/Company, but not later than the seventy-fourth (74th) calendar day following the end of the fiscal year to which the Bonus relates. Except as specifically set forth in Section 5(b), as a condition precedent to the payment of the Bonus, Executive must remain employed with the Company on the date the Bonus is paid.

(c) Insurance Coverages and Benefits. Executive shall be eligible to participate in such insurance plans (including, but not limited to, healthcare, dental, life, and disability) and all other benefits, if any, as are made available from time to time by the Company to its executive officers, subject to the terms and conditions of such plans, as may be amended, modified or terminated from time to time.

(d) Equity Incentive Plan Award. Executive shall be eligible to participate in the Company's Equity Incentive Program ("EIP") or comparable successor plan. With respect to Fiscal 2015, Executive shall be provided a Parent restricted stock unit award valued at Three Million Dollars (\$3,000,000) at the time of the award (the "EIP Award"). For the avoidance of doubt, the Three Million Dollars (\$3,000,000) EIP grant for Fiscal 2015 is the sum of the original Two Million Dollars (\$2,000,000) grant awarded in December 2014 and an additional One Million Dollars (\$1,000,000) to be awarded as

promptly as practicable following the Effective Date, but in no event more than thirty (30) days following the Effective Date. Both the grant of the EIP Award and vesting of the earned EIP Award shall be in accord with the terms and conditions of the Stock Agreement and/or applicable plan (which currently is the Spectrum Brand Holdings, Inc. 2011 Omnibus Equity Award Plan (the "Equity Award Plan") and subject to the Compensation Committee's approval.

(e) Additional Equity Program Award. Executive shall be eligible to participate in an additional Equity Program Award for the Fiscal Years 2015-2016, which is termed as the Spectrum \$2B Equity Program, wherein Executive shall be eligible to receive a Parent restricted stock unit award valued at Three Million Dollars (\$3,000,000) at the time of the award (the "S2B Equity Award"). For the avoidance of doubt, the Three Million Dollars (\$3,000,000) S2B grant for Fiscal 2015-2016 is the sum of the original Two Million Dollars (\$2,000,000) grant awarded in February 2015 and an additional One Million Dollars (\$1,000,000) to be awarded as promptly as practicable following the Effective Date, but in no event more than thirty (30) days following the Effective Date. Both the grant of the S2B Equity Award and vesting of the earned S2B Equity Award shall be in accord with the terms and conditions of the S2B Equity Award Plan and/or Stock Agreement and subject to the Compensation Committee's approval.

(f) Stock Based Awards. At the sole discretion of the Compensation Committee of the Board during the Term, Executive may be eligible to receive additional grants of stock based, restricted stock units, and/or stock option awards. Any award of stock, restricted stock units, and/or options shall be subject to the terms and conditions as established by the Compensation Committee of the Board.

(g) Vesting of Equity. If a Change in Control (as defined in the Equity Award Plan) occurs on or prior to the date that is twenty-four (24) months following the Effective Date, then any unvested equity awards which are outstanding shall vest in full in an amount equal to the full value of the award upon the earlier of (i) the first anniversary of the Change in Control and (ii) the date the Executive's employment is terminated by the Company without Cause or by the Executive for Good Reason, provided that the Executive executes the irrevocable Release in the time and manner set forth in Section 5(b)(iv).

(h) Relocation Benefits. The Company shall provide Executive with the relocation benefits pursuant to the terms of the Spectrum Brands Relocation Policy for international transfers of senior executives, which benefits shall also include, but not be limited to: (i) movement of household goods from Executive's residence as of the Effective Date to the Madison, Wisconsin area; (ii) other relocation benefits under the Company's policies for executive-level international relocations; and (iii) provision of a Company-funded executive apartment for Executive's use for a period of six (6) months following Executive's commencement of employment with the Company. The terms and conditions of these relocation benefits shall be governed by the Repayment Agreement, provided, however, that if Executive is terminate without Cause (as defined below) or due to his death or Disability (as defined below), or if the Executive resigns for Good Reason (as defined below), the Executive will not be required to reimburse the Company for the financial assistance distributed to him or on his behalf pursuant to the Relocation Policy or this Agreement. If there is any conflict between the terms of the Repayment Agreement and this Agreement, whether the Repayment Agreement is executed on or any time after the Effective Date, the terms of this Agreement shall control. In addition, the Company shall pay all of the reasonable costs necessary to relocate Executive upon the termination of Executive's employment other than a termination for Cause or Executive's resignation without Good Reason.

