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

Form T-3

APPLICATION FOR QUALIFICATION OF INDENTURES
UNDER THE TRUST INDENTURE ACT OF 1939

SPECTRUM BRANDS, INC.

(Name of Applicant)

Six Concourse Parkway
Suite 3300
Atlanta, Georgia 30328
(Address of Principal Executive Offices)

SECURITIES TO BE ISSUED UNDER THE
INDENTURES TO BE QUALIFIED

Title of Class	Amount
12% Senior Subordinated Toggle Notes due 2019	**$218,076,405, plus any additional principal issuable as interest payable on the Notes**

Approximate date of proposed public offering:
As soon as practicable after Confirmation of a Plan of Reorganization (as defined herein).

Name and address of agent for service:
Anthony L. Genito
Executive Vice President, Chief Financial Officer
and Chief Accounting Officer
Spectrum Brands, Inc.
Six Concourse Parkway, Suite 3300
Atlanta, Georgia 30328
(770) 829-6200

Copies to be sent to:
Margaret A. Brown, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
One Beacon Street
31st Floor
Boston, MA 02108
(617) 573-4800

The obligor hereby amends this application for qualification on such date or dates as may be necessary to delay its effectiveness until (i) the 20th day after the filing of an amendment which specifically states that it shall supersede this application, or (ii) such date as the United States Securities and Exchange Commission (the "Commission"), acting pursuant to Section 307(c) of the Trust Indenture Act of 1939, may determine upon the written request of the obligor.

1. General Information.

(a) Spectrum Brands, Inc. ("Spectrum" or the "Company") is a Wisconsin corporation.

(b) Spectrum (formerly Rayovac Corporation) is organized under the laws of the State of Wisconsin.

2. Securities Act Exemption Applicable.

As of the date of this Application, the Company has outstanding three series of public senior subordinated notes 8-1/2% Senior Subordinated Notes due 2013, 7-3/8% Senior Subordinated Notes due 2015 and Variable Rate Toggle Senior Subordinated Notes due 2013 (collectively, the "Existing Notes"), all of which were issued by the Company and guaranteed by all or some combination of the Company's United States subsidiaries.

On February 3, 2009, the Company and its wholly owned United States subsidiaries filed voluntary petitions under Chapter 11 of the United States Bankruptcy Code, in the United States Bankruptcy Court (the "Bankruptcy Court") for the Western District of Texas (the "Bankruptcy Filing"). The Company has filed with the Bankruptcy Court a proposed plan of reorganization (the "Plan of Reorganization") that details the Company's proposed terms for a refinancing that would effect the cancellation of existing obligations evidenced by the Existing Notes and the creation of new common stock and a new series of public senior subordinated notes (the "New Notes") to be issued by the reorganized Company to holders ("Note Claim Holders") of allowed claims in the chapter 11 cases arising from or relating to the Existing Notes ("Allowed Note Claims"). The chapter 11 cases are being jointly administered by the Bankruptcy Court as Case No. 09-50456. The complete terms of the refinancing are contained in the Disclosure Statement, which has been filed with the Bankruptcy Court and is incorporated by reference herein as Exhibit 99.T3E.1.

As the New Notes and new common stock are proposed to be offered by the Company under the Plan of Reorganization with the Note Claim Holders entirely in exchange for such Note Claim Holders' Allowed Note Claims, the issuance of the New Notes is exempt from registration under the Securities Act of 1933, as amended, pursuant to the provisions of section 1145(a) of chapter 11 of title 11 of the United States Code. No Note Claim Holder of the outstanding securities has made or will be requested to make any cash payment to the Company for the exchange.

AFFILIATIONS

3. Affiliates.

(a) For purposes of this Application only, as of the date hereof, the directors and executive officers of Spectrum named in response to Item 4 hereof may be deemed affiliates of Spectrum by virtue of the positions held by such persons with Spectrum.

(b) The following is a list of entities that may be deemed affiliates of the Company as of the date of this Application. The voting securities of each of these entities are owned 100% by its immediate parent unless otherwise indicated. Where an immediate parent owns less than 100% of the stock of its subsidiary, the remainder of the stock is owned by unaffiliated third parties, unless otherwise indicated.

Name of Company	Jurisdiction of Organization
8 in 1 Pet Products GmbH (22)	Germany
Anabasis Handelsgesellschaft GmbH (29)	Germany
Aquaria, Inc. (15)	California
Aquarium Systems Manufacturer of Instant Ocean (56)	France
Aquarium Systems, Inc. (17)	Delaware
Brisco Electronics B.V. (30)	Netherlands
DB Online, LLC (15)	Hawaii
Distribuidora Rayovac Guatemala, S.A. (40)	Guatemala
Distribuidora Rayovac Honduras, S.A. (44)	Honduras
Distribuidora Ray-O-Vac/Varta, S.A. de C.V. (45)	Mexico
Ipojuca Empreendimentos e Participações S.A. (10)	Brazil
Landscape Depot, L.L.C. (55)	Texas
Microlite S.A. (9)	Brazil
Minera Vidaluz, S.A. De C.V. (60)	Mexico
Ningbo Baowang Battery Co., Ltd. (7)	China
Paula Grund. mbH & Co Vermietungs-KG (61)	Germany
Perfecto Manufacturing, Inc (16)	Delaware
Pile d'Alsace S.A.S. (25)	France
Rayovac (UK) Limited (25)	UK
Rayovac Argentina S.R.L. (49)	Argentina
Rayovac Brasil Participações Ltda. (36)	Brazil
Rayovac Chile Sociedad Comercial Limitada (48)	Chile
Rayovac Costa Rica, S.A. (41)	Costa Rica
Ray-O-Vac de Mexico, S.A. de C.V. (46)	Mexico
Rayovac Dominican Republic, S.A. (39)	Dominican Rep.
Rayovac El Salvador, S.A. de C.V. (38)	El Salvador
Rayovac Europe B.V. (25)	Netherlands
Rayovac Europe GmbH (21)	Germany
Rayovac Europe Limited (31)	UK
Rayovac Far East Limited (35)	Hong Kong
Rayovac Foreign Sales Corporation (34)	Barbados
Rayovac Guatemala, S.A. (42)	Guatemala
Rayovac Honduras, S.A. (43)	Honduras
Rayovac Overseas Corp. (2)	Cayman
Rayovac PRC (6)	Cayman
Rayovac Venezuela, S.A. (24)	Venezuela
Rayovac-Varta S.A. (47)	Colombia
Remington Consumer Products (32)	UK
Remington Consumer Products (Ireland) Ltd. (32)	Ireland
Remington Licensing Corporation (33)	Delaware
Remington Products Australia Pty. Ltd. (2)	Australia
Remington Products New Zealand Ltd. (8)	New Zealand
ROV German General Partner GmbH (25)	Germany

Name of Company	Jurisdiction of Organization
ROV German Limited GmbH (52)	Germany
ROV Holding, Inc (1)	Delaware
ROV International Finance Company (2)	Cayman
ROVCAL, Inc. (1)	California
Schultz Company (11)	Missouri
Southern California Foam, Inc. (15)	California
Spectrum Brands (Hong Kong) Limited (7)	Hong Kong
Spectrum Brands (Shenzhen) Ltd. (7)	China
Spectrum Brands Asia (2)	Cayman
Spectrum Brands Canada Inc.(2)	Canada
Spectrum Brands d.o.o (23)	Bosnia & Herzegovina
Spectrum Brands Europe GmbH (20)	Germany
Spectrum Brands HK1 Limited (3)	Hong Kong
Spectrum Brands HK2 Limited (3)	Hong Kong
Spectrum Brands Holding B.V. (37)	Netherlands
Spectrum Brands Lux SarL (18)	Luxembourg
Spectrum Brands Mauritius Limited (5)	Mauritius
Spectrum Brands Schweiz GmbH (19)	Switzerland
Spectrum China Business Trust (4)	China
Spectrum Jungle Labs Corporation (15)	Texas
Spectrum Neptune CA Holdco Corporation (12)	Nova Scotia
Spectrum Neptune Holding Company GP, Ltd. (13)	Nova Scotia
Spectrum Neptune Holding Company, LP (14)	Ontario
Spectrum Neptune US Holdco Corporation (11)	Delaware
Tetra (UK) Limited (32)	UK
Tetra Aquatic Asia Pacific Private Limited (2)	Singapore
Tetra France S.A.S.(27)	France
Tetra GmbH (22)	Germany
Tetra Holding (US), Inc. (1)	Delaware
Tetra Holding GmbH (21)	Germany
Tetra Italia S.r.L. (26)	Italy
Tetra Japan K.K. (2)	Japan
United Industries Corporation (1)	Delaware
United Pet Group, Inc. (11)	Delaware
United Pet Polska Sp. Z.o.o. (58)	Poland
VARTA B.V. (19)	Netherlands
VARTA Baterie Sp. z o.o. (51)	Poland
VARTA Baterie spol. s.r.o. (54)	Czech Republic
VARTA Batterie Ges.m.b.H. (20)	Austria
VARTA Batterie S.r.L. (25)	Italy
VARTA Consumer Batteries A/S (25)	Denmark
VARTA Consumer Batteries GmbH & Co. KGaA (28)	Germany
VARTA Ltd. (32)	UK
VARTA Pilleri Ticaret Ltd. Sirketi (53)	Turkey
VARTA Rayovac Remington S.r.L. (59)	Romania

Name of Company	Jurisdiction of Organization
VARTA Remington Rayovac d.o.o (23)	Croatia
VARTA Remington Rayovac Finland Oy (20)	Finland
VARTA Remington Rayovac Norway AS (20)	Norway
VARTA Remington Rayovac Spain S.L. (20)	Spain
VARTA Remington Rayovac Sweden AB (20)	Sweden
VARTA Remington Rayovac Trgovina d.o.o.(23)	Slovenia
VARTA S.A.S.(27)	France
VARTA-Hungaria Kereskedelmi es Szolgaltato KFT (50)	Hungary
ZAO “Spectrum Brands” Russia (57)	Russia
Zoephos International N.V. (2)	Netherlands Antilles

(1) Owned by Spectrum.
(2) Owned by ROV Holding, Inc.
(3) Owned by Spectrum Brands Asia.
(4) Entity is a settlor, with Spectrum Brands Asia serving as trustee. Spectrum Brands HK1 Limited is an 81% beneficiary and Spectrum Brands HK2 Limited is a 19% beneficiary.
(5) Owned by Spectrum Brands Asia, as trustee for Spectrum China Business Trust.
(6) Owned by Spectrum Brands Mauritius Limited.
(7) Owned by Rayovac PRC.
(8) Owned by Remington Products Australia Pty. Ltd.
(9) Owned 90.9% by Rayovac Brasil Participções Ltda. In addition, each of Hartmut Junghahn, Donnalee Corredera, Anthony L. Genito, Flavio Faria and Carlos Alberto Moreira Lima, Jr. own 1 preferred share.
(10) Owned 99.99% by Microlite S.A. In addition, each of Hartmut Junghahn, Donnalee Corredera, Anthony L. Genito, Flavio Faria and Carlos Alberto Moreira Lima, Jr. own 1 preferred share.
(11) Owned by United Industries Corporation.
(12) Owned by Spectrum Neptune US Holdco Corporation.
(13) Owned by Spectrum Neptune CA Holdco Corporation.
(14) General Partner interest held by Spectrum Neptune Holding Company GP, Ltd. Limited Partner interest held by Spectrum Neptune CA Holdco Corporation.
(15) Owned by United Pet Group, Inc.
(16) Owned by Aquaria, Inc.
(17) Owned by Perfecto Manufacturing, Inc.
(18) Owned by Spectrum Brands Holding B.V.
(19) Owned by Spectrum Brands Lux SarL.
(20) Owned by VARTA B.V.
(21) Owned by Spectrum Brands Europe GmbH.
(22) Owned by Tetra Holding GmbH.
(23) Owned by VARTA Batterie Ges.m.b.H.
(24) Owned by Rayovac Overseas Corp.
(25) Owned by Rayovac Europe GmbH.
(26) Owned by VARTA Batterie S.r.L.
(27) Owned by Pile d’Alsace S.A.S.
(28) General Partner interests owned by ROV German General Partner GmbH. Limited Partner interests owned by ROV German Limited GmbH.

(29) Owned by VARTA Consumer Batteries GmbH & Co. KGaA.
(30) Owned by Rayovac Europe B.V.
(31) Owned by Rayovac (UK) Limited.
(32) Owned by Rayovac Europe Limited.
(33) Owned 50% by Spectrum.
(34) Owned 99.9% by Spectrum and 0.1% by ROV Holding, Inc.
(35) Owned 99.9% by ROV Holding, Inc.
(36) Owned 99.99% by ROV Holding, Inc. Spectrum holds 1 quota.
(37) Owned 97% by ROV Holding, Inc. and 3% by Spectrum.
(38) Owned 94.69% by Rayovac Overseas Corp. and 5.31% by Rayovac Costa Rica, S.A.
(39) Owned 99.99% by Rayovac Overseas Corp. Each of the following owns one share: Distribuidora Rayovac Guatemala, S.A., Rayovac Venezuela, S.A., Distribuidora Rayovac Honduras, S.A., Rayovac Guatemala, S.A., Rayovac Honduras, S.A. and Rayovac El Salvador, S.A. de C.V.
(40) Owned 99.06% by Rayovac Overseas Corp. and 0.94% by Rayovac Guatemala, S.A.
(41) Owned 96.24% by Rayovac Overseas Corp. and 3.76% by Rayovac Honduras, S.A.
(42) Owned 96.24% by Rayovac Overseas Corp. and 3.76% by Distribuidora Rayovac Guatemala, S.A.
(43) Owned 80.31% by Rayovac Overseas Corp., 5.31% by Rayovac El Salvador, S.A. de C.V., 5.31% by Rayovac Costa Rica, S.A., 5.31% by Rayovac Guatemala, S.A. and 3.76% by Distribuidora Rayovac Honduras, S.A.
(44) Owned 80.4% by Rayovac Overseas Corp., 3.8% by Rayovac Honduras, S.A., 5.4% by Rayovac El Salvador, S.A. de C.V., 5.2% by Rayovac Costa Rica, S.A. and 5.2% by Distribuidora Rayovac Guatemala, S.A.
(45) Owned 99.99% by Rayovac Overseas Corp. Rayovac Dominican Republic, S.A. owns 1 share.
(46) Owned 99.99% by Rayovac Overseas Corp. Each of James T. Lucke and Rayovac Dominican Republic, S.A. own less than 0.01%.
(47) Owned 65.7% by Rayovac Overseas Corp., 22.18% by Rayovac Venezuela, S.A. and 9.68% by Rayovac Dominican Republic, S.A. Additionally, each of Jose Vicente Zapata Lugo, Ray-O-Vac de Mexico, S.A. de C.V. and Rayovac Guatemala, S.A. own less than 0.01%. Additionally, 2.43% of the shares remain in the treasury.
(48) Owned 99.99% by Rayovac Overseas Corp. and 0.01% by Spectrum.
(49) Owned 94.99% by Rayovac Overseas Corp. and 5.01% by Spectrum.
(50) Owned 99% by Rayovac Europe GmbH and 1% by ROV German Limited GmbH.
(51) Owned 99.83% by Rayovac Europe GmbH and 0.17% by Hans-Peter Kübler.
(52) Owned 99.6% by Rayovac Europe GmbH and 0.4% by Brisco Electronics B.V.
(53) Owned 99.99% by Rayovac Europe GmbH and 0.01% by ROV German Limited GmbH.
(54) Owned 98% by Rayovac Europe GmbH and 2% by ROV German Limited GmbH.
(55) Owned 12.64% by United Industries Corporation.
(56) Owned 24.98% by Aquarium Systems, Inc.
(57) Owned 99% by VARTA B.V. and 1% by ROV German Limited GmbH.
(58) Owned 99.9% by Tetra GmbH and 0.1% by 8 in 1 Pet Products GmbH.
(59) Owned 51% by VARTA Batterie Ges.m.b.H.
(60) Owned 99.98% by Spectrum and 0.02% by ROV Holding, Inc.
(61) Limited Partner interest owned by VARTA Consumer Batteries GmbH & Co. KGaA.

4. Directors and Executive Officers.

The following table lists the names and offices held by all directors and executive officers of the Company as of the date of this Application. The mailing address for each of the individuals listed in the following table is:

c/o Spectrum Brands, Inc.
Six Concourse Parkway
Suite 3300
Atlanta, Georgia 30328
(770) 829-6200

Name		Office
Kent J	Hussey	Director and Chief Executive Officer
David R	Lumley	Co-Chief Operating Officer, President, Global Batteries and Personal Care and Home & Garden
Anthony L	Genito	Executive Vice President, Chief Financial Officer and Chief Accounting Officer
Hartmut B	Junghahn	President, Latin America
Donnalee E	Corredera	Senior Vice President
Andrew F	Fiorenza	Vice President & Gen Mgr - Remington
Randall A	Raymond	Vice President - Global Hearing Aid
Thomas C	Walzer	Chief Financial Officer, Senior Vice President Global Finance & IS
John	Beattie	Vice President, Treasury
Chad R.	Colony	Vice President - NA Sales, Mkt & Cust Care
Anthony J	Cords	Vice President Sales & Mktg Controller
Steven	Fraundorfer	Vice President, Rem Supply Chain/Sourcing
James A	Heidenreich	Vice President - NA Sales & Marketing
Ramzi M	Kanso	Vice President, Internal Audit
James A	Kimble	Vice President, Business Development
James R	Patullo	Global Vice President, New Prod Dvlp/Mgmt
Jeffrey W	Schmoeger	Vice President Manufacturing
Joseph	Wickham	Vice President Corporate HR
John T	Wilson	Vice President, Secretary & General Counsel
John Alfonse	Heil	Co-Chief Operating Officer, President, Global Pet Supplies
John D	Bowlin	Lead Director
William P	Carmichael	Director
John S	Lupo	Director
Barbara S	Thomas	Director
Thomas R	Shepherd	Director

5. Principal Owners of Voting Securities

Presented below is certain information regarding each person owning 10% or more of the voting securities of the Company as of April 27, 2009:

Name	Complete Mailing Address	Title of Class Owned	Amount Owned (includes beneficial ownership)	Percentage of Voting Securities Owned
Cookie Jar Parties	860 Canal Street, 3rd Floor Stamford, CT 06902	Common Stock	5,462,302(1)	10.34%

(1) Based on information set forth in a Schedule 13G filed with the Commission on September 5, 2008 on behalf of Cookie Jar LLC ("Cookie Jar") and David B. Williams (together with Cookie Jar, the "Cookie Jar Parties") share voting and dispositive power over 5,462,302 shares of Common Stock and may be deemed to beneficially own all of such shares.

Determinations as to the identity and other information of 10% holders of voting securities is based upon filings with the Commission and other publicly available information.

UNDERWRITERS

6. Underwriters

(a) No person acted, within three years prior to the date hereof, as an underwriter of any securities of the Company which are outstanding on the date hereof.

(b) No person is acting, or proposed to be acting, as principal underwriter of the New Notes proposed to be offered pursuant to the New Indenture.

CAPITAL SECURITIES

7. Capitalization

(a) As of March 30, 2009

Title of Class	Amount Authorized	Amount Outstanding (dollars represent approximate principal amounts in millions)
Common Stock, par value $0.01 per share	150,000,000	52,801,855
Preferred stock, par value $.01 per share	5,000,000	0
8 1/2% Senior Subordinated Notes due 2013	$ 350	$ 3
Variable Rate Toggle Senior Subordinated Notes due 2013	$ 350	$ 347
7 3/8% Senior Subordinated Notes due 2015	$ 700	$ 700

(b) Voting Rights

(i) Each holder of common stock entitled to vote at any meeting of stockholders shall be entitled to one vote for each share of stock held by such stockholder which has voting power upon the matter in question;

(ii) The Board of Directors has the authority to issue preferred stock with voting rights as it may designate. As of the date of the Application, the Company has not issued any preferred stock;

(iii) Holders of Senior Subordinated Notes generally are not entitled to vote at any meeting of stockholders.

INDENTURE SECURITIES

8. Analysis of Indenture Provisions

The New Notes will be issued under an indenture (the "New Indenture") to be dated as of the date of first issuance of New Notes pursuant to the Plan of Reorganization and entered into among the Company, the Company's United States subsidiaries, as Guarantors, and U.S. Bank National Association, as trustee (the "Trustee"). The following analysis is not a complete description of the New Indenture provisions discussed and is qualified in its entirety by reference to the terms of the New Indenture, the form of which is attached as Exhibit 99.T3C hereto and incorporated by reference herein. Spectrum has not entered into the New Indenture as of the date of this filing, and the terms of the New Indenture are subject to change prior to its execution. *Capitalized terms used below but not defined herein have the meanings assigned to them in the New Indenture.*

(a) The New Notes

(i) Events of Default; Withholding of Notice

Events of Default in respect of the New Notes include:

(1) default for 30 days in the payment when due of interest on the New Notes whether or not prohibited by the subordination provisions of the New Indenture;

(2) default in payment when due (whether at maturity, upon acceleration, redemption or otherwise) of the principal of, or premium, if any, on the New Notes, whether or not prohibited by the subordination provisions of the New Indenture;

(3) failure by Spectrum or any of its Restricted Subsidiaries to comply with covenants and obligations related to (A) the right of Holders of the New Notes to require Spectrum to repurchase all or part of the New Notes upon a Change in Control of Spectrum (Section 4.14 of the New Indenture), (B) the sale by Spectrum or any of its Restricted Subsidiaries of its or their Assets and the use of the proceeds from such sale (Section 4.10 of the New Indenture), (C) the sale of all or substantially all of the assets of any Spectrum or any of the Restricted Subsidiaries or the merger or consolidation of Spectrum or any of the Restricted Subsidiaries with or into another person (Section 5.01 of the New Indenture), and (D) the sale of all or substantially all of the assets of any Guarantor or the merger or consolidation of any Guarantor with or into another person (Section 4.20(c) of the New Indenture);

(4) failure by Spectrum or any of its Restricted Subsidiaries for 60 days after written notice by the Trustee or Holders representing 25% or more of the aggregate principal amount of New Notes outstanding to comply with any of the other agreements in the New Indenture;

(5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by Spectrum or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by Spectrum or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the date of the New Indenture, if that default:

(A) is caused by a failure to make any payment of principal at the final maturity of such Indebtedness (a "Payment Default"); or

(B) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more;

(6) failure by Spectrum or any of its Restricted Subsidiaries to pay final judgments (to the extent such judgments are not paid or covered by insurance provided by a carrier that has acknowledged coverage in writing and has the ability to perform) aggregating in excess of $25.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(7) except as permitted by the New Indenture, any Note Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Note Guarantee; and

(8) certain events of bankruptcy or insolvency with respect to Spectrum, any Guarantor or any Significant Subsidiary of Spectrum (or any Restricted Subsidiaries that together would constitute a Significant Subsidiary).

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to Spectrum, any Guarantor or any Significant Subsidiary of Spectrum (or any Restricted Subsidiaries that together would constitute a Significant Subsidiary), all outstanding New Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding New Notes may declare all the New Notes to be due and payable immediately.

Holders of the New Notes may not enforce the New Indenture or the New Notes except as provided in the New Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding New Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the New Notes notice of any Default or Event of Default (except a Default or Event of Default relating to the payment of principal or interest) if it determines that withholding notice is in their interest.

The Holders of a majority in aggregate principal amount of the New Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the New Notes waive any existing Default or Event of Default and its consequences under the New Indenture except a continuing Default or Event of Default in the payment of interest on, or the principal of, the New Notes. The Holders of a majority in principal amount of the then outstanding New Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the New Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders of New Notes not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders of New Notes. A Holder may not pursue any remedy with respect to the New Indenture or the New Notes unless:

(1) the Holder gives the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding New Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity satisfactory to the Trustee against any costs, liability or expense;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding New Notes do not give the Trustee a direction that is inconsistent with the request.

However, such limitations do not apply to the right of any Holder of a Note to receive payment of the principal of, premium, if any, or interest on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the New Notes, which right shall not be impaired or affected without the consent of the Holder.

In the case of any Event of Default occurring by reason of any willful action or inaction taken or not taken by or on behalf of Spectrum with the intention of avoiding payment of the premium that Spectrum would have had to pay if Spectrum then had elected to redeem the New Notes pursuant to the optional redemption provisions of the New Indenture, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the New Notes. If an Event of Default occurs prior to the date that is three years after the date of original issuance of the New Notes, by reason of any willful action (or inaction) taken (or not taken) by or on behalf of Spectrum with the intention of avoiding the prohibition on redemption of the New Notes, prior to the date that is three years after such issuance date, then the applicable premium, if any, specified in the optional redemption provisions of the New Indenture shall also become immediately due and payable to the extent permitted by law upon the acceleration of the New Notes.

(ii) Authentication and Delivery of New Notes; Use of Proceeds

As set forth in Section 2.02 of the New Indenture, one Officer shall sign the New Notes for Spectrum by manual or facsimile signature.

A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under the New Indenture.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

The aggregate principal amount of Notes which may be authenticated and delivered under this Indenture is $218,076,405 plus any additional principal amount of Notes which may be issued in connection with any payment of PIK Interest.

The Trustee may appoint an authenticating agent acceptable to Spectrum to authenticate New Notes. An authenticating agent may authenticate New Notes whenever the Trustee may do so. Each reference in this New Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of Spectrum.

The Trustee shall, upon a written order of Spectrum signed by one Officer, authenticate New Notes for original issue up to the aggregate principal amount authorized pursuant to this New Indenture.