(i) Vacation. Executive shall be entitled to four (4) weeks of vacation for each full year.

(j) Vehicle. Pursuant to the Company's policy for use of vehicles by executives, Executive shall be provided with the use of a leased vehicle. Unless the Executive's employment is terminated by the Company for Cause pursuant to Section 4(a) or by the Executive voluntarily pursuant to Section 4(d), Executive shall be permitted to drive the Company vehicle for the duration of the 12-month period following termination and at the end of such 12-month period, Executive will be permitted to purchase the Company vehicle at the Company's book value of the vehicle as of the date of purchase.

(k) Tax Preparation and Estate Planning Assistance. The Executive shall receive a stipend for fees incurred in connection with the advice and preparation of his income tax filings and returns for each calendar year that occurs during the Term and for his estate planning, all in accordance with the Company's policies.

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

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

(n) Pension Agreement. The Pension Agreement between VARTA Gerätebatterie GMBH and the Executive dated May 17, 1989 including the supplement of July 1, 1999, which was assumed by the Company, shall continue and remain in full force and effect.

(o) Legal Fees. The Company shall pay Executive's legal fees incurred in connection with the preparation of this Agreement in an amount equal to \$25,000.

4. Termination.

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

(i) the commission by Executive of any deliberate and premeditated act taken by Executive in bad faith against the interests of the Company that causes or is reasonably anticipated to cause material harm to the Company;

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

or misappropriation of the property of the Company that causes or is reasonably anticipated to cause material harm to the Company;

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

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

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

If such definition of termination for "Cause" set forth above conflicts with such definition in Executive's time-based or performance based restricted stock unit or restricted stock award agreements (individually, the "Stock Agreement" and collectively, the "Stock Agreements"), or any agreements referred to therein, the definition set forth herein shall control.

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

(c) Termination by Company without Cause. The Company shall have the right at any time to terminate Executive's employment for any other reason without Cause upon ninety (90) calendar days prior written notice or immediately with payment of base salary in lieu of notice thereof to Executive.

(d) Termination for Non-renewal. The termination of Executive's employment at any time following the failure of the Company to renew the Initial Term or any subsequent Renewal Term shall be deemed a termination without Cause as of the expiration of the Term for all purposes of this Agreement, unless the failure to renew is because of the Executive's refusal to renew. Upon the expiration of the Initial Term or any Renewal Term then in effect under this Section 4(d), Executive's employment shall terminate.

(e) Voluntary Termination by Executive. Executive shall be entitled to voluntarily terminate his employment hereunder upon ninety (90) calendar days' prior written notice to the

Company. Any such termination shall be treated as a termination by the Company for "Cause" under Section 5(a).

(f) Termination by Executive for Good Reason. Executive shall be entitled to terminate his employment and appointment hereunder for Good Reason if the Company fails to remedy the condition creating the Good Reason within thirty (30) calendar days subsequent to written notice from Executive to the Company, and any such termination shall be treated as a termination by the Company without Cause. Written notice of the existence of the condition creating the Good Reason termination must be given by the Executive to the Company within ninety (90) calendar days after the first occurrence of the condition. For this purpose, "Good Reason" shall mean:

(i) any reduction, not consented to by Executive, in Executive's Base Salary or target annual bonus opportunity referred to in Section 3(b), then in effect;

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

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

(iv) a breach by the Company of any of its material obligations under this Agreement;

or

(v) the failure of the Company to obtain the agreement for any successor to the Company or the Parent to assume and agree to perform this Agreement.

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

(h) Upon termination of Executive's employment with the Company, unless the Company requests otherwise, Executive shall be deemed to have resigned, effective immediately, from all offices, directorships, and other positions he held with the Company and its affiliates and Executive shall execute any documents reasonably required to effectuate the foregoing.

5. Effect of Termination of Employment.

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

(b) Without Cause, for Good Reason, Death or Disability. If during the Term, the Executive's employment is terminated (i) by the Company without Cause, (ii) by Executive for Good Reason pursuant to Section 4(e), or (iii) by reason of death or by the Company for Disability, the Company shall pay Executive the Accrued Obligations and Executive's Compensation and Benefits specified in Section 3 shall cease at the time of such termination, and Executive shall not be entitled to any compensation specified in Section 3 which was not required to be paid prior to such termination. Without limiting the foregoing and provided (x) Executive executes a separation agreement with a release of claims agreeable to the Company as further set forth in Section 5(b)(v) below (to the extent that Executive is physically and mentally capable to execute such an agreement) and (y) Executive adheres to the restrictions set forth in Sections 6 and 7 below, the Company shall pay Executive the amounts and provide Executive the benefits as follows:

(i) The Company shall pay to Executive as severance a cash payment in an amount equal to the sum of (A) one and one-half (1-1/2) times Executive's Base Salary and (B) one (1) times the target annual Bonus of one hundred twenty five percent (125%) of Executive's then current Base Salary, such cash amount to be paid to Executive ratably monthly in arrears over the eighteen (18)-month period immediately following such termination. Additionally, the Company shall pay to Executive pro rata portion of the annual Bonus applicable to the Fiscal Year in which termination occurs based on the amount Executive would have earned for the Fiscal year in which termination occurs if Executive's employment had not ceased. Such proration shall be based on the number of weeks Executive worked during such fiscal year prior to such termination divided by fifty-two (52). Payment of this pro-rated Bonus amount will be made in cash at the same time which a Bonus would have been paid to Executive for the fiscal year in which termination occurs if Executive had not terminated employment with the Company. Payments otherwise receivable by Executive pursuant to this Section 5(b)(i) shall cease immediately upon the discovery by the Company of Executive's breach of the covenants contained in Sections 6 or 7 hereof.

(ii) For the eighteen (18)-month period immediately following such termination, the Company shall arrange to provide Executive and his dependents the additional benefits specified in Section 3(c) substantially similar to those provided to Executive and his dependents by the Company immediately prior to the date of termination, at no greater cost to Executive or the Company than the cost to Executive and the Company immediately prior to such date. Benefits otherwise receivable by Executive pursuant to this Section 5(b)(ii) shall cease immediately upon the discovery by the Company of Executive's breach of the covenants contained in Sections 6 or 7 hereof. In addition, benefits otherwise receivable by Executive pursuant to this Section 5(b)(ii) shall be reduced to the

extent benefits of the same type are received by or made available to Executive during the eighteen (18)-month period following Executive's termination of employment (and any such benefits received by or made available to Executive shall be reported to the Company by Executive); provided, however, that the Company shall reimburse Executive for the excess, if any, of the cost of such benefits to Executive over such cost immediately prior to the date of termination.

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

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

(v) A condition precedent to the Company's obligations to pay the severance and benefits in Section 5(b)(i) and (ii) shall be the Executive's execution and delivery within fifty-five (55) days following his termination of employment of a timely, effective and irrevocable release of claims in favor of the Company and its Affiliates, in the form provided by the Company within five (5) business days after day the Notice of Termination is delivered to Executive (such condition, the "Release Condition"). If the Executive fails to execute and deliver such release of claims within such fifty-five (55) day period, or if he revokes such release as provided therein, then he shall not receive the payments and benefits provided in Section 5(b)(i) and 5(b)(ii) or any other payment to which he is not otherwise entitled, except as provided in this Agreement. Payments and benefits of amounts which do not constitute nonqualified deferred compensation and are not subject to Section 409A (as defined below) shall commence five (5) days after the Release Condition is satisfied and payments and benefits which are subject to Section 409A shall commence on the sixtieth (60th) day after termination of employment (subject to further delay, if required pursuant to Section 9(b) below) provided that the Release Condition is satisfied.