Because the New Notes are being issued in partial exchange for the Allowed Note Claims, there will be no proceeds from the issuance of the New Notes.

(iii) Release and Substitution of Property Subject to the Lien of the New Indenture

The New Notes are not secured by any lien on property.

(iv) Satisfaction and Discharge of the New Indenture

The New Indenture will be discharged and will cease to be of further effect as to all New Notes issued thereunder, when:

(1) either:

(A) all New Notes that have been authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and New Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to Spectrum) have been delivered to the Trustee for cancellation; or

(B) all New Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise or will become due and payable within one year and Spectrum or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(2) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which Spectrum or any Guarantor is a party or by which Spectrum or any Guarantor is bound;

(3) Spectrum or any Guarantor has paid or caused to be paid all sums payable by it under the New Indenture; and

(4) Spectrum has delivered irrevocable instructions to the Trustee under the New Indenture to apply the deposited money toward the payment of the New Notes at maturity or the redemption date, as the case may be.

In addition, Spectrum must deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Spectrum may, at its option and at any time, elect to have all of its obligations discharged with respect to the outstanding New Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees ("Legal Defeasance") except for:

(1) the rights of Holders of outstanding New Notes to receive payments in respect of the principal of, or interest or premium, if any, on such Notes when such payments are due from the trust referred to below;

(2) Spectrum's obligations with respect to the New Notes concerning (A) issuing temporary New Notes, (B) registration of New Notes, (C) replacing mutilated, destroyed, lost or stolen New Notes, (D) the maintenance of an office or agency for surrender of New Notes, notices and demands and (E) money for security payments held in trust;

(3) the rights, powers, trusts, duties and immunities of the Trustee, and Spectrum's and the Guarantor's obligations in connection therewith; and

(4) the Legal Defeasance and Covenant Defeasance (as defined below) provisions of the New Indenture.

In addition, Spectrum may, at its option and at any time, elect to have the obligations of Spectrum and the Guarantors released with respect to certain covenants that are described in the New Indenture ("Covenant Defeasance") and thereafter any omission to comply with those covenants shall not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, certain events (not including non-payment, bankruptcy, receivership, rehabilitation and insolvency events) described under "Events of Default" will no longer constitute Events of Default with respect to the New Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

(1) Spectrum must irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the New Notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient, in the opinion of a nationally recognized firm of independent public accountants, to pay the principal of, or interest and premium, if any, on the outstanding New Notes on the stated maturity or on the applicable redemption date, as the case may be, and Spectrum must specify whether the New Notes are being defeased to maturity or to a particular redemption date;

(2) in the case of Legal Defeasance, Spectrum shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (a) Spectrum has received from, or there has been published by, the Internal Revenue Service a ruling or (b) since the Issue Date, there has been a change in the applicable federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Legal Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(3) in the case of Covenant Defeasance, Spectrum shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes will not recognize income, gain or loss for federal income tax purposes as a result of such Covenant Defeasance and will be subject to federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(4) no Default or Event of Default shall have occurred and be continuing either: (A) on the date of such deposit; or (B) insofar as Events of Default from bankruptcy or insolvency events are concerned, at any time in the period ending on the 123rd day after the date of deposit;

(5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under any material agreement or instrument to which Spectrum or any of its Subsidiaries is a party or by which Spectrum or any of its Subsidiaries is bound;

(6) Spectrum must have delivered to the Trustee an Opinion of Counsel to the effect that, (A) assuming no intervening bankruptcy of Spectrum or any Guarantor between the date of deposit and the 123rd day following the deposit and assuming that no Holder is an “insider” of Spectrum under applicable bankruptcy law, after the 123rd day following the deposit, the trust funds will not be subject to the effect of any applicable bankruptcy, insolvency, reorganization or similar laws affecting creditors’ rights generally, including Section 547 of the United States Bankruptcy Code and (B) the creation of the defeasance trust does not violate the Investment Company Act of 1940;

(7) Spectrum must deliver to the Trustee an Officers’ Certificate stating that the deposit was not made by Reorganized Spectrum with the intent of preferring the Holders of New Notes over the other creditors of Spectrum with the intent of defeating, hindering, delaying or defrauding creditors of Spectrum or others;

(8) if the Notes are to be redeemed prior to their stated maturity, Spectrum must deliver to the Trustee irrevocable instructions to redeem all of the New Notes on the specified redemption date; and

(9) Spectrum must deliver to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

(v) Evidence Required to be Furnished by the Company to the Trustee as to Compliance with the Conditions and Covenants Provided for in the New Indenture.

Spectrum is required to deliver to the Trustee annually within 90 days after the end of each fiscal year a statement regarding compliance with the New Indenture. Upon becoming aware of any Default or Event of Default, Spectrum is required to deliver to the Trustee a statement specifying such Default or Event of Default.

Spectrum shall also comply with Section 314(a)(4) of the Trust Indenture Act without regard to any period of grace or requirement of notice and, if so, specifying each such default of which such signer has knowledge and the nature thereof.

9. Other Obligors.

The New Notes are issued by Spectrum and guaranteed by certain of its subsidiaries as set forth below. The mailing address for each of the individuals listed in the following table is:

c/o Spectrum Brands, Inc.
Six Concourse Parkway
Suite 3300
Atlanta, Georgia 30328
(770) 829-6200

Subsidiary Guarantors

Spectrum Jungle Labs Corporation
Tetra Holding (US), Inc.
ROV Holding, Inc.
ROVCAL, Inc.
United Industries Corporation
Schultz Company
Spectrum Neptune US Holdco Corporation
United Pet Group, Inc.
DB Online LLC
Southern California Foam, Inc.
Aquaria, Inc.
Aquarium Systems, Inc.
Perfecto Manufacturing, Inc.

Content of Application For Qualification

This application for qualification comprises:

(a) Pages number 1 to 18, consecutively.

(b) The statement of eligibility and qualification on Form T-1 of U.S. Bank National Association, as Trustee under the New Indenture to be qualified (included as Exhibit 25.1 hereto).

(c) The following exhibits in addition to those filed as part of the statement of eligibility and qualification of each trustee:

List of Exhibits

Exhibit Number	Exhibit Description
Exhibit 99.T3A	Amended and Restated Articles of Incorporation of Spectrum Brands, Inc. (filed as Exhibit 3.1 of Spectrum's Quarterly Report on Form 10-Q for the fiscal quarter ended April 3, 2005 filed with the Commission on May 13, 2005 and incorporated by reference herein)
Exhibit 99.T3B	Amended and Restated By-laws of Spectrum Brands, Inc. (filed as Exhibit 3.2 of Spectrum's Annual Report on Form 10-K for the fiscal year ended September 30, 2008 filed with the Commission on December 10, 2008 and incorporated by reference herein)
Exhibit 99.T3C	Form of Indenture among Spectrum Brands, Inc., the Guarantors and U.S. Bank National Association, as Trustee
Exhibit 99.T3D	Not Applicable
Exhibit 99.T3E.1	Disclosure Statement with Respect to Joint Plan of Reorganization of Spectrum Jungle Labs Corporation, et al., debtors
Exhibit 99.T3E.2	Joint Plan of Reorganization of Spectrum Jungle Labs Corporation, et al., Debtors
Exhibit 99.T3E.3	Notice of Hearing to Consider Confirmation of, and Deadline for Objecting to, Debtors' Joint Plan of Reorganization
Exhibit 99.T3E.4	Solicitation Letter by Spectrum Brands, Inc. dated April 28, 2009
Exhibit 99.T3E.5	Solicitation Letter by Harbinger Capital Partners dated April 28, 2009
Exhibit 99.T3F	A cross reference sheet showing the location in the Indenture among Spectrum Brands, Inc., the Guarantors and U.S. Bank National Association, as Trustee of the provisions inserted therein pursuant to Section 310 through 318(a), inclusive, of the Trust Indenture Act (included as part of Exhibit 99.T3C herewith)
Exhibit 25.1	Form T-1 qualifying U.S. Bank National Association, as Trustee under the Indenture among Spectrum Brands, Inc., the Guarantors and U.S. Bank National Association, as Trustee to be qualified

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, the applicant, Spectrum Brands, Inc., a corporation organized and existing under the laws of the State of Wisconsin, has duly caused this application to be signed on its behalf by the undersigned, thereunto duly authorized, and its seal to be hereunto affixed and attested, all in the City of Atlanta, and State of Georgia, on the 28th day of April, 2009.

(Seal)

SPECTRUM BRANDS, INC.

By: /s/ Anthony L. Genito
Anthony L. Genito
Executive Vice-President,
Chief Financial Officer and
Chief Accounting Officer

Attest:

By: /s/ Kent J. Hussey
Kent J. Hussey
Chief Executive Officer

Exhibit 99.T3C

SPECTRUM BRANDS, INC.

12% SENIOR SUBORDINATED TOGGLE NOTES DUE 2019

INDENTURE

Dated as of , 2009

U.S. Bank National Association

Trustee

CROSS-REFERENCE TABLE*

Trust Indenture Act Section	*Indenture Section*
310(a)(1)	7.10
(a)(2)	7.10
(a)(5)	7.10
(b)	7.10
311(a)	7.11
(b)	7.11
312(a)	2.05
(b)	12.03
(c)	12.03
313(a)	7.06
(b)(2)	7.06
	7.07
(c)	7.06
	12.02
(d)	7.06
314(a)(4)	12.05
(c)(3)	12.04
(e)	12.05
316(a)(1)(A)	6.05
(a)(1)(B)	6.04
317(a)(1)	12.01

* This Cross-Reference Table is not part of this Indenture.

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Exhibit B FORM OF NOTICE OF ELECTION
Exhibit C FORM OF NOTATION OF GUARANTEE
Exhibit D FORM OF SUPPLEMENTAL INDENTURE

Schedule I GUARANTORS

INDENTURE dated as of , 2009 among Spectrum Brands, Inc., a [Wisconsin][*] corporation (the "*Company*"), the Guarantors listed in Schedule I hereto and U.S. Bank National Association, as trustee (the "*Trustee*").

The Company, the Guarantors and the Trustee agree as follows for the benefit of each other and for the equal and proportionate benefit of the Holders of the 12% Senior Subordinated Toggle Notes Due 2019.

ARTICLE I

DEFINITIONS AND INCORPORATION BY REFERENCE

Section 1.01 Definitions.

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

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

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

"*Additional Notes*" means an additional principal amount of Notes which may be issued in connection with any payment of PIK Interest.

"*Affiliate*" of any specified Person means (a) any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person or (b) any executive officer or director of such specified Person. For purposes of this definition, "control," as used with respect to any Person, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person shall be deemed to be control. For purposes of this definition, the terms "controlling," "controlled by" and "under common control with" shall have correlative meanings; *provided, further*, that Paula Grundstücksverwaltungsgesellschaft mbH & Co. Vermietungs-KG,

[*] Spectrum Brands, Inc. has proposed re-incorporation as a Delaware corporation pursuant to its proposed plan of reorganization.

Mannheim shall not be deemed an Affiliate of the Company or any of its Restricted Subsidiaries solely by virtue of the beneficial ownership by the Company or its Restricted Subsidiaries of up to 20% of the Voting Stock of such entity.

"*Agent*" means any Registrar, Paying Agent or co-registrar.

"*Applicable Procedures*" means, with respect to any transfer or exchange of or for beneficial interests in any Global Note, the rules and procedures of the Depositary that apply to such transfer or exchange.

"*Asset Sale*" means:

(a) the sale, lease, conveyance or other disposition of any property or assets; *provided* that the sale, conveyance or other disposition of all or substantially all of the assets of the Company and its Restricted Subsidiaries, taken as a whole, shall be governed by the provisions of Section 4.14 and/or Section 5.01 and not by the provisions of Section 4.10; and

(b) the issuance of Equity Interests by any of the Company's Restricted Subsidiaries or the sale by the Company or any Restricted Subsidiary of Equity Interests in any of its Subsidiaries.

Notwithstanding the preceding, the following items shall be deemed not to be Asset Sales:

(i) any single transaction or series of related transactions that involves assets having a fair market value of less than $10.0 million;

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

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

(iv) the sale, lease or other disposition of equipment, inventory, accounts receivable or other assets in the ordinary course of business;

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

(vi) a Restricted Payment that is permitted by Section 4.07;

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

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

(ix) any sale or other disposition deemed to occur with creating or granting a Lien not otherwise prohibited by this Indenture.

"*Bankruptcy Law*" means any law relating to bankruptcy, insolvency, receivership, winding-up, liquidation, reorganization or relief of debtors or any amendment to, succession to or change in any such law, including, without limitation, the state bankruptcy law of the Company or the Guarantor's jurisdiction and Sections 101 et seq., of title 11 of the United States Code, as now in effect or hereafter amended.

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

"*Board of Directors*" means (a) with respect to a corporation, the board of directors of the corporation; (b) with respect to a partnership, the Board of Directors of the general partner of the partnership; and (c) with respect to any other Person, the board or committee of such Person serving a similar function.

"*Business Day*" means any day other than a Legal Holiday.

"*Calculation Date*" has the meaning set forth in the definition of Fixed Charge Coverage Ratio.

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

"*Capital Stock*" means (a) in the case of a corporation, corporate stock; (b) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock; (c) in the case of a partnership or limited liability company, partnership or membership interests (whether general or limited); and (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

"*Cash Equivalents*" means (a) United States dollars, Euros and British Pounds Sterling; (b) securities issued or directly and fully guaranteed or insured by the United States government or any agency or instrumentality thereof (*provided* that the full faith and credit of the United States is pledged in support thereof) having maturities of not more than six months from the date of acquisition; (c) certificates of deposit and eurodollar time deposits with maturities of six months or less from the date of acquisition, bankers' acceptances with maturities not exceeding six months and overnight bank deposits, in each case, with any domestic commercial bank having capital and surplus in excess of $500.0 million and a Thomson Bank Watch Rating of "B" or better; (d) repurchase obligations with a term of not more than seven days for underlying securities of the types described in clauses (b) and (c) above entered into with any financial institution meeting the qualifications specified in clause (c) above; (e) commercial paper having the highest rating obtainable from Moody's or S&P and in each case maturing within nine months after the date of acquisition; (f) marketable direct obligations issued by any state of the United States of America or any political subdivision of any such state or any public instrumentality thereof having the highest ratings obtainable from Moody's or S&P and maturing within six months from the date of acquisition thereof; (g) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (a) through (f) of this definition; and (h) in the case of a Foreign Subsidiary, local currency held by such Foreign Subsidiary from time to time in the ordinary course of business.

"*Certificated Note*" means a certificated note in registered certificated form in the name of the Holder thereof and issued in accordance with Section 2.06 hereof, in the form of Exhibit A hereto, except that such Note shall not bear the Global Note Legend and shall not have the "Schedule of Exchanges of Interests in the Global Note" attached thereto.

"*Change of Control*" means the occurrence of any of the following: (a) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Company and its Restricted Subsidiaries, taken as a whole, to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act); (b) the adoption of a plan relating to the liquidation or dissolution of the Company; (c) any "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) becomes the ultimate Beneficial Owner, directly or indirectly, of 50% or more of the voting power of the Voting Stock of the Company; (d) the first day on which a

majority of the members of the Board of Directors of the Company are not Continuing Directors; or (e) the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where (i) the Voting Stock of the Company outstanding immediately prior to such transaction is converted into or exchanged for Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of such Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and (ii) immediately after such transaction, no "person" or "group" (as such terms are used in Sections 13(d) and 14(d) of the Exchange Act) becomes, directly or indirectly, the ultimate Beneficial Owner of 50% or more of the voting power of the Voting Stock of the surviving or transferee Person.

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

"*Consolidated Cash Flow*" means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period *plus*, without duplication: (a) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus* (b) Fixed Charges of such Person and its Restricted Subsidiaries for such period, to the extent that any such Fixed Charges were deducted in computing such Consolidated Net Income; *plus* (c) depreciation, amortization (including amortization of goodwill and other intangibles but excluding amortization of prepaid cash expenses that were paid in a prior period) and other non-cash expenses (excluding any charges referred to in clauses (d) and (e) without giving effect to the provisos, and any such non-cash expense to the extent that it represents an accrual of or reserve for cash expenses in any future period or amortization of a prepaid cash expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortization and other non-cash expenses were deducted in computing such Consolidated Net Income; *plus* (d) restructuring and related charges and other non-recurring charges incurred by the Company and its Restricted Subsidiaries in the fiscal year ended September 30, 2008, to the extent such charges were deducted in computing Consolidated Net Income for such period; *provided* that the maximum aggregate amount of such charges shall not exceed $25.0 million; *plus* (e) restructuring and related charges and other non-recurring charges incurred by the Company and its Restricted Subsidiaries during the period beginning October 1, 2008 and ending on the date of this Indenture; *provided* that the maximum aggregate amount of such charges shall not exceed $25.0 million; *minus* (f) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue consistent with past practice, in each case, on a consolidated basis and determined in accordance with GAAP.

Notwithstanding the preceding, the provision for taxes based on the income or profits of, and the depreciation and amortization and other non-cash expenses of, a Restricted Subsidiary of the Company shall be added to Consolidated Net Income to compute Consolidated Cash Flow of the Company (A) in the same proportion that the Net Income of such Restricted Subsidiary was

added to compute such Consolidated Net Income of the Company and (B) only to the extent that a corresponding amount would be permitted at the date of determination to be dividended or distributed to the Company by such Restricted Subsidiary without prior governmental approval (that has not been obtained), and without direct or indirect restriction pursuant to the terms of its charter and all agreements, instruments, judgments, decrees, orders, statutes, rules and governmental regulations applicable to that Subsidiary or its stockholders.

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

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

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

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

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

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

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

"*Continuing Directors*" means, as of any date of determination, any member of the Board of Directors of the Company who (a) was a member of such Board of Directors on the Issue Date or (b) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

"*Corporate Trust Office of the Trustee*" shall be at the address of the Trustee specified in Section 12.02 hereof or such other address as to which the Trustee may give notice to the Company.

"*Credit Agreement*" means that certain Credit Agreement, dated as of March 30, 2007, by and among the Company, Goldman Sachs Credit Partners L.P., as Administrative Agent, and the lenders named therein and other financial institutions and other parties thereto, including any related notes, Guarantees, collateral documents, instruments and agreements executed in connection therewith, and in each case as amended, modified, renewed, refunded, replaced or refinanced from time to time, regardless of whether such amendment, modification, renewal, refunding, replacement or refinancing is with the same financial institutions or otherwise.

"*Credit Facilities*" means, one or more debt facilities (including, without limitation, the Credit Agreement and the Exit Facility) or commercial paper facilities, in each case with banks or other institutional lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced in whole or in part from time to time.

"*Custodian*" means the Trustee, as custodian with respect to the Notes in global form, or any successor entity thereto.

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

"*Depositary*" means, with respect to the Notes issuable or issued in whole or in part in global form, the Person specified in Section 2.03 hereof as the Depositary with respect to the Notes, and any and all successors thereto appointed as depositary hereunder and having become such pursuant to the applicable provision of this Indenture.

"*Designated Senior Debt*" means:

(a) any Indebtedness outstanding under the Credit Agreement and the Exit Facility; and

(b) after payment in full of all Obligations under the Credit Agreement and the Exit Facility, any other Senior Debt permitted under this Indenture the principal amount of which is $50.0 million or more and that has been designated by the Company as "Designated Senior Debt."

"*Disqualified Stock*" means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case at the option of the holder thereof), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder thereof, in whole or in part, on or prior to the date that is one year after the date on which the Notes mature, except to the extent such Capital Stock is solely redeemable with, or solely exchangeable for, any Equity Interests of the Company that are not Disqualified Stock. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders thereof have the right to require the Company to repurchase such Capital Stock upon the occurrence of a change of control or an asset sale shall not constitute Disqualified Stock if the terms of such Capital Stock provide that the Company may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with Section 4.07. The term "Disqualified Stock" shall also include any options, warrants or other rights that are convertible into Disqualified Stock or that are redeemable at the option of the holder, or required to be redeemed, prior to the date that is one year after the date on which the Notes mature.

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

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

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

"*Existing Indebtedness*" means the aggregate principal amount of Indebtedness of the Company and its Subsidiaries (other than Indebtedness under the Credit Agreement and the Exit Facility) in existence on the Issue Date after giving effect to the application of the proceeds of Indebtedness under the Exit Facility borrowed on the Issue Date, until such amounts are repaid.

"*Existing Indentures*" means (a) the Indenture dated as of March 30, 2007, among Spectrum Brands, Inc., a Wisconsin corporation ("*Spectrum Brands*"), the subsidiaries of Spectrum Brands party thereto as guarantors and U.S. Bank National Association, as successor trustee to Wells Fargo Bank, N.A., governing Spectrum Brands' outstanding Variable Rate Toggle Senior Subordinated Notes due 2013, as supplemented prior to the date hereof; (b) the Indenture dated as of February 7, 2005, among Spectrum Brands, the subsidiaries of Spectrum Brands party thereto as guarantors and U.S. Bank National Association, as trustee, governing Spectrum Brands' outstanding 7 3/8% Senior Subordinated Notes due 2015, as supplemented prior to the date hereof; and (c) the Indenture dated as of September 30, 2003, among Spectrum Brands, the subsidiaries of Spectrum Brands party thereto as guarantors and U.S. Bank National Association, as trustee, governing Spectrum Brands' outstanding 8 1/2% Senior Subordinated Notes due 2013, as supplemented prior to the date hereof.

"*Exit Facility*" means [*insert description of Exit Facility*].

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

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

In addition, for purposes of calculating the Fixed Charge Coverage Ratio: (a) acquisitions and dispositions of business entities or property and assets constituting a division or line of business of any Person that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations and including any related financing transactions, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date shall be given *pro forma* effect as if they had occurred on the first day of the four-quarter reference period and Consolidated Cash Flow for such reference period shall be calculated on a *pro forma* basis in accordance with Regulation S-X under the Securities Act, but without giving effect to clause (c) of the proviso set forth in the definition of Consolidated Net Income; (b) the Consolidated Cash Flow attributable to discontinued operations, as determined in accordance with GAAP, shall be excluded; (c) the Fixed Charges attributable

to discontinued operations, as determined in accordance with GAAP shall be excluded, but only to the extent that the obligations giving rise to such Fixed Charges shall not be obligations of the specified Person or any of its Subsidiaries following the Calculation Date; and (d) consolidated interest expense attributable to interest on any Indebtedness (whether existing or being incurred) computed on a *pro forma* basis and bearing a floating interest rate shall be computed as if the rate in effect on the Calculation Date (taking into account any interest rate option, swap, cap or similar agreement applicable to such Indebtedness if such agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period.

"*Fixed Charges*" means, with respect to any specified Person for any period, the sum, without duplication, of (a) the consolidated interest expense of such Person and its Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortization of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest component of all payments associated with Capital Lease Obligations, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made, received or accrued in connection with Hedging Obligations; *plus* (b) the consolidated interest of such Person and its Restricted Subsidiaries that was capitalized during such period; *plus* (c) any interest expense on Indebtedness of another Person that is Guaranteed by such Person or one of its Restricted Subsidiaries or secured by a Lien on assets of such Person or one of its Restricted Subsidiaries, whether or not such Guarantee or Lien is called upon; *plus* (d) the product of (i) all dividends, whether paid or accrued and whether or not in cash, on any series of Disqualified Stock or preferred stock of such Person or any of its Restricted Subsidiaries, other than (A) dividends on Equity Interests payable solely in Equity Interests of the Company (other than Disqualified Stock) or (B) dividends to the Company or a Restricted Subsidiary of the Company, times (ii) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, on a consolidated basis and in accordance with GAAP.

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

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

"*Global Note Legend*" means the legend set forth in Section 2.06(f), which is required to be placed on all Global Notes issued under this Indenture.

"*Global Notes*" means one or more permanent global Notes in the form of Exhibit A attached hereto, each of which bears the Global Note Legend and has the "Schedule of Exchanges of Interests in the Global Note" attached thereto, and is deposited with or on behalf of and registered in the name of the Depositary or its nominee.

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

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

"*Guarantors*" means:

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

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

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

"*Hedging Obligations*" means, with respect to any specified Person, the obligations of such Person under (a) interest rate swap agreements, interest rate cap agreements, interest rate collar agreements and other agreements or arrangements designed for the purpose of fixing, hedging or swapping interest rate risk; (b) commodity swap agreements, commodity option agreements, forward contracts and other agreements or arrangements designed for the purpose of fixing, hedging or swapping commodity price risk; and (c) foreign exchange contracts, currency swap agreements and other agreements or arrangements designed for the purpose of fixing, hedging or swapping foreign currency exchange rate risk.

"*Holder*" means a Person in whose name a Note is registered.

"*incur*" means, with respect to any Indebtedness, to incur, create, issue, assume, Guarantee or otherwise become directly or indirectly liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness; *provided* that (a) any Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary of the Company

shall be deemed to be incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary of the Company; and (b) neither the accrual of interest nor the accretion of original issue discount nor the payment of interest in the form of additional Indebtedness with the same terms and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock (to the extent provided for when the Indebtedness or Disqualified Stock on which such interest or dividend is paid was originally issued) shall be considered an incurrence of Indebtedness; *provided* that in each case the amount thereof is for all other purposes included in the Fixed Charges and Indebtedness of the Company or its Restricted Subsidiary as accrued.

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

(a) in respect of borrowed money;

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

(c) in respect of banker's acceptances;

(d) in respect of Capital Lease Obligations;

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

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

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

if and to the extent that any of the preceding items (other than letters of credit and Hedging Obligations) would appear as liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "Indebtedness" includes (x) all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person), *provided* that the amount of such Indebtedness shall be the lesser of (A) the fair market value of such asset at such date of determination and (B) the amount of such Indebtedness, and (y) to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person. For purposes hereof, the "maximum fixed repurchase price" of any Disqualified Stock which does not have a fixed repurchase price shall be calculated in accordance with the terms of such Disqualified Stock as if such Disqualified Stock were purchased on any date on which Indebtedness shall be required to be determined pursuant to this Indenture, and if such price is based upon, or measured by, the fair market value of such Disqualified Stock, such fair market value shall be determined in good faith by the Board of Directors of the issuer of such Disqualified Stock.

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

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

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

provided that Indebtedness shall not include:

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

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

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

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

"*Indirect Participant*" means a Person who holds a beneficial interest in a Global Note through a Participant.

"*Interest Payment Date*" means [ ] and [*insert date that is six months from preceding date*] of each year to Stated Maturity.

"*Interest Period*" means the period commencing on and including an Interest Payment Date and ending on and including the day immediately preceding the next succeeding Interest Payment Date.

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

If the Company or any Restricted Subsidiary of the Company sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Company such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Company, the Company shall be deemed to have made an Investment on the date of any such sale or disposition equal to the fair market value of the Investment in such Restricted Subsidiary not sold or disposed of in an amount determined as provided in the final paragraph of Section 4.07. The acquisition by the Company or any Restricted Subsidiary of the Company of a Person that holds an Investment in a third Person shall be deemed to be an Investment by the Company or such Restricted Subsidiary in such third Person only if such Investment was made in contemplation of, or in connection with, the acquisition of such Person by the Company or such Restricted Subsidiary and the amount of any such Investment shall be determined as provided in the final paragraph of Section 4.07.

"*Issue Date*" means the date of this Indenture.

"*Legal Holiday*" means a Saturday, a Sunday or a day on which commercial banks in The City of New York or at a place of payment are authorized or required by law, regulation or executive order to remain closed. If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday, and no interest on such payment shall accrue for the intervening period.

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

"*Maturity*" means, with respect to any Indebtedness, the date on which any principal of such Indebtedness becomes due and payable as therein or herein provided, whether at the Stated Maturity with respect to such principal or by declaration of acceleration, call for redemption or purchase or otherwise.

"*Microlite*" means Microlite S.A. and its successors or assigns.

"*Microlite Purchase Agreement*" means the Share Purchase Agreement by and among Rayovac Corporation, ROV Holding, Inc. and the shareholders of Microlite dated February 21, 2004.

"*Moody's*" means Moody's Investors Service, Inc. or any successor to the rating agency business thereof.

"*Net Income*" means, with respect to any specified Person, the net income (loss) of such Person, determined in accordance with GAAP and before any reduction in respect of preferred stock dividends, excluding, however, (a) any gain or loss, together with any related provision for taxes on such gain or loss, realized in connection with (i) any sale of assets outside the ordinary course of business of such Person; or (ii) the disposition of any securities by such Person or any of its Restricted Subsidiaries or the extinguishment of any Indebtedness of such Person or any of its Restricted Subsidiaries; and (b) any extraordinary gain or loss, together with any related provision for taxes on such extraordinary gain or loss.

"*Net Proceeds*" means the aggregate cash proceeds, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not the interest component, thereof) received by the Company or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash received upon the sale or other disposition of any

non-cash consideration received in any Asset Sale), net of (a) the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result thereof; (b) taxes paid or payable as a result thereof, in each case, after taking into account any available tax credits or deductions arising therefrom and any tax sharing arrangements in connection therewith; (c) amounts required to be applied to the repayment of Indebtedness or other liabilities, secured by a Lien on the asset or assets that were the subject of such Asset Sale, or required to be paid as a result of such sale; and (d) any reserve for adjustment in respect of the sale price of such asset or assets established in accordance with GAAP.

"*Non-U.S. Person*" means a Person who is not a U.S. Person.

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

"*Notes*" means the 12% Senior Subordinated Toggle Notes due 2019 of the Company issued on the Issue Date under this Indenture and any Additional Notes. The Notes shall be treated as a single class for all purposes under this Indenture.

"*Notice of Election*" means an irrevocable written notice of election of the Form of Interest Payment for any Interest Period in substantially the form attached as Exhibit B hereto.

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

"*Officer*" means, with respect to any Person, the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Treasurer, any Assistant Treasurer, the Controller, the Secretary or any Vice-President of such Person.

"*Officers' Certificate*" means a certificate signed on behalf of the Company by two Officers of the Company, one of whom must be the principal executive officer, the principal financial officer, the treasurer, or the principal accounting officer of the Company, that meets the requirements of Section 12.05 hereof.

"*Opinion of Counsel*" means an opinion from legal counsel that meets the requirements of Section 12.05 hereof. The counsel may be an employee of or counsel to the Company, any subsidiary of the Company or the Trustee.

"*Participant*" means, with respect to the Depositary, a Person who has an account with the Depositary.

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

"*Permitted Investments*" means:

(a) any Investment in the Company or in a Restricted Subsidiary of the Company;

(b) any Investment in Cash Equivalents;

(c) any Investment by the Company or any Restricted Subsidiary of the Company in a Person, if as a result of such Investment:

(i) such Person becomes a Restricted Subsidiary of the Company; or

(ii) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Company or a Restricted Subsidiary of the Company;

(d) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with Section 4.10;

(e) Investments to the extent acquired in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Company;

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

(g) stock, obligations or securities received in satisfaction of judgments;

(h) Investments in securities of trade debtors or customers received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such trade creditors or customers or in good faith settlement of delinquent obligations of such trade debtors or customers or in compromise or resolution of litigation, arbitration or other disputes with Persons who are not Affiliates; and

(i) other Investments in any Person that is not an Affiliate of the Company (other than a Restricted Subsidiary) having an aggregate fair market value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (i) since the Issue Date, not to exceed $30.0 million.

"*Permitted Junior Securities*" means (a) Equity Interests in the Company or any Guarantor or any other business entity provided for by a plan of reorganization and (b) debt securities of the Company or any Guarantor or any other business entity provided for by a plan of reorganization, in each case which Equity Interests and debt securities are subordinated to the payment of all Senior Debt and any Equity Interests and debt securities issued in exchange for Senior Debt to substantially the same extent as, or to a greater extent than, the Notes and the Note Guarantees are subordinated to Senior Debt under this Indenture.

"*Permitted Liens*" means:

(a) Liens on the assets of the Company and any Guarantor securing Senior Debt that was permitted by the terms of this Indenture to be incurred;

(b) Liens in favor of the Company or any Restricted Subsidiary;

(c) Liens on property of a Person existing at the time such Person is merged with or into or consolidated with the Company or any Restricted Subsidiary of the Company; *provided* that such Liens were in existence prior to the contemplation of such merger or consolidation and do not extend to any assets other than those of the Person merged into or consolidated with the Company or the Restricted Subsidiary;

(d) Liens on property existing at the time of acquisition thereof by the Company or any Restricted Subsidiary of the Company, *provided* that such Liens were in existence prior to the contemplation of such acquisition and do not extend to any property other than the property so acquired by the Company or the Restricted Subsidiary;

(e) Liens existing on the Issue Date; *provided*, *however*, that Liens existing prior to the date of this Indenture that continue in effect shall have been permitted under the Existing Indentures;

(f) Liens securing Permitted Refinancing Indebtedness; provided that such Liens do not extend to any property or assets other than the property or assets that secure the Indebtedness being refinanced;

(g) Liens incurred in the ordinary course of business of the Company or any Restricted Subsidiary of the Company with respect to obligations that do not exceed $25.0 million at any one time outstanding; and

(h) Liens on the assets of a Foreign Subsidiary securing Indebtedness of a Foreign Subsidiary that was permitted by the terms of this Indenture to be incurred.

"*Permitted Refinancing Indebtedness*" means any Indebtedness of the Company or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to extend, refinance, renew, replace, defease or refund other Indebtedness of the Company or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

(a) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness so extended, refinanced, renewed, replaced, defeased or refunded (plus all accrued interest thereon and the amount of any reasonably determined premium necessary to accomplish such refinancing and such reasonable expenses incurred in connection therewith);

(b) such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and has a Weighted Average Life to Maturity equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(c) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is subordinated in right of payment to the Notes or the Note Guarantees, such Permitted Refinancing Indebtedness has a final maturity date later than the final maturity date of, and is subordinated in right of payment to, the Notes or such Note Guarantees on terms at least as favorable to the Holders of Notes as those contained in the documentation governing the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded;

(d) if the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded is *pari passu* in right of payment with the Notes or any Note Guarantees, such Permitted Refinancing Indebtedness is *pari passu* with, or subordinated in right of payment to, the Notes or such Note Guarantees; and

(e) such Indebtedness is incurred either by the Company or by the Restricted Subsidiary who is the obligor on the Indebtedness being extended, refinanced, renewed, replaced, defeased or refunded.

"*Person*" means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization, limited liability company or government or other entity.

"*preferred stock*" means, with respect to any Person, any Capital Stock of such Person that has preferential rights to any other Capital Stock of such Person with respect to dividends or redemption upon liquidation.

"*Record Date*" for the interest payable on any Interest Payment Date means [*insert date that is the 15th day of the month prior to the first semi-annual payment date*] or [*insert date that is the 15th day of the month prior to the second semi-annual payment date*] (whether or not a Business Day), as the case may be, next preceding such Interest Payment Date.

"*Replacement Assets*" means (a) non-current assets that shall be used or useful in a Permitted Business or (b) all or substantially all of the assets of a Permitted Business or a majority of the Voting Stock of any Person engaged in a Permitted Business that shall become on the date of acquisition thereof a Restricted Subsidiary of the Company.

"*Representative*" means the Trustee, agent or representative for any Senior Debt.

"*Responsible Officer*" when used with respect to the Trustee, means any officer within the Corporate Trust Administration of the Trustee (or any successor group of the Trustee) or any other officer of the Trustee customarily performing functions similar to those performed by any of the above designated officers and also means, with respect to a particular corporate trust matter, any other officer to whom such matter is referred because of his knowledge of and familiarity with the particular subject and who shall have direct responsibility for the administration of this Indenture.

"*Restricted Investment*" means an Investment other than a Permitted Investment.

"*Restricted Subsidiary*" of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

"*S&P*" means Standard and Poor's Rating Services or any successor to the rating agency business thereof and its successors.

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

"*Securities Act*" means the Securities Act of 1933, as amended.

"*Senior Debt*" means:

(a) all Indebtedness of the Company or any Guarantor outstanding under Credit Facilities and all Hedging Obligations with respect thereto;

(b) any other Indebtedness of the Company or any Guarantor permitted to be incurred under the terms of this Indenture, unless the instrument under which such Indebtedness is incurred expressly provides that it is on a parity with or subordinated in right of payment to the Notes or any Note Guarantee; and

(c) all Obligations with respect to the items listed in the preceding clauses (a) and (b).

Notwithstanding anything to the contrary in the preceding paragraph, Senior Debt shall not include:

(i) any liability for federal, state, local or other taxes owed or owing by the Company or any Guarantor;

(ii) any Indebtedness of the Company or any Guarantor to any of their Subsidiaries or other Affiliates;

(iii) any trade payables;

(iv) the portion of any Indebtedness that is incurred in violation of this Indenture;

(v) any Indebtedness of the Company or any Guarantor that, when incurred, was without recourse to the Company or such Guarantor; or

(vi) any repurchase, redemption or other obligation in respect of Disqualified Stock.

"*Significant Subsidiary*" means any Subsidiary that would constitute a "significant subsidiary" within the meaning of Article 1 of Regulation S-X of the Securities Act.

"*Stated Maturity*" means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which such payment of interest or principal was scheduled to be paid in the original documentation governing such Indebtedness, and shall not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

"*Subsidiary*" means, with respect to any specified Person: (a) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and (b) any partnership (i) the sole general partner or the managing general partner of which is such Person or a Subsidiary of such Person or (ii) the only general partners of which are such Person or one or more Subsidiaries of such Person (or any combination thereof).

"*TIA*" means the Trust Indenture Act of 1939, as amended (15 U.S.C. §§ 77aaa-77bbbb) as in effect on the date on which this Indenture is qualified under the TIA.

"*Trustee*" means the party named as such in the preamble to this Indenture until a successor replaces it in accordance with this Indenture and thereafter means the successor serving hereunder.

"*Unrestricted Subsidiary*" means any Subsidiary of the Company that is designated by the Board of Directors of the Company as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors in compliance with Section 4.16 and any Subsidiary of such Subsidiary.

"*U.S. Person*" means a U.S. person as defined in Rule 902(o) under the Securities Act.

"*Voting Stock*" of any Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

"*Weighted Average Life to Maturity*" means, when applied to any Indebtedness at any date, the number of years obtained by dividing: (a) the sum of the products obtained by multiplying (i) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect thereof, by (ii) the number of years (calculated to the nearest one-twelfth) that shall elapse between such date and the making of such payment; by (b) the then outstanding principal amount of such Indebtedness.

Section 1.02 Other Definitions.

Term	Defined in Section
“Affiliate Transaction”	4.11
“Asset Sale Offer”	4.10
“Authentication Order”	2.02
“Cash Interest”	Exhibit A
“Change of Control Offer”	4.14
“Change of Control Payment Date”	4.14
“Company”	Preamble
“Covenant Defeasance”	8.03
“Event of Default”	6.01
“Excess Proceeds”	4.10
“Form of Interest Payment”	Exhibit A
“Guaranteeing Subsidiary”	Exhibit D
“Interest Election Date”	Exhibit A
“Legal Defeasance”	8.02
“Nonpayment Default”	10.03
“Offer Amount”	3.09
“Offer Period”	3.09
“Paying Agent”	2.03
“Payment Blockage Notice”	10.03
“Payment Default”	6.01
“Permitted Debt”	4.09(b)
“PIK Interest”	Exhibit A
“PIK Payment”	Exhibit A
“Purchase Date”	3.09
“Registrar”	2.03
“Repurchase Offer”	3.09
“Restricted Payments”	4.07

Section 1.03 Incorporation by Reference of Trust Indenture Act. The mandatory provisions of the TIA that are required to be a part of and govern indentures qualified under the TIA are incorporated by reference in and are a part of this Indenture, whether or not this Indenture is so qualified. Whenever this Indenture refers to a provision of the TIA, the provision is incorporated by reference in and made a part of this Indenture.

The following TIA terms used in this Indenture have the following meanings:

“*indenture securities*” means the Notes;

"*indenture security Holder*" means a Holder of a Note;

"*indenture to be qualified*" means this Indenture;

"*indenture trustee*" or "*institutional trustee*" means the Trustee; and

"*obligor*" on the Notes means the Company and any successor obligor upon the Notes.

All other terms used in this Indenture that are defined by the TIA, defined by TIA reference to another statute or defined by SEC rule under the TIA have the meanings so assigned to them.

Section 1.04 Rules of Construction. Unless the context otherwise requires:

(a) a term has the meaning assigned to it;

(b) "or" is not exclusive;

(c) "including" or "include" means including or include without limitation;

(d) words in the singular include the plural and words in the plural include the singular;

(e) the words "herein," "hereof" and "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, clause or other subdivision;

(f) "$," "U.S. Dollars" and "United States Dollars" each refer to United States dollars, or such other money of the United States that at the time of payment is legal tender for payment of public and private debts;

(g) provisions apply to successive events and transactions;

(h) references to sections of or rules under the Securities Act or the Exchange Act shall be deemed to include substitute, replacement or successor sections or rules adopted by the SEC from time to time; and

(i) unless the context otherwise requires, any reference to an "Article" or a "Section" refers to an Article or a Section, as the case may be, of this Indenture.

ARTICLE II

THE NOTES

Section 2.01 Form and Dating. (a) *General*. The Notes and the Trustee's certificate of authentication shall be substantially in the form of Exhibit A hereto. The Notes may have notations, legends or endorsements required by law, stock exchange rule or usage. Each Note shall be dated the date of its authentication. The Notes shall be issued in registered, global form and shall be in denominations of $1.00 and integral multiples of $1.00 in excess thereof.

The terms and provisions contained in the Notes shall constitute, and are hereby expressly made, a part of this Indenture and the Company, the Guarantors and the Trustee, by their execution and delivery of this Indenture, expressly agree to such terms and provisions and to be bound thereby. However, to the extent any provision of any Note conflicts with this Indenture, this Indenture shall govern and be controlling.

(b) *Global Notes*. Notes issued in global form shall be substantially in the form of Exhibit A attached hereto (including the Global Note Legend thereon and the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Notes issued in definitive form shall be substantially in the form of Exhibit A attached hereto (but without the Global Note Legend thereon and without the "Schedule of Exchanges of Interests in the Global Note" attached thereto). Each Global Note shall represent such of the outstanding Notes as shall be specified therein and each shall provide that it shall represent the aggregate principal amount of outstanding Notes from time to time endorsed thereon and that the aggregate principal amount of outstanding Notes represented thereby may from time to time be reduced or increased, as appropriate, to reflect exchanges and redemptions. Any endorsement of a Global Note to reflect the amount of any increase or decrease in the aggregate principal amount of outstanding Notes represented thereby shall be made by the Trustee, in accordance with instructions given by the Holder thereof as required by Section 2.06 hereof.

Section 2.02 Execution and Authentication. One Officer shall sign the Notes for the Company by manual or facsimile signature.

If an Officer whose signature is on a Note no longer holds that office at the time a Note is authenticated, the Note shall nevertheless be valid.

A Note shall not be valid until authenticated by the manual signature of the Trustee. The signature shall be conclusive evidence that the Note has been authenticated under this Indenture.

The aggregate principal amount of Notes which may be authenticated and delivered under this Indenture is $218,076,405 plus any Additional Notes.

The Trustee shall, upon a written order of the Company signed by one Officer (an "*Authentication Order*"), authenticate Notes for original issue up to the aggregate principal amount authorized pursuant to this Indenture.

The Trustee may appoint an authenticating agent acceptable to the Company to authenticate Notes. An authenticating agent may authenticate Notes whenever the Trustee may do so. Each reference in this Indenture to authentication by the Trustee includes authentication by such agent. An authenticating agent has the same rights as an Agent to deal with Holders or an Affiliate of the Company.

Section 2.03 Registrar and Paying Agent. The Company shall maintain an office or agency where Notes may be presented for registration of transfer or for exchange ("*Registrar*") and an office or agency where Notes may be presented for payment ("*Paying Agent*"). The Registrar shall keep a register of the Notes and of their transfer and exchange. The Company may appoint one or more co-registrars and one or more additional paying agents. The term "Registrar" includes any co-registrar and the term "Paying Agent" includes any additional paying agent. The Company may change any Paying Agent or Registrar without notice to any Holder. The Company shall promptly notify the Trustee in writing of the name and address of any Agent not a party to this Indenture. If the Company fails to appoint or maintain another entity as Registrar or Paying Agent, the Trustee shall act as such. The Company or any of its Subsidiaries may act as Paying Agent or Registrar.

The Company initially appoints The Depository Trust Company to act as Depositary with respect to the Global Notes.

The Company initially appoints the Trustee to act as the Registrar and Paying Agent and to act as Custodian with respect to the Global Notes.

Section 2.04 Paying Agent to Hold Money in Trust. The Company shall require each Paying Agent other than the Trustee to agree in writing that the Paying Agent shall hold in trust for the benefit of Holders or the Trustee all money held by the Paying Agent for the payment of principal, premium, if any, or interest on the Notes, and shall notify the Trustee of any default by the Company in making any such payment. While any such default continues, the Trustee may require a Paying Agent to pay all money held by it to the Trustee. The Company at any time may require a Paying Agent to pay all money held by it to the Trustee. Upon payment over to the Trustee, the Paying Agent (if other than the Company or a Subsidiary thereof) shall have no further liability for

the money. If the Company or a Subsidiary thereof acts as Paying Agent, it shall segregate and hold in a separate trust fund for the benefit of the Holders all money held by it as Paying Agent. Upon any bankruptcy or reorganization proceedings relating to the Company, the Trustee shall serve as Paying Agent for the Notes.

Section 2.05 Holder Lists. The Trustee shall preserve in as current a form as is reasonably practicable the most recent list available to it of the names and addresses of all Holders and shall otherwise comply with TIA § 312(a). If the Trustee is not the Registrar, the Company shall furnish to the Trustee at least seven Business Days before each Interest Payment Date and at such other times as the Trustee may request in writing, a list in such form and as of such date as the Trustee may reasonably require of the names and addresses of the Holders of Notes and the Company shall otherwise comply with TIA § 312(a).

Section 2.06 Transfer and Exchange. (a) *Transfer and Exchange of Global Notes*. A Global Note may not be transferred as a whole except by the Depositary to a nominee of the Depositary, by a nominee of the Depositary to the Depositary or to another nominee of the Depositary, by the Depositary or any such nominee to a successor Depositary or a nominee of such successor Depositary. All Global Notes shall be exchanged by the Company for Certificated Notes if (i) the Company delivers to the Trustee notice from the Depositary that it is unwilling or unable to continue to act as Depositary or that it is no longer a clearing agency registered under the Exchange Act and, in either case, a successor Depositary is not appointed by the Company within 120 days after the date of such notice from the Depositary or (ii) the Company in its sole discretion determines that the Global Notes (in whole but not in part) should be exchanged for Certificated Notes and delivers a written notice to such effect to the Trustee; or (iii) there shall have occurred and be continuing a Default or Event of Default with respect to the Notes. Upon the occurrence of any of the preceding events in (i), (ii) or (iii) above, Certificated Notes shall be issued in such names as the Depositary shall instruct the Trustee. Global Notes also may be exchanged or replaced, in whole or in part, as provided in Sections 2.07, 2.10 and 2.11 hereof. Every Note authenticated and delivered in exchange for, or in lieu of, a Global Note or any portion thereof, pursuant to this Section 2.06 or Section 2.07, 2.10 or 2.11 hereof, shall be authenticated and delivered in the form of, and shall be, a Global Note. A Global Note may not be exchanged for another Note other than as provided in this Section 2.06.

(b) *Transfer and Exchange of Beneficial Interests in the Global Notes*. The transfer and exchange of beneficial interests in the Global Notes shall be effected through the Depositary, in accordance with this Indenture and the Applicable Procedures. Transfers of beneficial interests in the Global Notes also shall require compliance with either subparagraph (i) or (ii) below, as applicable, as well as one or more of the other following subparagraphs, as applicable:

(i) *Transfer of Beneficial Interests in the Same Global Note*. Beneficial interests in any Global Note may be transferred to Persons who take delivery thereof in the form of a beneficial interest in the same Global Note. No written orders or instructions shall be required to be delivered to the Registrar to effect the transfers described in this Section 2.06(b)(i).

(ii) *All Other Transfers and Exchanges of Beneficial Interests in Global Notes*. In connection with all transfers and exchanges of beneficial interests that are not subject to Section 2.06(b)(i) above, the transferor of such beneficial interest shall deliver to the Registrar either (A) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to credit or cause to be credited a beneficial interest in a Global Note in an amount equal to the beneficial interest to be transferred or exchanged and instructions given in accordance with the Applicable Procedures containing information regarding the Participant account to be credited with such increase or (B) a written order from a Participant or an Indirect Participant given to the Depositary in accordance with the Applicable Procedures directing the Depositary to cause to be issued a Certificated Note in an amount equal to the beneficial interest to be transferred or exchanged and instructions given by the Depositary to the Registrar containing information regarding the Person in whose name such Certificated Note shall be registered to effect the transfer or exchange referred to in (A) above. Upon satisfaction of all of the requirements for transfer or exchange of beneficial interests in Global Notes contained in this Indenture and the Notes or otherwise applicable under the Securities Act, the Trustee shall adjust the principal amount of the relevant Global Note(s) pursuant to Section 2.06(g) hereof.

(c) *Transfer or Exchange of Beneficial Interests for Certificated Notes*. If any holder of a beneficial interest in a Global Note proposes to exchange such beneficial interest for a Certificated Note or to transfer such beneficial interest to a Person who takes delivery thereof in the form of a Certificated Note, then, upon satisfaction of the conditions set forth in Section 2.06(b)(ii) hereof, the Trustee shall cause the aggregate principal amount of the applicable Global Note to be reduced accordingly pursuant to Section 2.06(g) hereof, and the Company shall execute and the Trustee shall authenticate and deliver to the Person designated in the instructions a Certificated Note in the appropriate principal amount. Any Certificated Note issued in exchange for a beneficial interest pursuant to this Section 2.06(c) shall be registered in such name or names and in such authorized denomination or denominations as the Holder of such beneficial interest shall instruct the Registrar through instructions from the Depositary and the Participant or Indirect Participant. The Trustee shall deliver such Certificated Notes to the Persons in whose names such Notes are so registered.

(d) *Transfer and Exchange of Certificated Notes for Beneficial Interests*. A Holder of a Certificated Note may exchange such Note for a beneficial interest in a Global Note or transfer such Certificated Note to a Person who takes delivery thereof in the form of a beneficial interest in a Global Note at any time. Upon receipt of a request for such an exchange or transfer, the Trustee shall cancel the applicable Certificated Note and increase or cause to be increased the aggregate principal amount of one of the Global Notes pursuant to Section 2.06(g). If any such exchange or transfer from a Certificated Note to a beneficial interest is effected at a time when a Global Note has not yet been issued, the Company shall issue and, upon receipt of an Authentication Order in accordance with Section 2.02 hereof, the Trustee shall authenticate one or more Global Notes in an aggregate principal amount equal to the principal amount of Certificated Notes so transferred.