6. Agreement Not to Compete.

(a) Executive agrees that during the Non-Competition Period (as defined below), he will not, directly or indirectly, in any capacity, either separately, jointly or in association with others, as an officer, director, consultant, agent, employee, owner, principal, partner or stockholder of any business, or in any other capacity, provide services of the same or similar kind or nature that he provides to the Company to, or have a financial interest in (excepting only the ownership of not more than two percent (2%) of the outstanding securities of any class listed on an exchange or the Nasdaq Stock Market), any competitor of the Company (which means any person or organization that is in the business of or makes money from designing, developing, or selling products or services similar to those products and services developed, designed or sold by the Company); provided, however, that Executive may provide services to or have a financial interest in a business that competes with the Company if his employment or financial interest is with a separately managed or operated division or affiliate of such business that does not compete with the Company. The "Non-Competition Period" is period of Executive's employment hereunder plus a period of eighteen (18) months immediately thereafter. In recognition, acknowledgement and agreement that the Company's business and operations extend throughout North America, Latin America, the European Union, Asia and any other worldwide location in which the Company does business, the parties agree that the geographic scope of this covenant not

to compete shall extend North America, Latin America, the European Union, Asia and any other worldwide location in which the Company does business.

(b) Without limiting the generality of Section 6(a) above, Executive further agrees that during the Non-Competition Period, he will not, directly or indirectly, in any capacity, either separately, jointly or in association with others, solicit divert, take away, or attempt to solicit, divert, or take away or otherwise contact any of the Company's customers with whom Executive had contact, responsibility for, or had acquired confidential information about by virtue of his or her employment with the Company at any time during his or her employment, if such contact is for the general purpose of selling products that satisfy the same general needs as any products that the Company had available for sale to its customers during the Non-Competition Period.

(c) Executive agrees that during the Non-Competition Period, he shall not (i) contact in order to induce, solicit or encourage any person to leave the Company's employ and (ii) hire any person who is an employee or consultant under contract with the Company or who was an employee or consultant during the six (6) month period preceding such activity, without the Company's written consent. Nothing in this paragraph is meant to prohibit an employee of the Company that is not a party to this Agreement from becoming employed by another organization or person.

(d) The Non-Competition Period shall be tolled by and automatically extended by the length of a breach by Executive, to the extent permitted by law. If a court determines that the foregoing restrictions are too broad or otherwise unreasonable under applicable law, including with respect to time or space, the court is hereby requested and authorized by the parties hereto to revise the foregoing restrictions to include the maximum restrictions allowed under the applicable law.

(e) Executive hereby agrees not to defame or disparage the Company, its affiliates and their respective officers, directors, members or employees. Executive hereby agrees to cooperate with the Company and its affiliates, upon reasonable request, in refuting any defamatory or disparaging remarks by any third party made in respect of the Company or its affiliates or their directors, members, officers or employees.

(f) For purposes of this Section 6 and Section 7 below, the "Company" refers to the Company, the Parent, and any incorporated or unincorporated affiliates of the Company.

7. Secret Processes and Confidential Information.

(a) Executive agrees to hold in strict confidence and, except as the Company may authorize or direct, not disclose to any person or use (except in the performance of his services hereunder) any confidential information or materials received by Executive from the Company and any confidential information or materials of other parties received by Executive in connection with the performance of his duties hereunder. For purposes of this Section 7(a), confidential information or materials shall include existing and potential customer information, existing and potential supplier information, product information, design and construction information, pricing and profitability information, financial information, sales and marketing strategies and techniques and business ideas or practices. The restriction on Executive's use or disclosure of the confidential information or materials shall remain in force during Executive's employment hereunder and until the earlier of (i) a period of seven (7) years thereafter or (ii) such information is of general knowledge in the industry through no fault of Executive or any agent of Executive. Executive also agrees to return to the Company promptly

upon its request any Company information or materials in Executive's possession or under Executive's control. This Section 7(a) is not intended to preclude Executive from being gainfully employed by another. Rather, it is intended to prohibit Executive from using the Company's confidential information or materials in any subsequent employment or employment undertaken that is not for the benefit of the Company during the identified period.