(e) *Transfer and Exchange of Certificated Notes for Certificated Notes*. A Holder of Certificated Notes may transfer such Notes to a Person who takes delivery thereof in the form of a Certificated Note. Upon receipt of a request to register such a transfer, the Registrar shall register the Certificated Notes pursuant to the instructions from the Holder thereof. Prior to such registration of transfer or exchange, the requesting Holder shall present or surrender to the Registrar the Certificated Notes duly endorsed or accompanied by a written instruction of transfer in form satisfactory to the Registrar duly executed by such Holder or by his attorney, duly authorized in writing.

(f) *Global Note Legend*. Each Global Note shall bear a legend in substantially the following form:

"THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.12 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY."

(g) *Cancellation and/or Adjustment of Global Notes*. At such time as all beneficial interests in a particular Global Note have been exchanged for Certificated Notes or a particular Global Note has been redeemed, repurchased or canceled in whole and not in part, each such Global Note shall be returned to or retained and canceled by the Trustee in accordance with Section 2.12 hereof. At any time prior to such cancellation, if any beneficial interest in a Global Note is exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in another Global Note or for Certificated Notes, the principal amount of Notes represented by such Global Note shall be reduced accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such reduction; and if the beneficial interest is being exchanged for or transferred to a Person who shall take delivery thereof in the form of a beneficial interest in another Global Note, such other Global Note shall be increased accordingly and an endorsement shall be made on such Global Note by the Trustee or by the Depositary at the direction of the Trustee to reflect such increase.

(h) *General Provisions Relating to Transfers and Exchanges*. (i) To permit registrations of transfers and exchanges, the Company shall execute and the Trustee shall authenticate Global Notes and Certificated Notes upon the Company's order or at the Registrar's request.

(ii) No service charge shall be made to a holder of a beneficial interest in a Global Note or to a Holder of a Certificated Note for any registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any transfer tax or similar governmental charge payable in connection therewith (other than any such transfer taxes or similar governmental charge payable upon exchange or transfer pursuant to Sections 2.11, 3.06, 3.09, 4.10, 4.14 and 9.05 hereof).

(iii) The Registrar shall not be required to register the transfer of or exchange any Note selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part.

(iv) All Global Notes and Certificated Notes issued upon any registration of transfer or exchange of Global Notes or Certificated Notes shall be the valid and legally binding obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Global Notes or Certificated Notes surrendered upon such registration of transfer or exchange.

(v) The Company shall not be required (A) to register the transfer of or to exchange any Notes during a period beginning at the opening of business 15 days before the day of any selection of Notes for redemption under Section 3.02 hereof and ending at the close of business on the day of selection, (B) to register the transfer of or to exchange any Note so selected for redemption in whole or in part, except the unredeemed portion of any Note being redeemed in part or (C) to register the transfer of or to exchange a Note between a record date and the next succeeding Interest Payment Date.

(vi) Prior to due presentment for the registration of a transfer of any Note, the Trustee, any Agent and the Company may deem and treat the Person in whose name any Note is registered as the absolute owner of such Note for the purpose of receiving payment of principal of and interest on such Notes and for all other purposes, and none of the Trustee, any Agent or the Company shall be affected by notice to the contrary.

(vii) The Trustee shall authenticate Global Notes and Certificated Notes in accordance with Section 2.02 hereof.

(viii) All certifications, certificates and Opinions of Counsel required to be submitted to the Registrar pursuant to this Section 2.06 to effect a registration of transfer or exchange may be submitted by facsimile.

Section 2.07 Replacement Notes. If any mutilated Note is surrendered to the Trustee or the Company and the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, the Company shall issue and the Trustee, upon receipt of an Authentication Order, shall authenticate a replacement Note if the Trustee's requirements are met. If required by the Trustee or the Company, an indemnity bond must be supplied by the Holder that is sufficient in the judgment of the Trustee and the Company to protect the Company, the Trustee, any Agent and any authenticating agent from any loss that any of them may suffer if a Note is replaced. The Company may charge for its expenses in replacing a Note.

Every replacement Note issued pursuant to this Section 2.07 is an additional obligation of the Company and shall be entitled to all of the benefits of this Indenture equally and proportionately with all other Notes duly issued hereunder.

Section 2.08 Outstanding Notes. The Notes outstanding at any time are all the Notes authenticated by the Trustee except for those canceled by it, those delivered to it for cancellation, those reductions in the interest in a Global Note effected by the Trustee in accordance with this Indenture, and those described in this Section as not outstanding. Except as set forth in Section 2.09 hereof, a Note does not cease to be outstanding because the Company or an Affiliate of the Company holds the Note; however, Notes held by the Company or a Subsidiary of the Company shall not be deemed to be outstanding for purposes of Section 3.07(b) hereof.

If a Note is replaced pursuant to Section 2.07 hereof, it ceases to be outstanding unless the Trustee receives proof satisfactory to it that the replaced Note is held by a bona fide purchaser or protected purchaser.

If the principal amount of any Note is considered paid under Section 4.01 hereof, it ceases to be outstanding and interest on it ceases to accrue.

If the Paying Agent (other than the Company, a Subsidiary or an Affiliate of any of the foregoing) holds, on a redemption date or maturity date, money sufficient to pay Notes payable on that date in full, then on and after that date such Notes shall be deemed to be no longer outstanding and shall cease to accrue interest.

Section 2.09 Treasury Notes. In determining whether the Holders of the required principal amount of the Notes have concurred in any direction, waiver or consent, Notes owned by the Company, any direct or indirect Subsidiary of the Company or any Affiliate of the Company shall be considered as though not outstanding, except that for the purposes of determining whether the Trustee shall be protected in relying on any such direction, waiver or consent, only Notes that the Trustee knows are so owned shall be so disregarded. Notes so owned which have been pledged in good faith shall not be disregarded if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to deliver any such direction, waiver or consent with respect to the Notes and that the pledgee is not the Company or any obligor upon the Notes or any Affiliate of the Company or of such other obligor.

Section 2.10 Certificated Notes. (a) A Global Note deposited with the Depositary or other custodian for the Depositary pursuant to Section 2.01 shall be transferred to the beneficial owners thereof in the form of Certificated Notes only if such transfer complies with Section 2.06. Notice of any such transfer shall be given by the Company in accordance with the provisions of Section 12.02.

(b) Any Global Note that is transferable to the beneficial owners thereof in the form of Certificated Notes pursuant to this Section 2.10 shall be surrendered by the Depositary to the Transfer Agent, to be so transferred, in whole or from time to time in part, without charge, and the Trustee shall authenticate and deliver, upon such transfer of each portion of such Global Note, an equal aggregate principal amount of Notes of authorized denominations in the form of Certificated Notes.

(c) In connection with the exchange of an entire Global Note for Certificated Notes pursuant to this Section 2.10, such Global Note shall be deemed to be surrendered to the Trustee for cancellation, and the Company shall execute, and the Trustee shall authenticate and deliver, to each beneficial owner identified by the Depositary in exchange for its beneficial interest in such Global Note, an equal aggregate principal amount of Certificated Notes. In the event that such Certificated Notes are not issued to each beneficial owner promptly after the Registrar has received a request from the Depositary or (through the Depositary) a beneficial owner to issue such Certificated Notes, the Company expressly acknowledges, with respect to the right of any Holder to pursue a remedy pursuant to Article VI hereof, the right of any beneficial owner of Notes to pursue such remedy with respect to the portion of the Global Note that represents such beneficial owner's Notes as if such Certificated Notes had been issued.

(d) Any portion of a Global Note transferred or exchanged pursuant to this Section 2.10 shall be executed, authenticated and delivered only in registered form in denominations of $1.00 and any integral multiple thereof and registered in such names as the Depositary shall direct. Subject to the foregoing, a Global Note is not exchangeable except for a Global Note of like denomination to be registered in the name of the Depositary or its nominee. In the event that a Global Note becomes exchangeable for Certificated Notes, payment of principal, premium, if any, and interest on the Certificated Notes will be payable, and the transfer of the Certificated Notes will be registrable, at the office or agency of the Company maintained for such purposes in accordance with Section 2.03.

(e) In the event of the occurrence of any of the events specified in Section 2.10(a), the Company will promptly make available to the Trustee a reasonable supply of Certificated Notes in definitive, fully registered form without interest coupons.

Section 2.11 Temporary Notes. Until certificates representing Notes are ready for delivery, the Company may prepare and the Trustee, upon receipt of an Authentication Order, shall authenticate temporary Notes. Temporary Notes shall be substantially in the form of Certificated Notes but may have variations that the Company considers appropriate for temporary Notes and as shall be reasonably acceptable to the Trustee. Without unreasonable delay, the Company shall prepare and the Trustee shall authenticate Certificated Notes in exchange for temporary Notes. Holders of temporary Notes shall be entitled to all of the benefits of this Indenture.

Section 2.12 Cancellation. The Company at any time may deliver Notes to the Trustee for cancellation. The Registrar and Paying Agent shall forward to the Trustee any Notes surrendered to them for registration of transfer, exchange or payment. The Trustee and no one else shall cancel all Notes surrendered for registration of transfer, exchange, payment, replacement or cancellation and shall dispose of such canceled Notes in its customary manner (subject to record retention requirements of the Exchange Act). Subject to Section 2.07, the Company may not issue new Notes to replace Notes that it has paid or that have been delivered to the Trustee for cancellation.

Section 2.13 Defaulted Interest. If the Company defaults in a payment of interest on the Notes, it shall pay the defaulted interest in any lawful manner plus, to the extent lawful, interest payable on the defaulted interest, to the Persons who are Holders on a subsequent special record date, in each case at the rate provided in the Notes and in Section 4.01 hereof. The Company shall notify the Trustee in writing of the amount of defaulted interest proposed to be paid on each Note and the date of the proposed payment. The Company shall fix or cause to be fixed each such special record date and payment date, *provided* that no such special record date shall be less than 10 days prior to the related payment date for such defaulted interest. At least 15 days before the special record date, the Company (or, upon the written request of the Company, the Trustee in the name and at the expense of the Company) shall mail or cause to be mailed to Holders a notice that states the special record date, the related payment date and the amount of such interest to be paid.

Section 2.14 CUSIP and ISIN Numbers. The Company in issuing the Notes may use "CUSIP" and "ISIN" numbers (if then generally in use), and, if so, the Trustee shall use "CUSIP" and "ISIN" numbers in notices of redemption as a convenience to Holders; *provided* that any such notice may state that no representation is made as to the correctness of such numbers either as printed on the Notes or as contained in any notice of redemption and that reliance may be placed only on the other identification numbers printed on the Notes, and any such redemption shall not be affected by any defect in or omission of such numbers. The Company shall promptly notify the Trustee of any change in the "CUSIP" or "ISIN" numbers.

Section 2.15 Deposit of Moneys. By or before 12:00 p.m. (noon) Eastern Time on each due date of the principal, premium, if any, and interest on any Notes, the Company shall deposit with the Paying Agent money in immediately available funds sufficient to pay such principal, premium, if any, and interest so becoming due on the due date for payment under the Notes and (unless the Paying Agent is the Trustee) the Company will promptly notify the Trustee of its action or failure so to act.

Section 2.16 Computation of Interest. Interest on the Notes shall be computed on the basis of a 360-day year comprised of twelve 30-day months.

ARTICLE III

REDEMPTION AND PREPAYMENT

Section 3.01 Notices to Trustee. If the Company elects to redeem Notes pursuant to Section 3.07 hereof or is required to redeem Notes pursuant to Section 3.08(b) hereof, it shall furnish to the Trustee, at least 30 days but not more than 60 days before a redemption date (unless a shorter notice period shall be satisfactory to the Trustee in its reasonable discretion), an Officers' Certificate setting forth (a) the clause of this Indenture pursuant to which the redemption shall occur, (b) the redemption date, (c) the principal amount of Notes to be redeemed and (d) the redemption price.

Section 3.02 Selection of Notes to Be Redeemed. If less than all of the Notes are to be redeemed at any time, selection of Notes for redemption shall be made by the Trustee in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed, or, if the Notes are not so listed, on a *pro rata* basis, by lot or by such method as the Trustee shall deem fair and appropriate. In the event of partial redemption by lot, the particular Notes to be redeemed shall be selected, unless otherwise provided herein, not less than 30 nor more than 60 days prior to the redemption date by the Trustee (unless a shorter notice period shall be satisfactory to the Trustee in its reasonable discretion) from the outstanding Notes not previously called for redemption.

The Trustee shall promptly notify the Company in writing of the Notes selected for redemption and, in the case of any Note selected for partial redemption, the principal amount thereof to be redeemed. No Notes of less than $1.00 shall be redeemed in part. Except as provided in the preceding sentence, the provisions of this Indenture that apply to Notes called for redemption also apply to portions of Notes called for redemption.

Section 3.03 Notice of Redemption. Subject to Section 3.09 hereof, at least 30 days but not more than 60 days before a redemption date, the Company shall mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address.

The notice shall identify the Notes to be redeemed and shall state:

(a) the redemption date;

(b) the redemption price;

(c) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion of the original Note shall be issued in the name of the Holder thereof upon cancellation of the original Note;

(d) the name and address of the Paying Agent;

(e) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price and become due on the date fixed for redemption;

(f) that, unless the Company defaults in making such redemption payment, interest on Notes or portion of them called for redemption ceases to accrue on and after the redemption date;

(g) the paragraph of the Notes and/or Section of this Indenture pursuant to which the Notes called for redemption are being redeemed; and

(h) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

At the Company's request, the Trustee shall give the notice of redemption in the Company's name and at its expense; *provided, however*, that the Company shall have delivered to the Trustee, at least 45 days prior to the redemption date, an Officers' Certificate requesting that the Trustee give such notice and setting forth the information to be stated in such notice as provided in the preceding paragraph. The notice, if mailed in the manner provided herein shall be presumed to have been given, whether or not the Holder receives such notice.

Section 3.04 Effect of Notice of Redemption. Once notice of redemption is mailed in accordance with Section 3.03 hereof, Notes called for redemption become irrevocably due and payable on the redemption date at the redemption price. A notice of redemption may not be conditional.

Section 3.05 Deposit of Redemption Price. Not later than one Business Day prior to the redemption date, the Company shall deposit with the Trustee or with the Paying Agent money sufficient to pay the redemption price of and accrued and unpaid interest on all Notes to be redeemed on that date. The Trustee or the Paying Agent shall promptly return to the Company any money deposited with the Trustee or the Paying Agent by the Company in excess of the amounts necessary to pay the redemption price of, and accrued and unpaid interest on, all Notes to be redeemed.

If the Company complies with the preceding paragraph of this Section 3.05, on and after the redemption date, interest shall cease to accrue on the Notes or the portions of Notes called for redemption. If a Note is redeemed on or after a record date but on or prior to the related Interest Payment Date, then any accrued and unpaid interest shall be paid to the Person in whose name such Note was registered at the close of business on such record date. If any Note called for redemption shall not be so paid upon surrender for redemption because of the failure of the Company to comply with the preceding paragraph, interest shall accrue on the unpaid

principal, from the redemption date until such principal is paid, and to the extent permitted by applicable law on any interest accrued through the date of redemption but not paid on such unpaid principal, in each case at the rate provided in the Notes and in Section 4.01 hereof.

Section 3.06 Notes Redeemed in Part. Upon surrender of a Note that is redeemed in part, the Company shall issue and, upon the Company's written request, the Trustee shall authenticate for the Holder at the expense of the Company a new Note equal in principal amount to the unredeemed portion of the Note surrendered.

Section 3.07 Optional Redemption. (a) The Notes shall not be redeemable at the Company's option prior to [*insert date that is three years after the Issue Date*].

(b) At any time on or after [*insert date that is three years after the Issue Date*], the Company may redeem all or a part of the Notes, from time to time, upon not less than 30 nor more than 60 days notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, to the applicable redemption date, in cash, if redeemed during the twelve-month period beginning on [*insert day and month of the date that is three years after the Issue Date*] of the years indicated below:

Year	Percentage
[*Three years after the Issue Date*]	106%
[*Four years after the Issue Date*]	103%
[*Five years after the Issue Date*] and thereafter	100%

(c) Any redemption pursuant to this Section 3.07 shall be made pursuant to Section 3.01 through 3.06 hereof.

Section 3.08 Mandatory Redemption.

(a) Except as provided in subsection (b), the Company is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

(b) Notwithstanding anything to the contrary contained in this Indenture or the Notes, with respect to any particular accrual period (as defined in Section 1272(a)(5) of the Code) ending after the fifth anniversary of the issuance of the Notes at the end of which, but for the redemption and payment required by this paragraph, (x) the aggregate amount of accrued and unpaid original issue discount (as defined in Section 1273(a)(1) of the Code) on the Notes would exceed (y) an amount equal to the product of (A) the issue price (as defined in Sections 1273(b) and 1274(a) of the Code) of the Notes multiplied by (B) the yield to maturity (interpreted in accordance with Section 163(i) of the Code) of the Notes, the Company shall redeem and pay, as applicable, at the end of or during such accrual period, without premium or penalty, the minimum amount of principal and accrued interest on the Notes necessary to

prevent any of the accrued and unpaid interest and original issue discount on the Notes from being disallowed or deferred as a deduction under Section 163(e)(5) of the Code to the Company. Any redemption pursuant to this Section 3.08(b) shall be made pursuant to Section 3.01 through 3.06 of this Indenture. A redemption pursuant to this Section 3.08(b) shall not constitute an optional redemption and shall not be subject to Section 3.07 hereof.

Section 3.09 Offer to Purchase. In the event that, pursuant to Sections 4.10 and 4.14 hereof, the Company shall be required to commence an offer to all Holders to purchase Notes (a "*Repurchase Offer*"), it shall follow the procedures specified below.

The Repurchase Offer shall remain open for a period of 20 Business Days following its commencement and no longer, except to the extent that a longer period is required by applicable law (the "*Offer Period*"). No later than five Business Days after the termination of the Offer Period (the "*Purchase Date*"), the Company shall purchase the principal amount of Notes required to be purchased pursuant to Section 4.10 or 4.14 hereof (the "*Offer Amount*") or, if less than the Offer Amount has been tendered, all Notes tendered in response to the Repurchase Offer. Payment for any Notes so purchased shall be made in the same manner as Cash Interest payments are made.

If the Purchase Date is on or after an interest Record Date and on or before the related Interest Payment Date, any accrued and unpaid interest shall be paid in cash to the Person in whose name a Note is registered at the close of business on such Record Date, and no additional interest shall be payable to Holders who tender Notes pursuant to the Repurchase Offer.

Upon the commencement of a Repurchase Offer, the Company shall send, by first class mail, a notice to the Trustee and each of the Holders, with a copy to the Trustee. The notice shall contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Repurchase Offer. The Repurchase Offer shall be made to all Holders. The notice, which shall govern the terms of the Repurchase Offer, shall state:

(a) that the Repurchase Offer is being made pursuant to this Section 3.09 and Section 4.10 or 4.14 hereof and the length of time the Repurchase Offer shall remain open;

(b) the Offer Amount, the purchase price and the Purchase Date;

(c) that any Note not tendered or accepted for payment shall continue to accrue interest;

(d) that, unless the Company defaults in making such payment, any Note accepted for payment pursuant to the Repurchase Offer shall cease to accrue interest on and after the Purchase Date;

(e) that Holders electing to have a Note purchased pursuant to a Repurchase Offer may only elect to have all of such Note purchased or a portion of such Note in denominations of $1.00 or an integral multiple thereof;

(f) that Holders electing to have a Note purchased pursuant to any Repurchase Offer shall be required to surrender the Note, with the form entitled "Option of Holder to Elect Purchase" on the reverse of the Note completed, or transfer by book-entry transfer, to the Company, the Depositary, if appointed by the Company, or a Paying Agent at the address specified in the notice at least three days before the Purchase Date;

(g) that Holders shall be entitled to withdraw their election if the Company, the Depositary or the Paying Agent, as the case may be, receives, not later than the expiration of the Offer Period, a telegram, telex, facsimile transmission or letter setting forth the name of the Holder, the principal amount of the Note the Holder delivered for purchase and a statement that such Holder is withdrawing his election to have such Note purchased;

(h) that, if the aggregate principal amount of Notes surrendered by Holders exceeds the Offer Amount required pursuant to Section 4.10, the Company shall select the Notes to be purchased pursuant to the terms of Section 3.02 (with such adjustments as may be deemed appropriate by the Trustee so that only Notes in denominations of not less than $1.00 shall be purchased); and

(i) that Holders whose Notes were purchased only in part shall be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered (or transferred by book-entry transfer); *provided* that such new Notes will be in a principal amount of $1.00 or an integral multiple thereof.

On or before the Purchase Date, the Company shall, to the extent lawful, (A) accept for payment, on a *pro rata* basis to the extent necessary, the Offer Amount of Notes or portions thereof tendered pursuant to the Repurchase Offer; or if less than the Offer Amount has been tendered, all Notes tendered, (B) deposit with the Paying Agent an amount equal to the Offer Amount in respect of all Notes or portions thereof so tendered, and (C) shall deliver, or cause to be delivered, to the Trustee the Notes so accepted together with an Officers' Certificate stating that the aggregate principal amount of Notes or portions thereof are being purchased by the Company in accordance with the terms of this Section 3.09. The Company, the Depositary or the Paying Agent, as the case may be, shall promptly (but in any case not later than five days after the Purchase Date) mail or deliver or otherwise transfer to each tendering Holder an amount equal to the purchase price of the Notes tendered by such Holder and accepted by the Company for purchase, and

the Company shall promptly issue a new Note, and the Trustee, upon written request from the Company shall promptly authenticate and mail or deliver (or cause to be transferred by book entry) such new Note to such Holder, in a principal amount equal to any unpurchased portion of the Note surrendered; *provided* that such new Note will be in a principal amount of $1.00 or an integral multiple thereof. Any Note not so accepted shall be promptly mailed or delivered by the Company to the Holder thereof. The Company shall publicly announce the results of the Repurchase Offer on the Purchase Date.

Other than as specifically provided in this Section 3.09, any purchase pursuant to this Section 3.09 shall be made pursuant to Sections 3.01 through 3.06 hereof.

ARTICLE IV

COVENANTS

Section 4.01 Payment of Notes. The Company shall pay or cause to be paid the principal of, premium, if any, and interest on the Notes on the dates and in the manner provided in the Notes and in this Indenture. Principal, premium, if any, and Cash Interest shall be considered paid on the date due if the Paying Agent, if a Person other than the Company, a Subsidiary or affiliate thereof, holds as of 12:00 p.m. (noon) Eastern Time on the due date money deposited by the Company in immediately available funds and designated for and sufficient, to pay all principal, premium, if any, and accrued and unpaid interest then due. PIK Interest shall be considered paid on the due date unless the Company had previously delivered a valid Notice of Election for Cash Interest for the corresponding Interest Period.

The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal at the rate equal to 1% per annum in excess of the then applicable interest rate on the Notes to the extent lawful; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace period) at the same rate to the extent lawful.

Section 4.02 Maintenance of Office or Agency. The Company shall maintain an office or agency (which may be an office of the Trustee or an affiliate of the Trustee, Registrar or co-registrar) where Notes may be surrendered for registration of transfer or for exchange and where notices and demands to or upon the Company in respect of the Notes and this Indenture may be served. The Company shall give prompt written notice to the Trustee of the location, and any change in the location, of such office or agency. If at any time the Company shall fail to maintain any such required office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Corporate Trust Office of the Trustee.

The Company may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes and may from time to time rescind such designations; *provided, however*, that no such designation or rescission shall in any manner relieve the Company of its obligation to maintain an office or agency for such purposes. The Company shall give prompt written notice to the Trustee of any such designation or rescission and of any change in the location of any such other office or agency.

The Company hereby designates the Corporate Trust Office of the Trustee as one such office or agency of the Company in accordance with Section 2.03.

Section 4.03 Reports. Whether or not required by the SEC, so long as any Notes are outstanding, the Company shall prepare and furnish to the Trustee to be made available to the Holders of Notes:

(a) within 90 days after the end of each fiscal year, annual financial information that would be required to be contained in a filing with the SEC on Form 10-K if the Company were required to file such form, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" that describes the financial condition and results of operations of the Company and its consolidated Subsidiaries and a report thereon by the Company's certified independent accountants;

(b) within 45 days after the end of each of the first three fiscal quarters of each fiscal year, quarterly financial information that would be required to be contained in a filing with the SEC on Form 10-Q if the Company were required to file such form, including a "Management's Discussion and Analysis of Financial Condition and Results of Operations" that describes the financial condition and results of operations of the Company and its consolidated Subsidiaries, if any; and

(c) promptly from time to time after the occurrence of an event required to be therein reported pursuant to certain items on Form 8-K, the information that would be required to be filed with the SEC on Form 8-K if the Company were required to file such reports,

provided, *however*, that (i) reports provided pursuant to clauses (a) and (b) shall not be required to comply with sections 302, 906 and 404 of the Sarbanes Oxley Act of 2002, and Items 307, 308 and 402 of Regulation S-K; or (ii) reports provided pursuant to clauses (a), (b) and (c) shall not be required to comply with Regulation G under the Exchange Act or item 10(e) of Regulation S-K with respect to any non-GAAP financial information contained therein.

(d) The Company shall (i) distribute such information and such reports (as well as the details regarding the conference call described below) electronically to the Trustee, and (ii) make them available, upon request, to any Holder and to any beneficial owner of the Notes by posting such information and reports on IntraLinks or a comparable password protected online data system, which will require a confidentiality acknowledgement, and will make such information and reports readily available to any prospective investor, any securities analyst or any market maker in the Notes who (A) agrees to treat such information as confidential or (B) accesses such information on IntraLinks or such comparable password protected online data system, which will require a

confidentiality acknowledgment; provided that if such information is to be provided by means of IntraLinks or a comparable password protected online data system, then the Company shall post such information thereon and make readily available any password or other login information to any such prospective investor, securities analyst or market maker.

(e) The Company shall hold a quarterly conference call for the Holders and securities analysts to discuss such financial information no later than ten (10) Business Days after distribution of such financial information.

(f) The Company shall make publicly available the information required to be available pursuant to Rule 144(c) under the Securities Act.

Section 4.04 Compliance Certificate. (a) The Company and each Guarantor (to the extent that such Guarantor is so required under the TIA) shall deliver to the Trustee, within 90 days after the end of each fiscal year, an Officers' Certificate stating that, to his or her knowledge the Company has kept, observed, performed and fulfilled its obligations under this Indenture and is not in default in the performance or observance of any of the terms, provisions and conditions of this Indenture (or, if a Default or Event of Default shall have occurred, describing all such Defaults or Events of Default of which he or she may have knowledge and what action the Company is taking or proposes to take with respect thereto) and that to his or her knowledge no event has occurred and is continuing by reason of which payments on account of the principal of or interest, if any, on the Notes is prohibited or if such event has occurred, a description of the event and what action the Company is taking or proposes to take with respect thereto.

(b) So long as not contrary to the then current recommendations of the American Institute of Certified Public Accountants, the year-end financial statements delivered pursuant to Section 4.03(a) above shall be accompanied by a written statement of the Company's independent public accountants (who shall be a firm of established national reputation) that in making the examination necessary for certification of such financial statements, as it pertains to accounting matters nothing has come to their attention that would lead them to believe that the Company has violated Article IV or Article V hereof or, if any such violation has occurred, specifying the nature and period of existence thereof, it being understood that such accountants shall not be liable directly or indirectly to any Person for any failure to obtain knowledge of any such violation.

(c) The Company shall, so long as any of the Notes are outstanding, deliver to the Trustee, forthwith, but in no event later than five Business Days, upon any Officer becoming aware of any Default or Event of Default, an Officers' Certificate specifying such Default or Event of Default and what action the Company is taking or proposes to take with respect thereto.

Section 4.05 Taxes. The Company, shall pay, and shall cause each of its Subsidiaries to pay, prior to delinquency, all material taxes, assessments, and governmental levies except such as are contested in good faith and by appropriate proceedings or where the failure to effect such payment is not adverse in any material respect to the Holders of the Notes.

Section 4.06 Stay, Extension and Usury Laws. Each of the Company and the Guarantors covenants (to the extent that it is permitted by applicable law) that it shall not at any time insist upon, plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay, extension or usury law wherever enacted, now or at any time hereafter in force, that may affect the obligations of the Company and each of the Guarantors and the performance of this Indenture by the Company and each of the Guarantors; and each of the Company and the Guarantors (to the extent that it is permitted by applicable law) hereby expressly waives all benefit or advantage of any such law, and covenants that it shall not, by resort to any such law, hinder, delay or impede the execution of any power herein granted to the Trustee, but shall suffer and permit the execution of every such power as though no such law has been enacted.

Section 4.07 Restricted Payments.

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly:

(i) declare or pay any dividend or make any other payment or distribution on account of the Company's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Company or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Company's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends, payments or distributions payable in Equity Interests (other than Disqualified Stock) of the Company or to the Company or a Restricted Subsidiary of the Company);

(ii) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Company) any Equity Interests of the Company or any Restricted Subsidiary of the Company held by Persons other than the Company or any of its Restricted Subsidiaries, other than the purchase, redemption or acquisition or retirement for value of all of the Equity Interests of Microlite not held by the Company or any of its Restricted Subsidiaries pursuant to, and in accordance with the terms of, the Microlite Purchase Agreement as in effect on the date of this Indenture to the extent the cash purchase price does not exceed $10.0 million;

(iii) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness that is subordinated to the Notes or the Note Guarantees, except (a) payments of interest on or after Stated Maturity thereof, (b) payments, purchases, redemptions, defeasances or other acquisitions or retirements for value of principal on or after the date that is 90 days prior to the Stated Maturity thereof or (c) payments on Indebtedness permitted to be incurred pursuant to Section 4.09(b)(vi); or

(iv) make any Restricted Investment (all such payments and other actions set forth in clauses (i) through (iv) above being collectively referred to as "*Restricted Payments*"),

unless, at the time of and after giving effect to such Restricted Payment:

(A) no Default or Event of Default shall have occurred and be continuing or would occur as a consequence thereof; and

(B) the Company would, at the time of such Restricted Payment and after giving *pro forma* effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a); and

(C) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Company and its Restricted Subsidiaries after the Issue Date (excluding Restricted Payments permitted by clauses (ii), (iii), (iv) (to the extent such dividends are paid to the Company or any of its Restricted Subsidiaries) and (v) of Section 4.07(b)), is less than the sum, without duplication, of:

(1) 50% of the Consolidated Net Income of the Company for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the Issue Date to the end of the Company's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*

(2) 100% of the aggregate net cash proceeds received by the Company since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Company (other than Disqualified Stock) or from the issue or sale of convertible or exchangeable Disqualified Stock or convertible or exchangeable debt securities of the Company that have been converted into or exchanged for such Equity Interests (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Company); *plus*

(3) with respect to Restricted Investments made by the Company and its Restricted Subsidiaries after the Issue Date, an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) in any Person resulting from repayments of loans or advances, or other transfers of assets, in each case to the Company or any Restricted Subsidiary or from the net cash proceeds from the sale of any such Investment (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income, from the release of any Guarantee (except to the extent any amounts are paid under such Guarantee) or from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments previously made by the Company or any Restricted Subsidiary in such Person or Unrestricted Subsidiary; *plus*

(4) $50.0 million.

(b) So long as no Default has occurred and is continuing or would be caused thereby, the preceding clauses of this Section 4.07 shall not prohibit:

(i) the payment of any dividend within 60 days after the date of declaration thereof, if at said date of declaration such payment would have complied with this Indenture;

(ii) the redemption, repurchase, retirement, defeasance or other acquisition of any subordinated Indebtedness of the Company or any Guarantor or of any Equity Interests of the Company or any Guarantor in exchange for, or out of the net cash proceeds of a contribution to the common equity of the Company or a substantially concurrent sale (other than to a Subsidiary of the Company) of, Equity Interests of the Company (other than Disqualified Stock); *provided* that the amount of any such net cash proceeds that are utilized for any such redemption, repurchase, retirement, defeasance or other acquisition shall be excluded from clause (C)(2) of Section 4.07(a);

(iii) the defeasance, redemption, repurchase or other acquisition of subordinated Indebtedness of the Company or any Guarantor with the net cash proceeds from an incurrence of Permitted Refinancing Indebtedness;

(iv) the payment of any dividend by a Restricted Subsidiary of the Company to the holders of its common Equity Interests on a *pro rata* basis;

(v) Investments acquired as a capital contribution to, or in exchange for, or out of the net cash proceeds of a substantially concurrent offering of, Equity Interests (other than Disqualified Stock) of the Company; *provided* that the amount of any such net cash proceeds that are utilized for any such acquisition or exchange shall be excluded from clause (C)(2) of Section 4.07(a);

(vi) the repurchase of Capital Stock deemed to occur upon the exercise of options or warrants if such Capital Stock represents all or a portion of the exercise price thereof;

(vii) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Company held by any employee, former employee, director or former director of the Company (or any of its Restricted Subsidiaries) or any permitted transferee of any of the foregoing pursuant to the terms of any employee equity subscription agreement, stock option agreement or similar agreement; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests in any fiscal year shall not exceed the sum of (x) $5.0 million and (y) the amount of Restricted Payments permitted but not made pursuant to this clause (vii) in the immediately preceding fiscal year;

(viii) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of any Restricted Subsidiary of the Company from the minority stockholders (or other holders of minority interest, however designated) of such Restricted Subsidiary for fair market value; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests shall not exceed $20.0 million; or

(ix) the payment, repurchase, redemption, defeasance or other acquisition or retirement for value of any subordinated Indebtedness required in accordance with provisions applicable thereto similar to those described under Sections 4.10 and 4.14 hereof; provided that all Notes tendered by Holders in connection with a Change of Control Offer or Asset Sale Offer, as applicable, have been repurchased, redeemed or acquired for value.

The amount of all Restricted Payments (other than cash) shall be the fair market value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued to or by the Company or such Subsidiary, as the case may be, pursuant to the Restricted Payment. The fair market value of any assets or securities that are required to be valued pursuant to this Section 4.07 shall be determined by the Board of Directors of the Company whose resolution with respect thereto shall be delivered to the Trustee. Not later than the date of making any Restricted Payment, the Company shall deliver to the Trustee an Officers' Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this Section 4.07 were computed, together with a copy of any fairness opinion or appraisal required by this Indenture.

Section 4.08 Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries. The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

(a) pay dividends or make any other distributions on its Capital Stock (or with respect to any other interest or participation in, or measured by, its profits) to the Company or any of its Restricted Subsidiaries or pay any liabilities owed to the Company or any of its Restricted Subsidiaries;

(b) make loans or advances to the Company or any of its Restricted Subsidiaries; or

(c) transfer any of its properties or assets to the Company or any of its Restricted Subsidiaries.

However, the preceding restrictions shall not apply to encumbrances or restrictions existing under, by reason of, or with respect to:

(i) the Credit Agreement, the Exit Facility, Existing Indebtedness or any other agreements in effect on the Issue Date and any amendments, modifications, restatements, renewals, extensions, supplements, refundings, replacements or refinancings thereof, *provided* that the encumbrances and restrictions in any such amendments, modifications, restatements, renewals, extensions, supplements, refundings, replacement or refinancings are no more restrictive, taken as a whole, than those in effect on the Issue Date;

(ii) applicable law, rule, regulation or order;

(iii) any Person or the property or assets of a Person acquired by the Company or any of its Restricted Subsidiaries existing at the time of such acquisition and not incurred in connection with or in contemplation of such acquisition, which encumbrance or restriction is not applicable to any Person or the properties or assets of any Person, other than the Person, or the property or assets of such Person, so acquired and any amendments, modifications, restatements, renewals, extensions, supplements, refundings, replacements or refinancings thereof, *provided* that the encumbrances and restrictions in any such amendments, modifications, restatements, renewals, extensions, supplements, refundings, replacement or refinancings are no more restrictive, taken as a whole, than those contained in the Credit Agreement, the Exit Facility, Existing Indebtedness or such other agreements as in effect on the date of the acquisition;

(iv) in the case of clause (c) of the first paragraph of this Section 4.08:

(A) provisions that restrict in a customary manner the subletting, assignment or transfer of any property or asset that is a lease, license, conveyance or contract or similar property or asset,

(B) restrictions existing by virtue of any transfer of, agreement to transfer, option or right with respect to, or Lien on, any property or assets of the Company or any Restricted Subsidiary not otherwise prohibited by this Indenture, or

(C) restrictions arising or agreed to in the ordinary course of business, not relating to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Company or any Restricted Subsidiary in any manner material to the Company or any Restricted Subsidiary;

(v) provisions with respect to the disposition or distribution of assets or property in joint venture agreements and other similar agreements entered into in the ordinary course of business;

(vi) any agreement for the sale or other disposition of all or substantially all of the capital stock of, or property and assets of, a Restricted Subsidiary that restricts distributions by that Restricted Subsidiary pending such sale or other disposition; and

(vii) Indebtedness of a Foreign Subsidiary permitted to be incurred under this Indenture; *provided* that (A) such encumbrances or restrictions are ordinary and customary with respect to the type of Indebtedness being incurred and (B) such encumbrances or restrictions will not affect the Company's ability to make principal and interest payments on the Notes, as determined in good faith by the Board of Directors of the Company.

Section 4.09 Incurrence of Indebtedness and Issuance of Preferred Stock. (a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, incur any Indebtedness (including Acquired Debt), and the Company shall not permit any of its Restricted Subsidiaries to issue any preferred stock; *provided*, *however*, that the Company or any Restricted Subsidiary of the Company may incur Indebtedness if the Fixed Charge Coverage Ratio for the Company's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred would have been at least 2.0 to 1, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred at the beginning of such four quarter period.

(b) So long as no Default shall have occurred and be continuing or would be caused thereby, Section 4.09(a) shall not prohibit the incurrence of any of the following items of Indebtedness (collectively, "*Permitted Debt*"):

(i) the incurrence by the Company or any Restricted Subsidiary of the Company of Indebtedness under Credit Facilities (and the incurrence of Guarantees thereof) in an aggregate principal amount at any one time outstanding pursuant to this clause (i) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and its Restricted Subsidiaries thereunder) not to exceed $1.6 billion, less the aggregate amount of all Net Proceeds of Asset Sales applied by the Company or any Restricted Subsidiary to permanently repay any such Indebtedness (and, in the case of any revolving credit Indebtedness, to effect a corresponding commitment reduction thereunder) pursuant to Section 4.10;

(ii) the incurrence of Existing Indebtedness;

(iii) the incurrence by the Company and the Guarantors of Indebtedness represented by the Notes (including any Additional Notes) and the related Note Guarantees;

(iv) the incurrence by the Company or any Restricted Subsidiary of the Company of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing all or any part of the purchase price or cost of construction or improvement of property, plant or equipment used in the business of the Company or such Restricted Subsidiary, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (iv), not to exceed, at any time outstanding, the greater of (a) $50.0 million and (b) 10% of Consolidated Net Tangible Assets of the Company;

(v) the incurrence by the Company or any Restricted Subsidiary of the Company of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to refund, refinance or replace Indebtedness (other than intercompany Indebtedness) that was permitted by this Indenture to be incurred under Section 4.09(a) or clauses (ii), (iii), (iv), (v), or (viii) of this Section 4.09(b);

(vi) the incurrence by the Company or any of its Restricted Subsidiaries of intercompany Indebtedness owing to and held by the Company or any of its Restricted Subsidiaries; *provided, however*, that:

(x) if the Company or any Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations with respect to the Notes, in the case of the Company, or the Note Guarantee, in the case of a Guarantor;

(y) Indebtedness owed to the Company or any Guarantor must be evidenced by an unsubordinated promissory note, unless the obligor under such Indebtedness is the Company or a Guarantor; and

(z) (A) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Company or a Restricted Subsidiary thereof and (B) any sale or other transfer of any such Indebtedness to a Person that is not either the Company or a Restricted Subsidiary thereof, shall be deemed, in each case, to constitute an incurrence of such Indebtedness by the Company or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (vi);

(vii) the Guarantee by the Company or any Restricted Subsidiary of the Company of Indebtedness of the Company or a Restricted Subsidiary of the Company that was permitted to be incurred by another provision of this Section 4.09;

(viii) the incurrence by the Company or any Restricted Subsidiary of the Company of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding, including all Permitted Refinancing Indebtedness incurred to refund, refinance or replace any Indebtedness incurred pursuant to this clause (viii), not to exceed $50.0 million; and

(ix) the incurrence of Indebtedness by the Company or, any Restricted Subsidiary of the Company arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently (except in the case of daylight overdrafts) drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of incurrence.

(c) For purposes of determining compliance with this Section 4.09, in the event that any proposed Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (i) through (ix) of Section 4.09(b) above, or is entitled to be incurred pursuant to Section 4.09(a), the Company shall be permitted to classify at the time of its incurrence such item of Indebtedness in any manner that complies with this Section 4.09. Indebtedness under Credit Facilities outstanding on the date on which Notes are first issued under this Indenture shall be deemed to have been incurred on such date in reliance on the exception provided by clause (i) of Section 4.09(b). In addition, any Indebtedness originally classified as incurred pursuant to clauses (i) through (ix) of Section 4.09(b) may later be reclassified by the Company such that it shall be deemed as having been incurred pursuant to another of such clauses to the extent that such reclassified Indebtedness could be incurred pursuant to such new clause at the time of such reclassification.

(d) Notwithstanding any other provision of this Section 4.09, the maximum amount of Indebtedness that may be incurred pursuant to this Section 4.09 shall not be deemed to be exceeded with respect to any outstanding Indebtedness due solely to the result of fluctuations in the exchange rates of currencies.

Section 4.10 Asset Sales.

(a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, consummate an Asset Sale unless:

(i) the Company (or the Restricted Subsidiary, as the case may be) receives consideration at the time of such Asset Sale at least equal to the fair market value of the assets or Equity Interests issued or sold or otherwise disposed of;

(ii) such fair market value is determined by the Company's Board of Directors and evidenced by a resolution of the Board of Directors set forth in an Officers' Certificate delivered to the Trustee; and

(iii) at least 75% of the consideration therefor received by the Company or such Restricted Subsidiary is in the form of cash or Replacement Assets or a combination of both. For purposes of this clause, each of the following shall be deemed to be cash:

(A) any liabilities (as shown on the Company's or such Restricted Subsidiary's most recent balance sheet) of the Company or any Restricted Subsidiary (other than contingent liabilities, Indebtedness that is by its terms subordinated to the Notes or any Note Guarantee and liabilities to the extent owed to the Company or any Affiliate of the Company) that are assumed by the transferee of any such assets pursuant to a written novation agreement that releases the Company or such Restricted Subsidiary from further liability; and

(B) any securities, notes or other obligations received by the Company or any such Restricted Subsidiary from such transferee that are converted by the Company or such Restricted Subsidiary into cash (to the extent of the cash received in that conversion) within 90 days of the applicable Asset Sale.

(b) Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Company may apply such Net Proceeds at its option:

(i) to repay Senior Debt and, if the Senior Debt repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto; or

(ii) to purchase Replacement Assets or make a capital expenditure in or that is used or useful in a Permitted Business.

Pending the final application of any such Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by this Indenture.

(c) Any Net Proceeds from Asset Sales that are not applied or invested as provided in clause (i) or (ii) of the preceding paragraph shall constitute "*Excess Proceeds*." Within 10 days after the aggregate amount of Excess Proceeds exceeds $20.0 million, the Company shall make an offer (an "*Asset Sale Offer*") to all Holders of Notes and all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantee containing provisions similar to those set forth in this Indenture with respect to offers to purchase with the proceeds of sales of assets, to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any Asset Sale Offer shall be equal to 100% of the principal amount of the Notes and such other *pari passu* Indebtedness plus accrued and unpaid interest to the date of purchase, and shall be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by this Indenture. If the aggregate principal amount of Notes and such other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Notes and such other pari passu Indebtedness shall be purchased on a pro rata basis based on the principal amount of Notes and such other pari passu Indebtedness tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

(d) Any Asset Sale Offer shall be made in accordance with Section 3.09. The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with this Section 4.10 or Section 3.09, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.10 or Section 3.09 by virtue of such compliance.

Section 4.11 Transactions with Affiliates. (a) The Company shall not, and shall not permit any of its Restricted Subsidiaries to, make any payment to, or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into, make, amend, renew or extend any transaction, contract, agreement, understanding, loan, advance or Guarantee with, or for the benefit of, any Affiliate (each, an "*Affiliate Transaction*"), unless:

(i) such Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's-length transaction by the Company or such Restricted Subsidiary with a Person that is not an Affiliate of the Company; and

(ii) the Company delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $10.0 million, a resolution of the Board of Directors of the Company set forth in an Officers' Certificate certifying that such Affiliate Transaction or series of related Affiliate Transactions complies with this Section 4.11 and that such Affiliate Transaction or series of related Affiliate Transactions has been approved by a majority of the disinterested members of the Board of Directors of the Company; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of $25.0 million, an opinion as to the fairness to the Company or such Restricted Subsidiary of such Affiliate Transaction or series of related Affiliate Transactions from a financial point of view issued by an independent accounting, appraisal or investment banking firm of national standing.

(b) The following items shall not be deemed to be Affiliate Transactions and, therefore, shall not be subject to Section 4.11(a):

(i) transactions between or among the Company and/or its Restricted Subsidiaries;

(ii) payment of reasonable and customary fees and compensation to, and reasonable and customary indemnification arrangements and similar payments on behalf of, directors of the Company;

(iii) Restricted Payments that are permitted by this Indenture;

(iv) any sale of Capital Stock (other than Disqualified Stock) of the Company;

(v) loans and advances to officers and employees of the Company or any of its Restricted Subsidiaries for bona fide business purposes in the ordinary course of business consistent with past practice;

(vi) any employment, consulting, service or termination agreement, or reasonable and customary indemnification arrangements, entered into by the Company or any of its Restricted Subsidiaries, with officers and employees of the Company or any of its Restricted Subsidiaries and the payment of compensation to officers and employees of the Company or any of its Restricted Subsidiaries (including amounts paid pursuant to employee benefit plans, employee stock option or similar plans), in each case in the ordinary course of business; and

(vii) any agreements or arrangements in effect on the Issue Date, or any amendment, modification, or supplement thereto or any replacement thereof, as long as such agreement or arrangement, as so amended, modified, supplemented or replaced, taken as a whole, is not more disadvantageous to the Company and its Restricted Subsidiaries than the original agreement as in effect on the Issue Date, as determined in good faith by the Company's Board of Directors, and any transactions contemplated by any of the foregoing agreements or arrangements.

Section 4.12 Liens. The Company shall not, and shall not permit any of its Restricted Subsidiaries to, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness (other than Permitted Liens) upon any of their property or assets, now owned or hereafter acquired, unless all payments due under this Indenture and the Notes are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a Lien.

Section 4.13 Corporate Existence. Subject to Article V hereof, the Company shall do or cause to be done all things reasonably necessary to preserve and keep in full force and effect (a) its corporate existence, and the corporate, partnership or other existence of each of its subsidiaries, in accordance with the respective organizational documents (as the same may be amended from time to time) of the Company or any such subsidiary and (b) the material rights (charter and statutory), licenses and franchises of the Company and its subsidiaries; *provided, however*, that the Company shall not be required to preserve any such right, license or franchise, or the corporate, partnership or other existence of any of its subsidiaries, if the Board of Directors shall determine that the preservation thereof is no longer desirable in the conduct of the business of the Company and its subsidiaries, taken as a whole, and that the loss thereof is not adverse in any material respect to the Holders of the Notes.

Section 4.14 Offer to Repurchase upon Change of Control. (a) If a Change of Control occurs, each Holder of Notes shall have the right to require the Company to repurchase all or any part (equal to $1.00 or an integral multiple thereof) of that Holder's Notes pursuant to the offer described below (the *"Change of Control Offer"*) at an offer price in cash equal to 101% of the aggregate principal amount thereof plus accrued and unpaid interest thereon, if any, to the date of purchase.

(b) Within 30 days following any Change of Control, the Company shall mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and which shall be no earlier than 30 days and no later than 60 days

from the date such notice is mailed (the "*Change of Control Payment Date*") and stating that the Change of Control Offer is being made pursuant to this Section 4.14 and that all Notes or portions thereof properly tendered pursuant to the Change of Control Offer will be accepted for payment.

(c) Any Change of Control Offer shall be made in accordance with Section 3.09. The Company shall comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent such laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with this Section 4.14, the Company shall comply with the applicable securities laws and regulations and shall not be deemed to have breached its obligations under this Section 4.14 by virtue of such compliance.

(d) Prior to complying with this Section 4.14, but in any event within 30 days following a Change of Control, the Company shall either repay all outstanding Senior Debt or obtain the requisite consents, if any, under all agreements governing outstanding Senior Debt to permit the repurchase of Notes required by this Section 4.14.

(e) Clause (b) of this Section 4.14 shall be applicable regardless of whether any other Sections of this Indenture are applicable.

(f) The Company shall not be required to make a Change of Control Offer upon a Change of Control if a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in this Indenture applicable to a Change of Control Offer made by the Company and purchases all Notes validly tendered and not withdrawn under such Change of Control Offer.

Section 4.15 Limitation on Senior Subordinated Debt. The Company shall not incur any Indebtedness that is subordinate in right of payment to any Senior Debt of the Company unless it is *pari passu* or subordinate in right of payment to the Notes to the same extent. No Guarantor shall incur any Indebtedness that is subordinate in right of payment to the Senior Debt of such Guarantor unless it is *pari passu* or subordinate in right of payment to such Guarantor's Note Guarantee to the same extent. For purposes of the foregoing, no Indebtedness will be deemed to be subordinate in right of payment to any other Indebtedness of the Company or any Guarantor, as applicable, solely by reason of any Liens or Guarantees arising or created in respect thereof or by virtue of the fact that the holders of any secured Indebtedness have entered into intercreditor agreements giving one or more of such holders priority over the other holders in the collateral held by them.