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

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

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

8. Notices. All notices or other communications hereunder shall be in writing and shall be deemed to have been duly given (a) when delivered personally, (b) upon confirmation of receipt when such notice or other communication is sent by facsimile or telex, (c) one (1) business day after delivery to an overnight delivery courier, or (d) on the fifth (5th) calendar day following the date of deposit in the United States mail if sent first class, postage prepaid, by registered or certified mail. The addresses for such notices shall be as follows:

(a) For notices and communications to the Company:

Spectrum Brands, Inc.
3001 Deming Way
Middleton, Wisconsin 53562
Facsimile: (608) 278-6363
Attention: General Counsel

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

9. Section 409A.

(a) This Agreement is intended to satisfy the requirements of Section 409A of the Code ("Section 409A") with respect to amounts, if any, subject thereto and shall be interpreted and construed and shall be performed by the parties consistent with such intent. Notwithstanding the foregoing, Executive shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of Executive in connection with payments and benefits provided in accordance with the terms of this Agreement (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold Executive (or any beneficiary) harmless from any or all of such taxes or penalties.

(b) Notwithstanding anything in this Agreement to the contrary, the following special rule shall apply, if and to the extent required by Section 409A, in the event that (i) Executive is deemed to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(i), (ii) amounts or benefits under this Agreement or any other program, plan or arrangement of the Company or a controlled group affiliate thereof are due or payable on account of "separation from service" within the meaning of Treasury Regulations Section 1.409A-1(h) and (iii) Executive is employed by a public company or a controlled group affiliate thereof: no payments hereunder that are "deferred compensation" subject to Section 409A shall be made to Executive prior to the date that is six (6) months after the date of Executive's separation from service or, if earlier, Executive's date of death; following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest permissible payment date.

(c) Any payment or benefit due upon a termination of Executive's employment that represents a "deferral of compensation" within the meaning of Section 409A shall be paid or provided to Executive only upon a "separation from service," as defined in Treas. Reg. § 1.409A-1(h). Each payment made under this Agreement shall be deemed to be a separate payment for purposes of Section 409A. Amounts payable under this Agreement shall be deemed not to be a "deferral of compensation" subject to Section 409A to the extent provided in the exceptions in Treasury Regulation §§ 1.409A-1(b)(4) ("short-term deferrals") and (b)(9) ("separation pay plans," including the exception under subparagraph (iii)) and other applicable provisions of Treasury Regulation § 1.409A-1 through A-6.

(d) Notwithstanding anything to the contrary in Agreement, any payment or benefit under this Agreement or otherwise that is exempt from Section 409A pursuant to Treasury Regulation § 1.409A-1(b)(9) (v)(A) or (C) (relating to certain reimbursements and in-kind benefits) shall be paid or provided to Executive only to the extent that the expenses are not incurred, or the benefits are not provided, beyond the last day of the second calendar year following the calendar year in which Executive's "separation from service" occurs; and provided further that such expenses are reimbursed no later than the last day of the third calendar year following the calendar year in which Executive's "separation from service" occurs. To the extent any indemnification payment, expense reimbursement, or the provision of any in-kind benefit is determined to be subject to Section 409A (and not exempt pursuant to the prior sentence or otherwise), the amount of any such indemnification payment or expenses eligible for reimbursement, or the provision of any in-kind benefit, in one calendar year shall not affect the indemnification payment or provision of in-kind benefits or expenses eligible for

reimbursement in any other calendar year (except for any life-time or other aggregate limitation applicable to medical expenses), and in no event shall any indemnification payment or expenses be reimbursed after the last day of the calendar year following the calendar year in which Executive incurred such indemnification payment or expenses, and in no event shall any right to indemnification payment or reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

10. General.

(a) Dispute Resolution. In the event of any dispute or claim relating to or arising out of this Agreement, including without limitation, any claims of breach of contract or unlawful employment discrimination (collectively "Disputes"), such Disputes will be resolved by binding arbitration conducted by the American Arbitration Association ("AAA") in Madison, Wisconsin, in accordance with the AAA's National Rules for the Resolution of Employment Disputes. The parties mutually agree that the arbitrator shall have no authority to award punitive or exemplary damages to the prevailing party. Each party shall pay fifty percent (50%) of the cost of the arbitration, except as provided below. Within twenty (20) days of the conclusion of the arbitration hearing, the arbitrator shall prepare written findings of fact and conclusions of law. Any arbitration costs and expenses that are unique to arbitration or are in excess of the costs of filing the same claim in a court of competent jurisdiction shall be borne by the Company.