Section 4.16 Designation of Restricted and Unrestricted Subsidiaries. (a) The Board of Directors of the Company may designate any Restricted Subsidiary of the Company to be an Unrestricted Subsidiary; *provided* that:

(i) any Guarantee by the Company or any Restricted Subsidiary of any Indebtedness of the Subsidiary being so designated shall be deemed to be an incurrence of Indebtedness by the Company or such Restricted Subsidiary (or both, if applicable) at the time of such designation, and such incurrence of Indebtedness would be permitted under Section 4.09;

(ii) the aggregate fair market value of all outstanding Investments owned by the Company and its Restricted Subsidiaries in the Subsidiary being so designated (including any Guarantee by the Company or any Restricted Subsidiary of any Indebtedness of such Subsidiary) shall be deemed to be a Restricted Investment made as of the time of such designation and that such Investment would be permitted under Section 4.07;

(iii) such Subsidiary does not own any Equity Interests of, or hold any Liens on any property of, the Company or any Restricted Subsidiary;

(iv) the Subsidiary being so designated:

(A) is not party to any agreement, contract, arrangement or understanding with the Company or any Restricted Subsidiary of the Company unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Company or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Company;

(B) is a Person with respect to which neither the Company nor any of its Restricted Subsidiaries has any direct or indirect obligation (x) to subscribe for additional Equity Interests or (y) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results;

(C) has not Guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Company or any of its Restricted Subsidiaries, except to the extent such Guarantee or credit support would be released upon such designation; and

(D) has at least one director on its Board of Directors that is not a director or officer of the Company or any of its Restricted Subsidiaries and has at least one executive officer that is not a director or officer of the Company or any of its Restricted Subsidiaries; and

(v) no Default or Event of Default would be in existence following such designation.

(b) Any designation of a Restricted Subsidiary of the Company as an Unrestricted Subsidiary shall be evidenced to the Trustee by filing with the Trustee a certified copy of the resolution of the Board of Directors of the Company giving effect to such designation and an Officers' Certificate certifying that such designation complied with the preceding conditions and was permitted by this Indenture. If, at any time, any Unrestricted Subsidiary would fail to meet any of the preceding requirements described in clause (a)(iv) above, it shall thereafter cease to be an Unrestricted Subsidiary for purposes of this Indenture and any Indebtedness, Investments, or Liens on the property, of such Subsidiary shall be deemed to be incurred by a Restricted Subsidiary of the Company as of such date and, if such Indebtedness, Investments or Liens are not permitted to be incurred as of such date under this Indenture, the Company shall be in default under this Indenture.

(c) The Board of Directors of the Company may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that:

(i) such designation shall be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of the Company of any outstanding Indebtedness of such Unrestricted Subsidiary and such designation shall only be permitted if such Indebtedness is permitted under Section 4.09, calculated on a *pro forma* basis as if such designation had occurred at the beginning of the four-quarter reference period;

(ii) all outstanding Investments owned by such Unrestricted Subsidiary shall be deemed to be made as of the time of such designation and such Investments shall only be permitted if such Investments would be permitted under Section 4.07;

(iii) all Liens upon property or assets of such Unrestricted Subsidiary existing at the time of such designation would be permitted under Section 4.12; and

(iv) no Default or Event of Default would be in existence following such designation.

Section 4.17 Payments for Consent. The Company shall not, and shall not permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any Holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of this Indenture or the Notes unless such consideration is offered to be paid and is paid to all Holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Section 4.18 Business Activities. The Company shall not, and shall not permit any of its Restricted Subsidiaries to, engage in any business other than Permitted Businesses, except to such extent as would not be material to the Company and its Restricted Subsidiaries taken as a whole.

Section 4.19 Limitation on Issuances and Sales of Equity Interests in Restricted Subsidiaries. The Company shall not transfer, convey, sell, lease or otherwise dispose of, and shall not permit any of its Restricted Subsidiaries to, issue, transfer, convey, sell, lease or otherwise dispose of any Equity Interests in any Restricted Subsidiary of the Company to any Person (other than the Company or a Restricted Subsidiary of the Company or, if necessary, shares of its Capital Stock constituting directors' qualifying shares or issuances of shares of Capital Stock of foreign Restricted Subsidiaries to foreign nationals, to the extent required by applicable law), except:

(a) if, immediately after giving effect to such issuance, transfer, conveyance, sale, lease or other disposition, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any Investment in such Person remaining after giving effect to such issuance or sale would have been permitted to be made under Section 4.07 if made on the date of such issuance or sale and the cash Net Proceeds from such transfer, conveyance, sale, lease or other disposition are applied in accordance with Section 4.10; or

(b) other sales of Capital Stock of a Restricted Subsidiary by the Company or a Restricted Subsidiary, *provided* that the Company or such Restricted Subsidiary complies with Section 4.10.

Section 4.20 Additional Note Guarantees. (a) If the Company or any of its Restricted Subsidiaries acquires or creates another Domestic Subsidiary on or after the Issue Date, then that newly acquired or created Domestic Subsidiary must become a Guarantor and execute a supplemental indenture and deliver an Opinion of Counsel to the Trustee.

(b) The Company shall not permit any of its Restricted Subsidiaries, directly or indirectly, to Guarantee or pledge any assets to secure the payment of any other Indebtedness of the Company or any Restricted Subsidiary thereof, other than Foreign Subsidiaries, unless such Restricted Subsidiary is a Guarantor or simultaneously executes and delivers a supplemental indenture providing for the Guarantee of the payment of the Notes by such Restricted Subsidiary, which Guarantee shall be senior to or *pari passu* with such Subsidiary's Guarantee of such other Indebtedness unless such other Indebtedness is Senior Debt, in which case the Guarantee of the Notes may be subordinated to the Guarantee of such Senior Debt to the same extent as the Notes are subordinated to such Senior Debt. The form of the Notation of Guarantee is attached as Exhibit C hereto.

(c) A Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Guarantor is the surviving Person), another Person, other than the Company or another Guarantor, unless:

(i) immediately after giving effect to that transaction, no Default or Event of Default exists; and

(ii) either:

(A) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger (if other than the Guarantor) is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia and assumes all the obligations of that Guarantor under this Indenture and its Note Guarantee pursuant to a supplemental indenture satisfactory to the Trustee; or

(B) such sale or other disposition or consolidation or merger complies with Section 4.10.

(d) The Note Guarantee of a Guarantor will be released:

(i) in connection with any sale or other disposition of all of the Capital Stock of a Guarantor to a Person that is not (either before or after giving effect to such transaction) an Affiliate of the Company, if the sale of all such Capital Stock of that Guarantor complies with Section 4.10;

(ii) if the Company properly designates any Restricted Subsidiary that is a Guarantor as an Unrestricted Subsidiary under this Indenture; or

(iii) solely in the case of a Note Guarantee created pursuant to Section 4.20(b), upon the release or discharge of the Guarantee which resulted in the creation of such Note Guarantee pursuant to this Section 4.20, except a discharge or release by or as a result of payment under such Guarantee.

ARTICLE V

SUCCESSORS

Section 5.01 Merger, Consolidation or Sale of Assets. (a) The Company shall not, directly or indirectly consolidate or merge with or into another Person (whether or not the Company is the surviving corporation) or sell, assign, transfer, convey or

otherwise dispose of all or substantially all of the properties and assets of the Company and its Restricted Subsidiaries, taken as a whole, in one or more related transactions, to another Person or Persons, unless:

(i) either: (A) the Company is the surviving corporation; or (B) the Person formed by or surviving any such consolidation or merger (if other than the Company) or to which such sale, assignment, transfer, conveyance or other disposition shall have been made (x) is a corporation organized or existing under the laws of the United States, any state thereof or the District of Columbia and (y) assumes all the obligations of the Company under the Notes and this Indenture pursuant to agreements reasonably satisfactory to the Trustee;

(ii) immediately after giving effect to such transaction no Default or Event of Default exists;

(iii) immediately after giving effect to such transaction on a *pro forma* basis, the Company or the Person formed by or surviving any such consolidation or merger (if other than the Company), or to which such sale, assignment, transfer, conveyance or other disposition shall have been made, shall, on the date of such transaction after giving *pro forma* effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, be permitted to incur at least $1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in Section 4.09(a);

(iv) each Guarantor, unless such Guarantor is the Person with which the Company has entered into a transaction under this Section 5.01, shall have by amendment to its Note Guarantee confirmed that its Note Guarantee shall apply to the obligations of the Company or the surviving Person in accordance with the Notes and this Indenture; and

(v) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that the Holders will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such transaction and, will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such transaction had not occurred.

(b) Neither the Company nor any Restricted Subsidiary may, directly or indirectly, lease all or substantially all of its properties or assets, in one or more related transactions, to any other Person. Clause (a)(iii) above shall not apply to any merger, consolidation or sale, assignment, transfer, lease, conveyance or other disposition of assets between or among the Company and any of its Restricted Subsidiaries.

Section 5.02 Successor Corporation Substituted. Upon any consolidation or merger, or any sale, assignment, transfer, conveyance or other disposition of all or substantially all of the assets of the Company in accordance with Section 5.01 hereof, the successor corporation formed by such consolidation or into or with which the Company is merged or to which such sale, assignment, transfer, conveyance or other disposition is made shall succeed to, and be substituted for (so that from and after the date of such consolidation, merger, sale, conveyance or other disposition, the provisions of this Indenture referring to the "*Company*" shall refer instead to the successor corporation and not to the Company), and may exercise every right and power of the Company under this Indenture with the same effect as if such successor Person had been named as the Company herein; *provided, however*, that the predecessor Company shall not be relieved from the obligation to pay the principal of and interest on the Notes except in the case of a sale of all of the Company's assets that meets the requirements of Section 5.01 hereof.

ARTICLE VI

DEFAULTS AND REMEDIES

Section 6.01 Events of Default. Each of the following is an "*Event of Default*":

(i) default for 30 days in the payment when due of interest on the Notes whether or not prohibited by Article X of this Indenture;

(ii) default in payment when due (whether at maturity, upon acceleration, redemption or otherwise) of the principal of, or premium, if any, on the Notes, whether or not prohibited by Article X of this Indenture;

(iii) failure by the Company or any of its Restricted Subsidiaries to comply with Section 4.10, Section 4.14, Section 4.20(c) or Section 5.01;

(iv) failure by the Company or any of its Restricted Subsidiaries for 60 days after written notice by the Trustee or Holders representing 25% or more of the aggregate principal amount of Notes outstanding to comply with any of the other agreements in this Indenture;

(v) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Company or any of its Restricted Subsidiaries (or the payment of which is Guaranteed by the Company or any of its Restricted Subsidiaries) whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:

(A) is caused by a failure to make any payment when due at the final maturity of such Indebtedness (a "*Payment Default*"); or

(B) results in the acceleration of such Indebtedness prior to its express maturity,

and, in each case, the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates $25.0 million or more;

(vi) failure by the Company or any of its Restricted Subsidiaries to pay final judgments (to the extent such judgments are not paid or covered by insurance provided by a carrier that has acknowledged coverage in writing and has the ability to perform) aggregating in excess of $25.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;

(vii) except as permitted by this Indenture, any Note Guarantee shall be held in any judicial proceeding to be unenforceable or invalid or shall cease for any reason to be in full force and effect or any Guarantor, or any Person acting on behalf of any Guarantor, shall deny or disaffirm its obligations under its Note Guarantee; and

(viii) the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary of the Company), pursuant to or within the meaning of Bankruptcy Law:

(A) commences a voluntary case;

(B) consents to the entry of an order for relief against it in an involuntary case;

(C) makes a general assignment for the benefit of its creditors; or

(D) generally is not paying its debts as they become due; and

(ix) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(A) is for relief against the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary of the Company), in an involuntary case;

(B) appoints a custodian of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary of the Company) or for all or substantially all of the property of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary of the Company); or

(C) orders the liquidation of the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary of the Company);

and the order or decree remains undismissed or unstayed and in effect for 60 consecutive days.

Section 6.02 Acceleration. In the case of an Event of Default specified in clause (viii) or (ix) of Section 6.01 with respect to the Company, any Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that together would constitute a Significant Subsidiary) of the Company, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately by notice in writing to the Company specifying the Event of Default.

In the event of a declaration of acceleration of the Notes because an Event of Default has occurred and is continuing as a result of the acceleration of any Indebtedness described in clause (v) of Section 6.01 hereof, the declaration of acceleration of the Notes shall be automatically annulled if the holders of any Indebtedness described in clause (v) of Section 6.01 hereof have rescinded the declaration of acceleration in respect of the Indebtedness if:

(i) the annulment of the acceleration of Notes would not conflict with any judgment or decree of a court of competent jurisdiction; and

(ii) all existing Events of Default, except nonpayment of principal or interest on the Notes that became due solely because of the acceleration of the Notes, have been cured or waived.

In the case of any Event of Default occurring by reason of any willful action or inaction taken or not taken by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to Section 3.07 hereof, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Notes. If an Event of Default occurs prior to [*insert date that is three years after the Issue Date*], by reason of any willful action (or inaction) taken (or not taken) by or on behalf of the Company with the intention of avoiding the prohibition on redemption of the Notes, prior to [*insert date that is three years after the Issue Date*], then the applicable premium, if any, specified in Section 3.07(b) shall also become immediately due and payable to the extent permitted by law upon the acceleration of the Notes.

Section 6.03 Other Remedies. If an Event of Default occurs and is continuing, the Trustee may pursue any available remedy to collect the payment of principal, premium, if any, and interest, if any, on the Notes or to enforce the performance of any provision of the Notes or this Indenture.

The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. A delay or omission by the Trustee or any Holder of a Note in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. All remedies are cumulative to the extent permitted by law.

Section 6.04 Waiver of Past Defaults. Holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences hereunder (including rescinding any related acceleration of the payment of the Notes), except a continuing Default or Event of Default (and any related acceleration of the payment of the Notes) in the payment of the principal of, premium or interest on, the Notes. The Company shall deliver to the Trustee an Officers' Certificate stating that the requisite percentage of Holders have consented to such waiver and attaching copies of such consents. In case of any such waiver, the Company, the Trustee and the Holders shall be restored to their former positions and rights hereunder and under the Notes, respectively. This Section 6.04 shall be in lieu of Section 316(a)(1)(B) of the TIA and such Section 316(a)(1)(B) of the TIA is hereby expressly excluded from this Indenture and the Notes, as permitted by the TIA. Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.05 Control by Majority. Subject to Section 2.09, holders of a majority in principal amount of the then outstanding Notes may direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee or exercising any trust or power conferred on it. However, the Trustee may refuse to follow any direction that conflicts with law or this Indenture, that may involve the Trustee in personal liability or that the Trustee determines in good faith may be unduly prejudicial to the rights of Holders of Notes not joining in the giving of such direction, and the Trustee shall have the right to decline to follow any

such direction, if the Trustee, being advised by counsel, determines that such action so directed may not be lawfully taken or if the Trustee, in good faith shall by a Responsible Officer, determine that the proceedings so directed may involve the Trustee in personal liability; *provided* that the Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction. In the event the Trustee takes any action or follows any direction pursuant to this Indenture, the Trustee shall be entitled to indemnification satisfactory to it in its sole discretion against any loss or expense caused by taking such action or following such direction. This Section 6.05 shall be in lieu of Section 316(a)(1)(A) of the TIA, and such Section 316(a)(1)(A) of the TIA is hereby expressly excluded from this Indenture and the Notes, as permitted by the TIA.

Section 6.06 Limitation on Suits. A Holder of a Note may not pursue a remedy with respect to this Indenture, the Notes or, the Note Guarantees unless:

(a) the Holder of a Note gives to the Trustee written notice of a continuing Event of Default;

(b) the Holders of at least 25% in aggregate principal amount of the then outstanding Notes make a written request to the Trustee to pursue the remedy;

(c) such Holder of a Note or Holders of Notes offer and, if requested, provide to the Trustee indemnity satisfactory to the Trustee against any loss, liability or expense;

(d) the Trustee does not comply with the request within 60 days after receipt of the request and the offer and, if requested, the provision of indemnity; and

(e) during such 60-day period the Holders of a majority in principal amount of the then outstanding Notes do not give the Trustee a direction inconsistent with the request.

A Holder of a Note may not use this Indenture to prejudice the rights of another Holder of a Note or to obtain a preference or priority over another Holder of a Note.

Section 6.07 Rights of Holders of Notes to Receive Payment. Notwithstanding any other provision of this Indenture, the right of any Holder of a Note to receive payment of principal, premium, if any, and interest on the Note, on or after the respective due dates expressed in the Note (including in connection with an offer to purchase), or to bring suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such Holder.

Section 6.08 Collection Suit by Trustee. If an Event of Default specified in Section 6.01 occurs and is continuing, the Trustee is authorized to recover judgment in its own name and as trustee of an express trust against the Company for the whole

amount of principal of, premium, if any, and interest remaining unpaid on the Notes and interest on overdue principal and, to the extent lawful, interest and such further amount as shall be sufficient to cover the costs and expenses of collection, including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

Section 6.09 Trustee May File Proofs of Claim. The Trustee is authorized to file such proofs of claim and other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel) and the Holders of the Notes allowed in any judicial proceedings relative to the Company or any Guarantor (or any other obligor upon the Notes), its creditors or its property and shall be entitled and empowered to collect, receive and distribute any money or other securities or property payable or deliverable on any such claims and any custodian in any such judicial proceeding is hereby authorized by each Holder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Holders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof. To the extent that the payment of any such compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07 hereof out of the estate in any such proceeding, shall be denied for any reason, payment of the same shall be secured by a Lien on, and shall be paid out of, any and all distributions, dividends, money, securities and other properties that the Holders may be entitled to receive in such proceeding whether in liquidation or under any plan of reorganization or arrangement or otherwise. Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Holder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder, or to authorize the Trustee to vote in respect of the claim of any Holder in any such proceeding.

Section 6.10 Priorities. If the Trustee collects any money pursuant to this Article, it shall pay out the money in the following order:

First: to the Trustee, its agents and attorneys for amounts due under Section 7.07 hereof, including payment of all compensation, expense and liabilities incurred, and all advances made, by the Trustee and the costs and expenses of collection;

Second: to Holders of Notes for amounts due and unpaid on the Notes for principal, premium, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes for principal, premium, if any, and interest, respectively; and

Third: to the Company or to such party as a court of competent jurisdiction shall direct.

The Trustee may fix a record date and payment date for any payment to Holders of Notes pursuant to this Section 6.10.

Section 6.11 Undertaking for Costs. In any suit for the enforcement of any right or remedy under this Indenture or in any suit against the Trustee for any action taken or omitted by it as a Trustee, a court in its discretion may require the filing by any party litigant in the suit of an undertaking to pay the costs of the suit, and the court in its discretion may assess reasonable costs, including reasonable attorneys' fees, against any party litigant in the suit, having due regard to the merits and good faith of the claims or defenses made by the party litigant. This Section does not apply to a suit by the Trustee, a suit by a Holder of a Note pursuant to Section 6.07 hereof, or a suit by Holders of more than 10% in principal amount of the then outstanding Notes.

Section 6.12 Restoration of Rights and Remedies. If the Trustee or any Holder has instituted any proceeding to enforce any right or remedy under this Indenture and such proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Holder, then and in every such case, subject to any determination in such proceeding, the Company, any Subsidiary Guarantor, the Trustee and the Holders shall be restored severally and respectively to their former positions hereunder and thereafter all rights and remedies of the Trustee and the Holders shall continue as though no such proceeding had been instituted.

Section 6.13 Rights and Remedies Cumulative. Except as otherwise provided with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes in Section 2.07, no right or remedy herein conferred upon or reserved to the Trustee or to the Holders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.14 Delay or Omission Not Waiver. No delay or omission of the Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or an acquiescence therein. Every right and remedy given by this Article VI or by law to the Trustee or to the Holders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Holders, as the case may be.

Section 6.15 Record Date. The Company may set a record date for purposes of determining the identity of Holders entitled to vote or to consent to any action by vote or consent authorized or permitted by Sections 6.04, 6.05 and 9.02. Unless the Company provides otherwise, such record date shall be the later of 30 days prior to the first solicitation of such consent or the date of the most recent list of Holders furnished to the Trustee pursuant to Section 2.05 prior to such solicitation.

ARTICLE VII

TRUSTEE

Section 7.01 Duties of Trustee. (a) If an Event of Default has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, and use the same degree of care and skill in its exercise, as a prudent person would exercise or use under the circumstances in the conduct of its own affairs.

(b) Except during the continuance of an Event of Default:

(i) the duties of the Trustee shall be determined solely by this Indenture and the Trustee need perform only those duties that are specifically set forth in this Indenture and no others, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(ii) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the applicable requirements of this Indenture. However, the Trustee shall examine the certificates and opinions to determine whether or not they conform to the requirements of this Indenture (but need not confirm or investigate the accuracy of mathematical calculations or other facts purported to be stated therein).

(c) The Trustee may not be relieved from liabilities for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this paragraph does not limit the effect of paragraph (b) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it is proved that the Trustee was negligent in ascertaining the pertinent facts; and

(iii) the Trustee shall not be liable with respect to any action it takes or omits to take in good faith in accordance with a direction received by it pursuant to Section 6.05 hereof.

(d) Whether or not therein expressly so provided, every provision of this Indenture that in any way relates to the Trustee is subject to paragraphs (a), (b), and (c) of this Section.

(e) No provision of this Indenture shall require the Trustee to expend or risk its own funds or incur any liability. The Trustee shall be under no obligation to exercise any of its rights and powers under this Indenture at the request of any Holders, unless such Holder shall have offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

(f) The Trustee shall not be liable for interest on any money received by it except as the Trustee may agree in writing with the Company. Money or assets held in trust by the Trustee need not be segregated from other funds or assets except to the extent required by law.

Section 7.02 Rights of Trustee. (a) The Trustee may conclusively rely upon any document (whether in its original or facsimile form) believed by it to be genuine and to have been signed or presented by the proper Person. The Trustee need not investigate any fact or matter stated in the document.

(b) Before the Trustee acts or refrains from acting, it may consult with counsel and may require an Officers' Certificate or an Opinion of Counsel or both. The Trustee shall not be liable for any action it takes or omits to take in good faith in reliance on such Officers' Certificate or Opinion of Counsel. The Trustee may consult with counsel and the advice of such counsel or any Opinion of Counsel shall be full and complete authorization and protection from liability in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(c) The Trustee may act through its attorneys and agents and shall not be responsible for the misconduct or negligence of any agent or attorney appointed with due care.

(d) The Trustee shall not be liable for any action it takes or omits to take in good faith that it believes to be authorized or within the rights or powers conferred upon it by this Indenture.

(e) Unless otherwise specifically provided in this Indenture, any demand, request, direction or notice from the Company shall be sufficient if signed by an Officer of the Company.

(f) The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Holders unless such Holders shall have offered to the Trustee reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities that might be incurred by it in compliance with such request or direction.

(g) Except with respect to Section 4.01, the Trustee shall have no duty to inquire as to the performance of the Company with respect to the covenants contained in Article 4. In addition, the Trustee shall not be deemed to have knowledge of a Default or an Event of Default except (i) any Default or Event of Default occurring pursuant to Sections 4.01, 6.01(i) or 6.01(ii) or (ii) any Default or Event of Default of which the Trustee shall have received written notification or obtained actual knowledge.

(h) Delivery of reports, information and documents to the Trustee under Section 4.03 is for informational purposes only and the Trustee's receipt of the foregoing shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including the Company's compliance with any of their covenants hereunder (as to which the Trustee is entitled to rely exclusively on Officers' Certificates).

Section 7.03 Individual Rights of Trustee. The Trustee in its individual or any other capacity may become the owner or pledgee of Notes and may otherwise deal with the Company or any Affiliate of the Company with the same rights it would have if it were not Trustee. However, in the event that the Trustee acquires any conflicting interest that would require the Trustee to resign, it must eliminate such conflict within 90 days, apply to the SEC for permission to continue as trustee or resign. Any Agent may do the same with like rights and duties. The Trustee is also subject to Sections 7.10 and 7.11 hereof.

Section 7.04 Trustee's Disclaimer. The Trustee shall not be responsible for and makes no representation as to the validity or adequacy of this Indenture or the Notes, it shall not be accountable for the Company's use of the proceeds from the Notes or any money paid to the Company or upon the Company's direction under any provision of this Indenture, it shall not be responsible for the use or application of any money received by any Paying Agent other than the Trustee, and it shall not be responsible for any statement or recital herein or any statement in the Notes or any other document in connection with the sale of the Notes or pursuant to this Indenture other than its certificate of authentication.

Section 7.05 Notice of Defaults. If a Default or Event of Default occurs and is continuing and if it is known to the Trustee, the Trustee shall mail to the Holders of the Notes a notice of the Default or Event of Default within 90 days after it occurs. Except in the case of a Default or Event of Default in payment of principal of, premium, if any, or interest on any Note, the Trustee may withhold the notice if and so long as the Board of Directors, the executive committee or a committee of its Responsible Officers in good faith determines that withholding the notice is in the interests of the Holders of the Notes.

Section 7.06 Reports by Trustee to the Holders of the Notes. Within 60 days after each May 15 beginning with the May 15 following the Issue Date, and for so long as Notes remain outstanding, the Trustee shall mail to the Holders of the Notes a brief report dated as of such reporting date that complies with TIA § 313(a) (but if no event described in TIA § 313(a) has occurred within the twelve months preceding the reporting date, no report need be transmitted). The Trustee also shall comply with TIA § 313(b)(2). The Trustee shall also transmit by mail all reports as required by TIA § 313(c).

A copy of each report at the time of its mailing to the Holders of the Notes shall be mailed to the Company and filed with the SEC and each stock exchange on which the Notes are listed in accordance with TIA § 313(d). The Company shall promptly notify the Trustee when the Notes are listed on any securities exchange or of any delisting thereof.

Section 7.07 Compensation and Indemnity. The Company shall pay to the Trustee from time to time reasonable compensation for its acceptance of this Indenture and services hereunder. The Trustee's compensation shall not be limited by any law on compensation of a trustee of an express trust. The Company shall reimburse the Trustee promptly upon request for all reasonable disbursements, advances and expenses incurred or made by it in addition to the compensation for its services. Such expenses shall include the reasonable compensation, disbursements and expenses of the Trustee's agents and counsel and any taxes or other expenses incurred by a trust created pursuant to Section 8.04 hereof.

The Company shall indemnify the Trustee and its agents against any and all losses, liabilities, claims, damages or expenses (including compensation, fees, disbursements and expenses of Trustee's agents and counsel) incurred by it arising out of or in connection with the acceptance or administration of its duties under this Indenture, including the costs and expenses of enforcing this Indenture against the Company (including this Section 7.07) and defending itself against any claim (whether asserted by the Company or any Holder or any other person) or liability in connection with the exercise or performance of any of its powers or duties hereunder, except to the extent any such loss, liability or expense is judicially determined to have been caused by its own negligence or bad faith. The Trustee shall notify the Company promptly of any claim for which it may seek indemnity. Failure by the Trustee to so notify the Company shall not relieve the Company of its obligations hereunder. The Company shall defend the claim and the Trustee shall cooperate in the defense. The Trustee may have separate counsel and the Company shall pay the reasonable fees and expenses of such counsel. The Company need not pay for any settlement made without its consent, which consent shall not be unreasonably withheld.

The obligations of the Company under this Section 7.07 shall survive the satisfaction and discharge of this Indenture.

To secure the Company's payment obligations in this Section 7.07, the Trustee shall have a Lien prior to the Notes on all money or property held or collected by the Trustee. Such Lien shall survive the satisfaction and discharge of this Indenture. The Trustee's right to receive payment of any amounts due under this Section 7.07 shall not be subordinated to any other liability or Indebtedness of the Company.

When the Trustee incurs expenses or renders services after an Event of Default specified in Section 6.01(viii) or (ix) hereof occurs, the expenses and the compensation for the services (including the fees and expenses of its agents and counsel) are intended to constitute expenses of administration under any Bankruptcy Law.

The Trustee shall comply with the provisions of TIA § 313(b)(2) to the extent applicable.

The subordination provisions in this Indenture, including those set forth in Article X, shall not apply to any amounts now or hereafter owing to the Trustee under this Section 7.07 or any related provisions dealing with the rights of the Trustee to reimbursement, compensation or indemnity.

Section 7.08 Replacement of Trustee. A resignation or removal of the Trustee and appointment of a successor Trustee shall become effective only upon the successor Trustee's acceptance of appointment as provided in this Section 7.08.

The Trustee may resign in writing at any time and be discharged from the trust hereby created by so notifying the Company. The Holders of a majority in principal amount of the then outstanding Notes may remove the Trustee by so notifying the Trustee and the Company in writing. The Company may remove the Trustee if:

(a) the Trustee fails to comply with Section 7.10 hereof;

(b) the Trustee is adjudged a bankrupt or an insolvent or an order for relief is entered with respect to the Trustee under any Bankruptcy Law;

(c) a custodian or public officer takes charge of the Trustee or its property; or

(d) the Trustee becomes incapable of acting.

If the Trustee resigns or is removed or if a vacancy exists in the office of Trustee for any reason, the Company shall promptly appoint a successor Trustee. Within one year after the successor Trustee takes office, the Holders of a majority in principal amount of the then outstanding Notes may appoint a successor Trustee to replace the successor Trustee appointed by the Company.

If a successor Trustee does not take office within 60 days after the retiring Trustee resigns or is removed, the retiring Trustee, the Company, or the Holders of Notes of at least 10% in principal amount of the then outstanding Notes may petition at the expense of the Company any court of competent jurisdiction for the appointment of a successor Trustee.

If the Trustee, after written request by any Holder of a Note who has been a Holder of a Note for at least six months, fails to comply with Section 7.10, such Holder of a Note may petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

A successor Trustee shall deliver a written acceptance of its appointment to the retiring Trustee and to the Company. Thereupon, the resignation or removal of the retiring Trustee shall become effective, and the successor Trustee shall have all the rights, powers and duties of the Trustee under this Indenture. The successor Trustee shall mail a notice of its succession to Holders of the Notes. The retiring Trustee shall promptly transfer all property held by it as Trustee to the successor Trustee, provided all sums owing to the Trustee hereunder have been paid and subject to the Lien provided for in Section 7.07 hereof. Notwithstanding replacement of the Trustee pursuant to this Section 7.08, the Company's obligations under Section 7.07 hereof shall continue for the benefit of the retiring Trustee.

Section 7.09 Successor Trustee by Merger, Etc. If the Trustee consolidates, merges or converts into, or transfers all or substantially all of its corporate trust business to, another corporation, the successor corporation without any further act shall be the successor Trustee.

Section 7.10 Eligibility; Disqualification. There shall at all times be a Trustee hereunder that is a corporation organized and doing business under the laws of the United States of America or of any state thereof that is authorized under such laws to exercise corporate trustee power, that is subject to supervision or examination by federal or state authorities and that has a combined capital and surplus of at least $50 million as set forth in its most recent published annual report of condition.

This Indenture shall always have a Trustee who satisfies the requirements of TIA §§ 310(a)(1), (2) and (5). The Trustee is subject to TIA § 310(b); *provided*, *however*, that there shall be excluded from the operation of TIA § 310(b)(1) any indenture or indentures under which other securities, or certificates of interest or participation in other securities, of the Company are outstanding, if the requirements for such exclusion set forth in TIA § 310(b)(1) are met.

Section 7.11 Preferential Collection of Claims Against Company. The Trustee is subject to TIA § 311(a), excluding any creditor relationship listed in TIA § 311(b). A Trustee who has resigned or been removed shall be subject to TIA § 311(a) to the extent indicated therein. The Trustee hereby waives any right to set off any claim that it may have against the Company in any capacity (other than as Trustee and Paying Agent) against any of the assets of the Company held by the Trustee; *provided*, *however*, that if the Trustee is or becomes a lender of any other Indebtedness permitted hereunder to be *pari passu* with the Notes, then such waiver shall not apply to the extent of such Indebtedness.

ARTICLE VIII

LEGAL DEFEASANCE AND COVENANT DEFEASANCE; SATISFACTION AND DISCHARGE

Section 8.01 Option to Effect Legal Defeasance or Covenant Defeasance. The Company may, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, at any time, elect to have either Section 8.02 or Section 8.03 hereof be applied to all outstanding Notes upon compliance with the conditions set forth below in this Article VIII.

Section 8.02 Legal Defeasance and Discharge. Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.01, the Company shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be deemed to have been discharged from its obligations with respect to all outstanding Notes and all obligations of the Guarantors shall be deemed to have been discharged with respect to their obligations under the Note Guarantees on the date the conditions set forth below are satisfied (hereinafter, "*Legal Defeasance*"). For this purpose, Legal Defeasance means that the Company and the Guarantors shall be deemed to have paid and discharged the entire Indebtedness represented by the outstanding Notes and Note Guarantees, respectively, which shall thereafter be deemed to be "outstanding" only for the purposes of Section 8.08 hereof and the other Sections of this Indenture referred to in (a) and (b) below, and to have satisfied all its other obligations under such Notes and this Indenture (and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging the same), except for the following clauses, which shall survive until otherwise terminated or discharged hereunder: (a) the rights of Holders of outstanding Notes to receive solely from the trust fund described in Section 8.04 hereof, and as more fully set forth in such Section, payments in respect of the principal of, premium, if any, and interest on such Notes when such payments are due, (b) the Company's obligations with respect to such Notes under Article II, Section 4.02 and Section 8.08 hereof, (c) the rights, powers, trusts, duties and immunities of the Trustee hereunder and the Company's and Guarantors' obligations in connection therewith and (d) this Article VIII. Subject to compliance with this Article VIII, the Company may exercise its option under this Section 8.02 notwithstanding the prior exercise of its option under Section 8.03 hereof.

Section 8.03 Covenant Defeasance. Upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, the Company and each of the Guarantors shall, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, be released from their respective obligations under the covenants set forth in Sections 4.07, 4.08, 4.09, 4.10, 4.11, 4.12, 4.13, 4.14, 4.15, 4.16, 4.17, 4.18, 4.19 and 4.20, hereof with respect to the outstanding Notes on and after the date the conditions set forth in Section 8.04 are satisfied (hereinafter, "*Covenant Defeasance*"), and the Notes shall thereafter be deemed not "outstanding" for the purposes of any direction, waiver, consent or declaration or act of Holders (and the consequences of any thereof) in connection with such covenants, but shall continue to be deemed "outstanding" for all other purposes hereunder (it being understood that such Notes shall not be deemed outstanding for accounting purposes). For this purpose, Covenant Defeasance means that, with respect to the outstanding Notes, the Company may omit to comply with and shall have no liability in respect of any term, condition or limitation set forth in any such covenant, whether directly or indirectly, by reason of any reference elsewhere herein to any such covenant or by

reason of any reference in any such covenant to any other provision herein or in any other document and such omission to comply shall not constitute a Default or an Event of Default under Section 6.01 hereof, but, except as specified above, the remainder of this Indenture and such Notes shall be unaffected thereby. In addition, upon the Company's exercise under Section 8.01 hereof of the option applicable to this Section 8.03, subject to the satisfaction of the conditions set forth in Section 8.04 hereof, clauses (i) through (iii) of Section 6.01 and clauses (v) through (vii) of Section 6.01 hereof shall cease to operate and not constitute Events of Default.

Section 8.04 Conditions to Legal Defeasance or Covenant Defeasance. The following shall be the conditions to the application of either Section 8.02 or 8.03 hereof to the outstanding Notes:

In order to exercise either Legal Defeasance or Covenant Defeasance:

(a) the Company shall irrevocably deposit with the Trustee, in trust, for the benefit of the Holders of the Notes, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as shall be sufficient, in the opinion of a nationally recognized firm of independent public accountants (or, if two or more nationally recognized firms of independent public accountants decline to issue such opinion as a matter of policy, in the opinion of the Company's chief financial officer), to pay the principal of, premium, if any, and interest on the outstanding Notes on the Stated Maturity or on the applicable redemption date, as the case may be, and the Company shall specify whether the Notes are being defeased to maturity or to a particular redemption date;

(b) in the case of an election under Section 8.02 hereof, the Company shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that (i) the Company has received from, or there has been published by, the Internal Revenue Service a ruling or (ii) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such Opinion of Counsel shall confirm that, the Holders of the outstanding Notes shall not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and shall be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred;

(c) in the case of an election under Section 8.03 hereof, the Company shall have delivered to the Trustee an Opinion of Counsel reasonably acceptable to the Trustee confirming that the Holders of the outstanding Notes shall not recognize income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and shall be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred;

(d) no Default or Event of Default shall have occurred and be continuing either (i) on the date of such deposit, or (ii) insofar as an Event of Default set forth in Section 6.01(viii) and (ix) shall have occurred and be continuing, at any time in the period ending on the 123rd day after the date of deposit;

(e) such Legal Defeasance or Covenant Defeasance shall not result in a breach or violation of, or constitute a default under any material agreement or instrument (other than this Indenture) to which the Company or any of its Subsidiaries is a party or by which the Company or any of its Subsidiaries is bound;

(f) the Company shall have delivered to the Trustee an Opinion of Counsel to the effect that, (i) assuming no intervening bankruptcy of the Company or any Guarantor between the date of deposit and the 123rd day following the deposit and assuming that no Holder is an "insider" of the Company under applicable bankruptcy law, after the 123rd day following the deposit, the trust funds shall not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law and (ii) the creation of the defeasance trust does not violate the Investment Company Act of 1940;

(g) the Company shall have delivered to the Trustee an Officers' Certificate stating that the deposit was not made by the Company with the intent of preferring the Holders of Notes over any other creditors of the Company with the intent of defeating, hindering, delaying or defrauding any other creditors of the Company or others;

(h) if the Notes are to be redeemed prior to their Stated Maturity, the Company shall have delivered to the Trustee irrevocable instructions to redeem all of the Notes on the specified redemption date; and

(i) the Company shall have delivered to the Trustee an Officers' Certificate and an Opinion of Counsel, each stating that all conditions precedent, including, without limitation, the conditions set forth in this Section 8.04, provided for or relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Section 8.05 Satisfaction and Discharge of Indenture. This Indenture shall be discharged and shall cease to be of further effect as to all Notes issued hereunder when:

(i) either:

(A) all Notes that have been authenticated (except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust and thereafter repaid to the Company) have been delivered to the Trustee for cancellation; or

(B) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the making of a notice of redemption or otherwise or will become due and payable within one year and the Company or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the Holders, cash in U.S. dollars, non-callable Government Securities, or a combination thereof, in such amounts as will be sufficient without consideration of any reinvestment of interest, to pay and discharge the entire indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium, if any, and accrued interest to the date of maturity or redemption;

(ii) no Default or Event of Default shall have occurred and be continuing on the date of such deposit or shall occur as a result of such deposit and such deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Company or any Guarantor is a party or by which the Company or any Guarantor is bound;

(iii) the Company or any Guarantor has paid or caused to be paid all sums payable by it under this Indenture; and

(iv) the Company has delivered irrevocable instructions to the Trustee under this Indenture to apply the deposited money toward the payment of the Notes at maturity or the redemption date, as the case may be.

In addition, the Company shall deliver an Officers' Certificate and an Opinion of Counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Section 8.06 Survival of Certain Obligations. Notwithstanding Sections 8.02, 8.03 and 8.05, any obligations of the Company and the Guarantors in Sections 2.03 through 2.16 (excluding Sections 2.08 and 2.14), 6.07, 7.07, 7.08, and 8.07 through 8.11 shall survive until the Notes have been paid in full. Thereafter, any obligations of the Company and the Guarantors in Sections 7.07, 8.07, 8.08 and 8.10 shall survive such satisfaction and discharge. Nothing contained in this Article VIII shall abrogate any of the obligations or duties of the Trustee under this Indenture.

Section 8.07 Acknowledgment of Discharge by Trustee. After the conditions of Section 8.02, 8.03 or 8.05 have been satisfied, the Trustee upon written request shall acknowledge in writing the discharge of all of the Company's obligations under this Indenture except for those surviving obligations specified in this Article VIII.

Section 8.08 Deposited Money and Cash Equivalents to Be Held in Trust; Other Miscellaneous Provisions. Subject to Section 8.09 hereof, all money and non-callable Cash Equivalents (including the proceeds thereof) deposited with the Trustee (or other qualifying trustee, collectively for purposes of this Section 8.08, the "*Trustee*") pursuant to Section 8.04 hereof in respect of

the outstanding Notes shall be held in trust and applied by the Trustee, in accordance with the provisions of such Notes and this Indenture, to the payment, either directly or through any Paying Agent (including the Company acting as Paying Agent) as the Trustee may determine, to the Holders of such Notes of all sums due and to become due thereon in respect of principal, premium, if any, and interest, but such money need not be segregated from other funds except to the extent required by law.

The Company shall pay and indemnify the Trustee against any tax, fee or other charge imposed on or assessed against the cash or non-callable Cash Equivalents deposited pursuant to Section 8.04(a) hereof or the principal and interest received in respect thereof other than any such tax, fee or other charge which by law is for the account of the Holders of the outstanding Notes.

Anything in this Article VIII to the contrary notwithstanding, the Trustee shall deliver or pay to the Company from time to time upon the request of the Company any money or non-callable Cash Equivalents held by it as provided in Section 8.04 hereof which, in the opinion of a nationally recognized firm of independent public accountants expressed in a written certification thereof delivered to the Trustee (which may be the opinion delivered under Section 8.04 hereof), are in excess of the amount thereof that would then be required to be deposited to effect an equivalent Legal Defeasance or Covenant Defeasance.

Section 8.09 Repayment to Company. Any money deposited with the Trustee or any Paying Agent, or then held by the Company, in trust for the payment of the principal of, premium, if any, and interest on any Note and remaining unclaimed for two years after such principal, and premium, if any, and interest has become due and payable shall be paid to the Company on its request or (if then held by the Company) shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured creditor, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, and all liability of the Company as trustee thereof, shall thereupon cease; *provided, however*, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in The New York Times and The Wall Street Journal (national edition), notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such notification or publication, any unclaimed balance of such money then remaining shall be repaid to the Company.

Section 8.10 Indemnity for Government Securities. The Company shall pay and shall indemnify the Trustee against any tax, fee or other charge imposed on or assessed against deposited U.S. Government Obligations or the principal and interest, if any, received on such U.S. Government Obligations.

Section 8.11 Reinstatement. If the Trustee or Paying Agent is unable to apply any United States dollars or non-callable Government Securities in accordance with Section 8.02 or 8.03 hereof, as the case may be, by reason of any order or judgment of any court or governmental authority enjoining, restraining or otherwise prohibiting such application, then the Company’s obligations

under this Indenture and the Notes shall be revived and reinstated as though no deposit had occurred pursuant to Section 8.02 or 8.03 hereof until such time as the Trustee or Paying Agent is permitted to apply all such money in accordance with Section 8.02 or 8.03 hereof, as the case may be; *provided, however*, that, if the Company makes any payment of principal of, premium, if any, or interest on any Note following the reinstatement of its obligations, the Company shall be subrogated to the rights of the Holders of such Notes to receive such payment from the money held by the Trustee or Paying Agent.

ARTICLE IX

AMENDMENT, SUPPLEMENT AND WAIVER

Section 9.01 Without Consent of Holders of Notes. Notwithstanding Section 9.02 of this Indenture, without the consent of any Holder of Notes, the Company, the Guarantors and the Trustee may amend or supplement this Indenture, or the Notes or the Note Guarantees:

(a) to cure any ambiguity, defect, error or inconsistency;

(b) to provide for uncertificated Notes in addition to or in place of Certificated Notes;

(c) to provide for the assumption of the Company's or any Guarantor's obligations to Holders of Notes in the case of a merger or consolidation or sale of all or substantially all of the assets of the Company or of such Guarantor;

(d) to make any change that would provide any additional rights or benefits to the Holders of Notes or that does not adversely affect the legal rights under this Indenture of any such Holder;

(e) to comply with requirements of the SEC in order to effect or maintain the qualification of this Indenture under the Trust Indenture Act;

(f) to comply with the requirements of Section 4.20;

(g) to evidence and provide for the acceptance of appointment by a successor Trustee; or

(h) to provide for the issuance of Additional Notes in accordance with this Indenture.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental Indenture, and upon receipt by the Trustee of the documents described in Section 7.02(b) hereof stating that such amended or supplemental Indenture complies with this Section 9.01, the Trustee shall join with the Company in the execution of any amended or supplemental Indenture authorized or permitted by the terms of this Indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into such amended or supplemental Indenture that affects its own rights, duties or immunities under this Indenture or otherwise.

Section 9.02 With Consent of Holders of Notes. Except as provided below in this Section 9.02, this Indenture (including Sections 3.09, 4.10 and 4.14 hereof), the Notes or the Note Guarantees may be amended or supplemented with the consent of the Holders of at least a majority in principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and, subject to Sections 6.04 and 6.07 hereof, any existing Default or Event of Default or compliance with any provision of this Indenture or the Notes may be waived with the consent of the Holders of a majority in principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a tender offer or exchange offer for, Notes). Without the consent of the Holders of at least 75% in principal amount of the Notes then outstanding voting as a single class (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, the Notes), an amendment or waiver may not amend or modify any of the provisions of this Indenture or the related definitions affecting the subordination or ranking of the Notes or any Note Guarantee in any manner adverse to the Holders of the Notes or any Note Guarantee. Section 2.08 hereof shall determine which Notes are considered to be "outstanding" for purposes of this Section 9.02.

Upon the request of the Company accompanied by a resolution of its Board of Directors authorizing the execution of any such amended or supplemental Indenture, and upon the filing with the Trustee of evidence satisfactory to the Trustee of the consent of the Holders of Notes as aforesaid, and upon receipt by the Trustee of the documents described in Section 7.02(b) hereof stating that any such amended or supplemental Indenture complies with this Section 9.02, the Trustee shall join with the Company in the execution of such amended or supplemental Indenture unless such amended or supplemental Indenture directly affects the Trustee's own rights, duties or immunities under this Indenture or otherwise, in which case the Trustee may in its discretion, but shall not be obligated to, enter into such amended or supplemental Indenture.

It shall not be necessary for the consent of the Holders of Notes under this Section 9.02 to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof.

After an amendment, supplement or waiver under this Section 9.02 becomes effective, the Company shall mail to the Holders of Notes affected thereby a notice briefly describing the amendment, supplement or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such amended or supplemental Indenture or waiver.

Subject to Sections 6.04 and 6.07 hereof, the Holders of a majority in aggregate principal amount of the Notes then outstanding voting as a single class may waive compliance in a particular instance by the Company with any provision of this Indenture or the Notes. However, without the consent of each Holder affected, an amendment or waiver under this Section 9.02 may not (with respect to any Notes held by a non-consenting Holder):

(a) reduce the principal amount of Notes whose Holders must consent to an amendment, supplement or waiver;

(b) reduce the principal of or change the fixed maturity of any Note or alter the provisions, or waive any payment, with respect to the redemption of the Notes;

(c) reduce the rate of or change the time for payment of interest on any Note;

(d) waive a Default or Event of Default in the payment of principal of or premium, if any, or interest on the Notes (except a rescission of acceleration of the Notes by the Holders of at least a majority in aggregate principal amount of the Notes and a waiver of the payment default that resulted from such acceleration);

(e) make any Note payable in money other than U.S. dollars;

(f) make any change in the provisions of this Indenture relating to waivers of past Defaults or the rights of Holders of Notes to receive payments of principal of, or interest or premium, if any, on the Notes;

(g) release any Guarantor from any of its obligations under its Note Guarantee of these Notes or this Indenture, except in accordance with the terms of this Indenture;

(h) impair the right to institute suit for the enforcement of any payment on or with respect to the Notes or the Note Guarantees;

(i) amend, change or modify the obligation of the Company to make and consummate an Asset Sale Offer with respect to any Asset Sale in accordance with Section 4.10 after the obligation to make such an Asset Sale Offer has arisen, or the obligation of the Company to make and consummate a Change of Control Offer in the event of a Change of Control in accordance with Section 4.14 after such Change of Control has occurred, including, in each case, amending, changing or modifying any definition relating thereto;

(j) except as otherwise permitted under Section 5.01 and Article XI, consent to the assignment or transfer by the Company or any Guarantor of any of their rights or obligations under this Indenture; or

(k) make any change in Section 6.04 or 6.07 hereof or in the foregoing amendment and waiver provisions.

Section 9.03 Compliance with Trust Indenture Act. Every amendment or supplement to this Indenture or the Notes shall be set forth in an amended or supplemental Indenture that complies with the TIA as then in effect.

Section 9.04 Revocation and Effect of Consents. Until an amendment, supplement or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by such Holder of a Note and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder of a Note or subsequent Holder of a Note may revoke the consent as to its Note if the Trustee receives written notice of revocation before the date the waiver, supplement or amendment becomes effective. An amendment, supplement or waiver becomes effective in accordance with its terms and thereafter binds every Holder.

Section 9.05 Notation on or Exchange of Notes. The Trustee may place an appropriate notation about an amendment, supplement or waiver on any Note thereafter authenticated. The Company in exchange for all Notes may issue and the Trustee shall, upon receipt of an Authentication Order, authenticate new Notes that reflect the amendment, supplement or waiver.

Failure to make the appropriate notation or issue a new Note shall not affect the validity and effect of such amendment, supplement or waiver.

Section 9.06 Trustee to Sign Amendments, Etc. The Trustee shall sign any amended or supplemental indenture or Note authorized pursuant to this Article IX if the amendment or supplement does not adversely affect the rights, duties, liabilities or immunities of the Trustee. The Company may not sign an amendment or supplemental indenture or Note until the Board of Directors approves it. In executing any amended or supplemental indenture or Note, the Trustee shall be entitled to receive and (subject to Section 7.01 hereof) shall be fully protected in relying upon, in addition to the documents required by Section 12.04 hereof, an Officer's Certificate and an Opinion of Counsel stating that the execution of such amended or supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not be obligated to, execute any such amendment, supplement or waiver which affects the Trustee's rights, duties or immunities under this Indenture or otherwise. In signing any amendment, supplement or waiver, the Trustee shall be entitled to receive an indemnity reasonably satisfactory to it.

ARTICLE X

SUBORDINATION

Section 10.01 Agreement to Subordinate. The Company agrees, and each Holder by accepting a Note agrees, that the payment of principal, interest and premium, if any, on the Notes and all other Obligations under the Indenture and the Notes are subordinated in right of payment, to the extent and in the manner provided in this Article X, to the prior payment in full in cash or Cash Equivalents of all Senior Debt (whether outstanding on the Issue Date or thereafter created, incurred, assumed or guaranteed), and that the subordination is for the benefit of the holders of Senior Debt.

Section 10.02 Liquidation; Dissolution; Bankruptcy. The holders of Senior Debt of the Company shall be entitled to receive payment in full in cash or Cash Equivalents of all Obligations due in respect of Senior Debt of the Company (including interest after the commencement of any bankruptcy proceeding at the rate specified in the applicable Senior Debt of the Company whether or not an allowed claim) before the Holders of Notes shall be entitled to receive any payment with respect to the Notes (except that Holders of Notes may receive and retain Permitted Junior Securities and payments made from the trust pursuant to Article VIII hereof), in the event of any distribution to creditors of the Company in connection with (a) any liquidation or dissolution of the Company; (b) any bankruptcy, reorganization, insolvency, receivership or similar proceeding relating to the Company or its property; (c) any assignment by the Company for the benefit of its creditors; or (d) any marshaling of the Company's assets and liabilities.