(b) Claims under Section 6 or 7. With respect to any controversy, claim or dispute under Section 6 or 7 of this Agreement, the Parties each hereby irrevocably submits to the exclusive jurisdiction of any court of the United States located in the State of Wisconsin or in a State Court in Wisconsin. Except as otherwise specifically provided in this Agreement, the Parties undertake not to commence any suit, action or proceeding based on any dispute between them that arises out of or relates to Section 6 or 7 of Agreement in a forum other than a forum described in this Section 10 provided, however, that nothing herein shall preclude either Party from bringing any suit, action or proceeding in any other court for the purposes of enforcing the provisions of this Section 10 or enforcing any judgment obtained by the Company. The agreement of the Parties to the forum described in this Section 10 is independent of the law that may be applied in any suit, action, or proceeding, and the Parties agree to such forum even if such forum may under applicable law choose to apply non-forum law. The Parties waive, to the fullest extent permitted by applicable law, any objection which they now or hereafter have to personal jurisdiction or to the laying of venue of any such suit, action or proceeding brought in an applicable court described in Section 10, and the Parties agree that they shall not attempt to deny or defeat such personal jurisdiction by motion or other request for leave from any such court. The Parties agree that, to the fullest extent permitted by applicable law, a final and non-appealable judgment in any suit, action or proceeding brought in any applicable court described in Section 10 shall be conclusive and binding upon the Parties and may be enforced in any other jurisdiction

(c) Waiver of Jury Trial; Service. THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL. Each of the Parties hereto agrees that this Agreement involves at least One Hundred Thousand Dollars (\$100,000) and that this Agreement has been entered into in express reliance on Section 2708 of Title 6 of the Delaware Code. Each of the Parties hereto irrevocably and unconditionally agrees (i) that service of process may be made on such Party by mailing copies of such process to such Party at such Party's address as specified in Section 8 that service made pursuant to clause (i) above shall, to the fullest extent permitted by applicable law, have the same legal force and effect as if served upon such Party personally within the State of Delaware.

(d) Governing Law. All matters relating to the interpretation, construction, application, validity, and enforcement of this Agreement will be governed by the laws of the State of Delaware without giving effect to any choice or conflict of law provision or rule, whether of the State of Delaware or any other jurisdiction, that would cause the application of laws of any jurisdiction other than the State of Delaware.

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

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

(g) Entire Agreement. This Agreement and the schedule hereto constitute the entire understanding of the parties hereto with respect to the subject matter hereof and supersede all prior negotiations, discussions, writings and agreements between them with respect to the subject matter hereof, including, but not limited to Executive's Registered Director's Agreement with Rayovac Europe GmbH, dated August 27, 2007 as amended October 1, 2007, provided this provision explicitly excludes the Pension Agreement referenced in Section 3(m).

(h) Counterparts. This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Signatures delivered by facsimile (including by "pdf") shall be deemed effective for all purposes.

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

(j) Mitigation. In no event shall Executive be obligated to seek other employment by way of mitigation of the amounts payable to Executive under any of the provisions of this Agreement.

(k) Equitable Relief. Executive expressly agrees that breach of any provision of Sections 6 or 7 of this Agreement would result in irreparable injuries to the Company, that the remedy at law for any such breach will be inadequate and that upon breach of such provisions, the Company, in addition to all other available remedies, shall be entitled as a matter of right to injunctive relief in any court of competent jurisdiction without the necessity of posting bond or proving the actual damage to the Company. If the Company or one of its affiliates shall institute any action or proceeding to enforce any such restrictive covenant, Executive hereby waives the claim or defense that the Company or such affiliate has an adequate remedy at law and agrees not to assert in any such action or proceeding the claim or defense that the Company has an adequate remedy at law. The foregoing shall not prejudice the Company's right to seek any other relief to which it may be entitled.

(l) Severability. Sections 6(a), 6(b), 6(c), 7(a), 7(b) and 10(i) of this Agreement shall be considered separate and independent from the other sections of this Agreement and no invalidity of any one of those sections shall affect any other section or provision of this Agreement. However, because it is expressly acknowledged that the pay and benefits provided under this Agreement are provided, at least in part, as consideration for the obligations imposed upon Executive under Sections 6(a), 6(b), 6(c), 7(a) and 7(b), should Executive challenge those obligations or any court of competent jurisdiction determine that any of the provisions under these Sections is unlawful or unenforceable, such that Executive need not honor those provisions, then Executive shall not receive the pay and benefits, provided for in this Agreement following termination, (or if he has already received severance pay or benefits, Executive shall be required to repay such severance pay and benefits to the Company within ten (10) calendar days of written demand by the Company) if otherwise available to Executive, irrespective of the reason for the end of Executive's employment. Except as set forth in the preceding two sentences, if any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.

(m) No Construction Against Drafter. The parties acknowledge and agree that each party has reviewed and negotiated the terms and provisions of this Agreement and has had the opportunity to contribute to its revision. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to both parties and not in favor or against either party.

(n) Cooperation. Executive agrees to cooperate with the Company, during the Term and for the two (2) years immediately thereafter, by being reasonably available to testify on behalf of the Company or any Affiliate in any action, suit, or proceeding, whether civil, criminal, administrative, or investigative, and to assist the Company, or any Affiliate, in any such action, suit or proceeding, by providing information and meeting and consulting at mutually agreeable times and places with the Board or its representatives or counsel, or representatives or counsel to the Company, or any Affiliate, as reasonably requested; provided that such obligation to cooperate does not unreasonably interfere with Executive's business or personal affairs. The Company agrees to reimburse Executive for all reasonable expenses (including reasonable attorneys' fees) incurred by Executive in connection with his provision of testimony or assistance or other cooperation contemplated by this Section.

(o) Withholding. The Company and its affiliates may withhold from any amounts payable to Executive hereunder all federal, state, city, foreign or other taxes that the Company may

reasonably determine are required to be withheld pursuant to any applicable law or regulation (it being understood that Executive shall be responsible for payment of all taxes in respect of the payments and benefits provided herein).

(p) Headings. The headings in this Agreement are inserted for convenience of reference only and shall not be a part of or control or affect the meaning of any provision hereof.

(q) Representations of Executive. Executive represents, warrants and covenants that as of the date hereof and as of the date Executive commences employment with the Company: (i) Executive has the full right, authority and capacity to enter into this Agreement and perform Executive's obligations hereunder, (ii) Executive is not bound by any agreement that conflicts with or prevents or restricts the full performance of Executive's duties and obligations to the Company hereunder during or after the Term, and (iii) the execution and delivery of this Agreement shall not result in any breach or violation of, or a default under, any existing obligation, commitment or agreement to which Executive is subject.

(r) Clawback. The Executive acknowledges that to the extent required by applicable law (including without limitation Section 304 of the Sarbanes Oxley Act and Section 954 of the Dodd Frank Act) or by applicable award agreement, the Bonus and other incentive compensation shall be subject to any required clawback, forfeiture, recoupment or similar requirement.

[Signature page follows]

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

SPECTRUM BRANDS HOLDINGS, INC.

By:

Nathan E. Fagre
Senior Vice President, General Counsel and Secretary

SPECTRUM BRANDS, INC.

By:

Nathan E. Fagre
Senior Vice President, General Counsel and Secretary

EXECUTIVE:

Andreas Rouvé

CERTIFICATIONS

I, Andreas R. Rouvé, Chief Executive Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spectrum Brands Holdings, 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: May 1, 2015

/s/ Andreas R. Rouvé
Andreas R. Rouvé
Chief Executive Officer

CERTIFICATIONS

I, Douglas L. Martin, Chief Financial Officer, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Spectrum Brands Holdings, 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: May 1, 2015

/s/ Douglas L. Martin

Douglas L. Martin
Chief Financial Officer

**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 Holdings, Inc. (the "Company") for the quarterly period ended March 29, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Andreas R. Rouvé, 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/ Andreas R. Rouvé

Name: **Andreas R. Rouvé**
Title: **Chief Executive Officer**
Date: **May 1, 2015**

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.

**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 Holdings, Inc. (the "Company") for the quarterly period ended March 29, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas L. Martin, 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/ Douglas L. Martin

Name: **Douglas L. Martin**
Title: **Chief Financial Officer**
Date: **May 1, 2015**

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.