Section 10.03 Default on Designated Senior Debt. The Company shall not make any payment in respect of the Notes (except in Permitted Junior Securities or from the trust pursuant to Article VIII hereof) if:

(a) a payment default on Designated Senior Debt of the Company occurs and is continuing; or

(b) any other default (a "*nonpayment default*") occurs and is continuing on any series of Designated Senior Debt of the Company that permits holders of that series of Designated Senior Debt of the Company to accelerate its maturity and the Trustee receives a notice of such default (a "*Payment Blockage Notice*") from the Company or (i) with respect to Designated Senior Debt incurred pursuant to the Credit Agreement or the Exit Facility, the agent for the lenders thereunder and (ii) with respect to any other Designated Senior Debt, the holders of such Designated Senior Debt.

(c) Payments on the Notes may and shall be resumed:

(i) in the case of a payment default on Designated Senior Debt of the Company, upon the date on which such default is cured or waived; and

(ii) in case of a nonpayment default on Designated Senior Debt of the Company, the earlier of the date on which such default is cured or waived or 179 days after the date on which the applicable Payment Blockage Notice is received, unless the maturity of such Designated Senior Debt of the Company has been accelerated.

(d) No new Payment Blockage Notice may be delivered unless and until:

(i) 360 days have elapsed since the delivery of the immediately prior Payment Blockage Notice; and

(ii) all scheduled payments of principal, interest and premium, if any, on the Notes that have come due have been paid in full in cash.

(e) No nonpayment default that existed or was continuing on the date of delivery of any Payment Blockage Notice to the Trustee shall be, or be made, the basis for a subsequent Payment Blockage Notice.

Section 10.04 Acceleration of Securities. If payment of the Notes is accelerated because of an Event of Default, the Company and the Trustee shall promptly notify holders of Designated Senior Debt of the acceleration.

Section 10.05 When Distribution Must Be Paid Over. In the event that the Trustee or any Holder receives any payment of any Obligations with respect to the Notes (except in Permitted Junior Securities or from the trust pursuant to Article VIII hereof) at a time when the payment is prohibited by this Article and the Trustee or such Holder, as applicable, has actual knowledge that such payment is prohibited by Article X hereof, such payment shall be held by the Trustee or such Holder, as applicable, in trust for the benefit of the holders of the Senior Debt of the Company, upon written request of the holders of the Senior Debt of the Company shall be paid forthwith over and delivered, to the holders of Senior Debt as their interests may appear or their proper Representative, for application to the payment of all Obligations with respect to Senior Debt remaining unpaid to the extent necessary to pay such Obligations in full in accordance with their terms, after giving effect to any concurrent payment or distribution to or for the holders of Senior Debt.

With respect to the holders of Senior Debt, the Trustee undertakes to perform only such obligations on the part of the Trustee as are specifically set forth in this Article X, and no implied covenants or obligations with respect to the holders of Senior Debt shall be read into this Indenture against the Trustee. The Trustee shall not be deemed to owe any fiduciary duty to the holders of Senior Debt, and shall not be liable to any such holders if the Trustee shall pay over or distribute to or on behalf of Holders or the Company or any other Person money or assets to which any holders of Senior Debt shall be entitled by virtue of this Article X, except if such payment is made as a result of the willful misconduct or gross negligence of the Trustee.

Section 10.06 Notice by the Company. The Company shall promptly notify the Trustee and the Paying Agent in writing of any facts known to the Company that would cause a payment of any Obligations with respect to the Notes to violate this Article X, but failure to give such notice shall not affect the subordination of the Notes to the Senior Debt as provided in this Article X.

Section 10.07 Subrogation. After all Senior Debt is paid in full and until the Notes are paid in full, Holders of Notes shall be subrogated (equally and ratably with all other Indebtedness *pari passu* with the Notes) to the rights of holders of Senior Debt to receive distributions applicable to Senior Debt to the extent that distributions otherwise payable to the Holders of Notes have been applied to the payment of Senior Debt. A distribution made under this Article X to holders of Senior Debt that otherwise would have been made to Holders of Notes is not, as between the Company and Holders, a payment by the Company on the Notes.

Section 10.08 Relative Rights. This Article X defines the relative rights of Holders of Notes and holders of Senior Debt. Nothing in this Indenture shall:

(a) impair, as between the Company and Holders of Notes, the obligation of the Company, which is absolute and unconditional, to pay principal of and interest on the Notes in accordance with their terms;

(b) affect the relative rights of Holders of Notes and creditors of the Company other than their rights in relation to holders of Senior Debt; or

(c) prevent the Trustee or any Holder of Notes from exercising its available remedies upon a Default or Event of Default, subject to the rights of holders and owners of Senior Debt to receive distributions and payments otherwise payable to Holders of Notes.

If the Company fails because of this Article X to pay principal of or interest on a Note on the due date, the failure is still a Default or Event of Default.

Section 10.09 Subordination May Not Be Impaired by the Company. No right of any holder of Senior Debt to enforce the subordination set forth in Section 10.01 shall be impaired by any act or failure to act by the Company or any Holder or by the failure of the Company or any Holder to comply with this Indenture.

Section 10.10 Distribution or Notice to Representative. Whenever a distribution is to be made or a notice given to holders of Senior Debt, the distribution may be made and the notice given to their Representative.

Upon any payment or distribution of assets of the Company referred to in this Article X, the Trustee and the Holders of Notes shall be entitled to rely upon any order or decree made by any court of competent jurisdiction or upon any certificate of such

Representative or of the liquidating trustee or agent or other Person making any distribution to the Trustee or to the Holders of Notes for the purpose of ascertaining the Persons entitled to participate in such distribution, the holders of the Senior Debt and other Indebtedness of the Company, the amount thereof or payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Article X.

Section 10.11 Rights of Trustee and Paying Agent. Notwithstanding this Article X or any other provision of this Indenture, the Trustee shall not be charged with knowledge of the existence of any facts that would prohibit the making of any payment or distribution by the Trustee, and the Trustee and the Paying Agent may continue to make payments on the Notes, unless the Trustee shall have received at its Corporate Trust Office at least five Business Days prior to the date of such payment written notice of facts that would cause the payment of any Obligations with respect to the Notes to violate this Article X. Only the Company or a Representative may give the notice. Nothing in this Article X shall impair the claims of, or payments to, the Trustee under or pursuant to Section 7.07 hereof.

The Trustee in its individual or any other capacity may hold Senior Debt with the same rights it would have if it were not Trustee. Any Agent may do the same with like rights.

Section 10.12 Authorization to Effect Subordination. Each Holder of Notes, by the Holder's acceptance thereof, authorizes and directs the Trustee on such Holder's behalf to take such action as may be necessary or appropriate to effectuate the subordination as provided in this Article X, and appoints the Trustee to act as such Holder's attorney-in-fact for any and all such purposes. If the Trustee does not file a proper proof of claim or proof of debt in the form required in any proceeding referred to in Section 6.09 hereof at least 30 days before the expiration of the time to file such claim, the lenders under the Credit Agreement are hereby authorized to file an appropriate claim for and on behalf of the Holders of the Notes.

ARTICLE XI

NOTE GUARANTEES

Section 11.01 Guarantee. Subject to this Article XI each of the Guarantors hereby, jointly and severally, unconditionally guarantees to each Holder of a Note authenticated and delivered by the Trustee and to the Trustee and its successors and assigns, irrespective of the validity and enforceability of this Indenture, the Notes or the obligations of the Company hereunder or thereunder, that:

(a) (i) the principal of and interest and premium, if any, on the Notes will be promptly paid in full when due, whether at maturity, by acceleration, redemption or otherwise, and interest on the overdue principal of and interest on the Notes, if any, if lawful (subject in all cases to any applicable grace period provided herein), and all other obligations of the Company to the Holders or the Trustee hereunder or thereunder will be promptly paid in full or performed, all in accordance with the terms hereof and thereof; and (ii) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that same will

be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. Failing payment when due of any amount so guaranteed or any performance so guaranteed for whatever reason, the Guarantors shall be jointly and severally obligated to pay the same immediately. Each Guarantor agrees that this is a guarantee of payment and not a guarantee of collection.

(b) The Guarantors hereby agree that their obligations hereunder shall be unconditional, irrespective of the validity, regularity or enforceability of the Notes or this Indenture, the absence of any action to enforce the same, any waiver or consent by any Holder of the Notes with respect to this Indenture, the recovery of any judgment against the Company, any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a Guarantor. Subject to Section 6.06 hereof and to the extent permitted by applicable law, each Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Company, any right to require a proceeding first against the Company, protest, notice and all demands whatsoever and covenants that this Note Guarantee shall not be discharged except by complete performance of the obligations contained in the Notes and this Indenture.

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

(d) Each Guarantor agrees that it shall not be entitled to any right of subrogation in relation to the Holders in respect of any obligations guaranteed hereby until payment in full of all obligations guaranteed hereby. Each Guarantor further agrees that, as between the Guarantors, on the one hand, and the Holders and the Trustee, on the other hand, (x) the maturity of the obligations guaranteed hereby may be accelerated as provided in Article VI hereof for the purposes of this Note Guarantee, notwithstanding any stay, injunction or other prohibition preventing such acceleration in respect of the obligations guaranteed hereby, and (y) in the event of any declaration of acceleration of such obligations as provided in Article VI hereof, such obligations (whether or not due and payable) shall forthwith become due and payable by the Guarantors for the purpose of this Note Guarantee. The Guarantors shall have the right to seek contribution from any non-paying Guarantor so long as the exercise of such right does not impair the rights of the Holders under the Note Guarantee.

Section 11.02 Subordination of Note Guarantee. The Obligations of each Guarantor under its Note Guarantee pursuant to this Article XI shall be subordinated to any Senior Debt of such Guarantor on the same basis as the Notes are subordinated to Senior Debt of the Company. For the purposes of the foregoing sentence, the Trustee and the Holders shall have the right to receive and/or retain payments by any of the Guarantors only at such times as they may receive and/or retain payments in respect of the Notes pursuant to this Indenture, including Article X hereof.

Section 11.03 Limitation on Guarantor Liability. Each Guarantor, and by its acceptance of Notes, each Holder, hereby confirms that it is the intention of all such parties that the Note Guarantee of such Guarantor not constitute a fraudulent transfer or conveyance for purposes of Bankruptcy Law, the Uniform Fraudulent Conveyance Act, the Uniform Fraudulent Transfer Act or any similar federal or state law to the extent applicable to any Note Guarantee. To effectuate the foregoing intention, the Trustee, the Holders and the Guarantors hereby irrevocably agree that the obligations of such Guarantor shall, after giving effect to such maximum amount and all other contingent and fixed liabilities of such Guarantor that are relevant under such laws, and after giving effect to any collections from, rights to receive contribution from or payments made by or on behalf of any other Guarantor in respect of the obligations of such other Guarantor under this Article XI, result in the obligations of such Guarantor under its Note Guarantee not constituting a fraudulent transfer or conveyance.

Section 11.04 Execution and Delivery of Note Guarantee. To evidence its Note Guarantee set forth in Section 11.01, each Guarantor hereby agrees that a notation of such Note Guarantee substantially in the form included in Exhibit C attached hereto shall be endorsed by an Officer of such Guarantor on each Note authenticated and delivered by the Trustee and that this Indenture shall be executed on behalf of such Guarantor by its President or one of its Vice Presidents.

Each Guarantor hereby agrees that its Note Guarantee set forth in Section 11.01 shall remain in full force and effect notwithstanding any failure to endorse on each Note a notation of such Note Guarantee.

If an Officer whose signature is on this Indenture or on the Notation of Guarantee no longer holds that office at the time the Trustee authenticates the Note on which a Notation of Guarantee is endorsed, the Note Guarantee shall be valid nevertheless.

The delivery of any Note by the Trustee, after the authentication thereof hereunder, shall constitute due delivery of the Note Guarantee set forth in this Indenture on behalf of the Guarantors.

Section 11.05 Releases Following Sale of Assets. Any Guarantor shall be released and relieved of any obligations under its Note Guarantee, (a) in connection with any sale of all of the Capital Stock of that Guarantor (including by way of merger or consolidation) to a Person that is not (either before or after giving effect to such transaction) an Affiliate of the Company, if the sale of all of such Capital Stock of that Guarantor complies with Section 4.10 hereof, including the application of the Net Proceeds therefrom; (b) if the Company designated such Subsidiary Guarantor as an Unrestricted Subsidiary in accordance with this Indenture; or (c) solely in the case of a Note Guarantee created pursuant to Section 4.20(b), upon the release or discharge of the Guarantee which resulted in the creation of such Note Guarantee pursuant to Section 4.20, except a discharge or release by or as a result of payment under such Guarantee.

Any Guarantor not released from its obligations under its Note Guarantee shall remain liable for the full amount of principal of and interest on the Notes and for the other obligations of any Guarantor under this Indenture as provided in this Article XI.

Section 11.06 Additional Guarantors. The Company covenants and agrees that it shall cause any Person which becomes obligated to become a Guarantor, pursuant to the terms of Section 4.20, to execute a supplemental indenture substantially in the form of Exhibit D hereto and any other documentation requested by the Trustee satisfactory in form to the Trustee in accordance with Section 4.20 pursuant to which such Restricted Subsidiary shall guarantee the obligations of the Company under the Notes and this Indenture in accordance with this Article XI with the same effect and to the same extent as if such Person had been named herein as a Guarantor.

Section 11.07 Notation Not Required. Neither the Company nor the Guarantors shall be required to make a notation on the Notes to reflect any Note Guarantee or any release, termination or discharge thereof.

Section 11.08 Successors and Assigns. This Article XI shall be binding upon the Guarantors and each of their successors and assigns and shall inure to the benefit of the successors and assigns of the Trustee and the Holders and, in the event of any transfer or assignment of rights by any Holder or the Trustee, the rights and privileges conferred upon that party in this Indenture and in the Notes shall automatically extend to and be vested in such transferee or assigns, all subject to the terms and conditions of this Indenture.

Except as set forth in Article IV and V hereof, and notwithstanding the provisions of this Section, nothing contained in this Indenture shall prevent any consolidation or merger of a Guarantor with or into the Company or another Guarantor, or will prevent the sale or conveyance of the property of a Guarantor as an entirety or substantially as an entirety to the Company or another Guarantor.

Section 11.09 No Waiver. Neither a failure nor a delay on the part of either the Trustee or the Holders in exercising any right, power or privilege under this Article XI shall operate as a waiver thereof, nor shall a single or partial exercise thereof preclude any other or further exercise of any right, power or privilege. The rights, remedies and benefits of the Trustee and the Holders herein expressly specified are cumulative and are not exclusive of any other rights, remedies or benefits which either may have under this Article XI at law, in equity, by statute or otherwise.

Section 11.10 Modification. No modification, amendment or waiver of any provision of this Article XI, nor the consent to any departure by the Guarantor therefrom, shall in any event be effective unless the same shall be in writing and signed by the Trustee, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Guarantor in any case shall entitle the Guarantor to any other or further notice or demand in the same, similar or other circumstance.

ARTICLE XII

MISCELLANEOUS

Section 12.01 Trust Indenture Act Controls. This Indenture is subject to the provisions of the TIA that are required to be a part of this Indenture, and shall, to the extent applicable, be governed by such provisions. If any provision of this Indenture modifies any TIA provision that may be so modified, such TIA provision shall be deemed to apply to this Indenture as so modified. If any provision of this Indenture excludes any TIA provision that may be so excluded, such TIA provision shall be excluded from this Indenture.

The provisions of TIA §§ 310 through 317 that impose duties on any Person (including the provisions automatically deemed included unless expressly excluded by this Indenture) are a part of and govern this Indenture, whether or not physically contained herein.

Section 12.02 Notices. Any notice or communication by the Company, any Guarantor or the Trustee to the others is duly given if in writing and delivered in Person or mailed by first class mail (registered or certified, return receipt requested), telex, telecopier or overnight air courier guaranteeing next day delivery, to the others' address.

If to the Company and/or any Guarantor:

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

If to the Trustee:

[*insert trustee contact information*]

The Company, any Guarantor or the Trustee, by notice to the others may designate additional or different addresses for subsequent notices or communications.

All notices and communications (other than those sent to Holders) shall be deemed to have been duly given: (i) at the time delivered by hand, if personally delivered; (ii) five Business Days after being deposited in the mail, postage prepaid, if mailed; (iii) when answered back, if telexed; (iv) when receipt acknowledged, if telecopied; and (v) the next Business Day after timely delivery to the courier, if sent by overnight air courier guaranteeing next day delivery.

Any notice or communication to a Holder shall be mailed by first class mail, certified or registered, return receipt requested, or by overnight air courier guaranteeing next day delivery to its address shown on the register kept by the Registrar. Any

notice or communication shall also be so mailed to any Person described in TIA § 313(c), to the extent required by the TIA. Failure to mail a notice or communication to a Holder or any defect in it shall not affect its sufficiency with respect to other Holders.

If a notice or communication is mailed in the manner provided above within the time prescribed, it is duly given, whether or not the addressee receives it.

If the Company mails a notice or communication to Holders, it shall mail a copy to the Trustee and each Agent at the same time.

Section 12.03 Communication by Holders of Notes with Other Holders of Notes. Holders may communicate pursuant to TIA § 312(b) with other Holders with respect to their rights under this Indenture or the Notes. The Company, the Trustee, the Registrar and anyone else shall have the protection of TIA § 312(c).

Section 12.04 Certificate and Opinion as to Conditions Precedent. Upon any request or application by the Company to the Trustee to take any action under this Indenture (other than under Section 2.02 hereof unless required by the TIA), the Company shall furnish to the Trustee:

(a) an Officers' Certificate in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of the signers, all conditions precedent and covenants, if any, provided for in this Indenture relating to the proposed action have been satisfied;

(b) an Opinion of Counsel in form and substance reasonably satisfactory to the Trustee (which shall include the statements set forth in Section 12.05 hereof) stating that, in the opinion of such counsel, all such conditions precedent and covenants have been satisfied; and

(c) where applicable, a certificate or opinion by an independent certified public accountant satisfactory to the Trustee that complies with TIA § 314(c)(3).

Section 12.05 Statements Required in Certificate or Opinion. Each certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture (other than a certificate provided pursuant to TIA § 314(a)(4)) shall comply with the provisions of TIA § 314(e) and shall include:

(a) a statement that the Person making such certificate or opinion has read such covenant or condition;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of such Person, he or she has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been satisfied; and

(d) a statement as to whether or not, in the opinion of such Person, such condition or covenant has been satisfied.

Section 12.06 Rules by Trustee and Agents. The Trustee may make reasonable rules for action by or at a meeting of Holders. The Registrar or Paying Agent may make reasonable rules and set reasonable requirements for its functions.

Section 12.07 No Personal Liability of Directors, Officers, Employees and Stockholders. No director, officer, employee, agent, manager, member, incorporator, stockholder or other equityholder of the Company or any Guarantor, as such, shall have any liability for any obligations of the Company or the Guarantors under the Notes, the Note Guarantees, this Indenture or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each Holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes.

Section 12.08 Governing Law. THE INTERNAL LAW OF THE STATE OF NEW YORK SHALL GOVERN AND BE USED TO CONSTRUE THIS INDENTURE, THE NOTES AND THE NOTE GUARANTEES.

Section 12.09 No Adverse Interpretation of Other Agreements. This Indenture may not be used to interpret any other indenture, loan or debt agreement of the Company or its Subsidiaries or of any other Person. Any such indenture, loan or debt agreement may not be used to interpret this Indenture.

Section 12.10 Successors. All agreements of the Company in this Indenture and the Notes shall bind its successors. All agreements of the Trustee in this Indenture shall bind its successors. All agreements of each Guarantor in this Indenture shall bind its successors.

Section 12.11 Severability. In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 12.12 Counterpart Originals. The parties may sign any number of copies of this Indenture. Each signed copy shall be an original, but all of them together represent the same agreement.

Section 12.13 Table of Contents, Headings, Etc. The Table of Contents, Cross-Reference Table and Headings of the Articles and Sections of this Indenture have been inserted for convenience of reference only, are not to be considered a part of this Indenture and shall in no way modify or restrict any of the terms or provisions hereof.

[Remainder of Page Left Blank; Signature Pages Follow]

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

SPECTRUM BRANDS, INC.

By: _____
Name:
Title:

TETRA HOLDING (US), INC.

By: _____
Name:
Title:

ROV HOLDING, INC.

By: _____
Name:
Title:

ROVCAL, INC.

By: _____
Name:
Title:

UNITED INDUSTRIES CORPORATION

By: _____
Name:
Title:

SCHULTZ COMPANY

By: _____
Name:
Title:

SPECTRUM NEPTUNE US HOLDCO CORPORATION

By: _____
Name:
Title:

UNITED PET GROUP, INC.

By: _____
Name:
Title:

DB ONLINE, LLC

By: United Pet Group, Inc., Its Sole Member

By: _____
Name:
Title:

SOUTHERN CALIFORNIA FOAM, INC.

By: _____
Name:
Title:

AQUARIA, INC.

By: _____
Name:
Title:

AQUARIUM SYSTEMS, INC.

By: _____
Name:
Title:

PERFECTO MANUFACTURING, INC.

By: _____
Name:
Title:

SPECTRUM JUNGLE LABS CORPORATION

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION, as trustee

By: _____
Name:
Title:

EXHIBIT A

[Face of Note]

[THIS GLOBAL NOTE IS HELD BY THE DEPOSITARY (AS DEFINED IN THE INDENTURE GOVERNING THIS NOTE) OR ITS NOMINEE IN CUSTODY FOR THE BENEFIT OF THE BENEFICIAL OWNERS HEREOF, AND IS NOT TRANSFERABLE TO ANY PERSON UNDER ANY CIRCUMSTANCES EXCEPT THAT (I) THE TRUSTEE MAY MAKE SUCH NOTATIONS HEREON AS MAY BE REQUIRED PURSUANT TO SECTION 2.06 OF THE INDENTURE, (II) THIS GLOBAL NOTE MAY BE EXCHANGED IN WHOLE BUT NOT IN PART PURSUANT TO SECTION 2.06(a) OF THE INDENTURE, (III) THIS GLOBAL NOTE MAY BE DELIVERED TO THE TRUSTEE FOR CANCELLATION PURSUANT TO SECTION 2.12 OF THE INDENTURE AND (IV) THIS GLOBAL NOTE MAY BE TRANSFERRED TO A SUCCESSOR DEPOSITARY WITH THE PRIOR WRITTEN CONSENT OF THE COMPANY.]

No. ____ **$ **

CUSIP: [84762LAE5]

ISIN: [US84762LAE56]

SPECTRUM BRANDS, INC.

12% Senior Subordinated Toggle Notes Due 2019

Spectrum Brands, Inc. (the "*Company*"), for value received, promises to pay to CEDE & Co., or its registered assigns, the principal sum of $[*Amount of Note*], Dollars or such other amount as indicated on the Schedule of Exchanges of Interests in the Global Notes attached hereto on [ ], 2019.

Interest Payment Dates: [ ] and [ ] of each year, starting on [ ], 20[ ].

Record Dates: [ ] and [ ].

Reference is hereby made to the further provisions of this Note set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

IN WITNESS WHEREOF, the Company has caused this Note to be signed manually or by facsimile by its duly authorized officers.

SPECTRUM BRANDS, INC.

By: _____
Name:
Title:

(Trustee's Certificate of Authentication)

This is one of the 12% Senior Subordinated Toggle Notes Due 2019 referred to in the within-mentioned Indenture.

Dated:

U.S. Bank National Association
as Trustee

By: _____
Authorized Signatory

[Reverse Side of Note]

SPECTRUM BRANDS, INC.

12% Senior Subordinated Toggle Notes Due 2019

Capitalized terms used herein shall have the meanings assigned to them in the Indenture referred to below unless otherwise indicated.

1. Interest. The Company promises to pay interest on the principal amount and premium, if any, of this Note at a rate of 12% per annum from the date hereof until Maturity. The Company shall, at its option, pay interest (i) entirely in cash ("*Cash Interest*") or (ii) entirely by increasing the principal amount of the outstanding Notes ("*PIK Interest*" and together with Cash Interest, "*Forms of Interest Payment*" and each individually, a "*Form of Interest Payment*"). The Company shall pay interest semi-annually on [ ] and [ ] of each year, or if any such day is not a Business Day, on the next succeeding Business Day (each an "*Interest Payment Date*"). Interest on the Notes shall accrue from the most recent date to which interest has been paid or, if no interest has been paid, from the date of issuance; *provided* that if there is no existing Default in the payment of interest, and if this Note is authenticated between a Record Date referred to on the face hereof and the next succeeding Interest Payment Date, interest shall accrue from such next succeeding Interest Payment Date; *provided further* that the first Interest Payment Date shall be [ ], 20[ ].

The Company shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue principal and premium, if any, from time to time on demand at a rate that is 1% per annum in excess of the rate then in effect; it shall pay interest (including post-petition interest in any proceeding under any Bankruptcy Law) on overdue installments of interest (without regard to any applicable grace periods) from time to time on demand at the same rate to the extent lawful. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.

To elect the Form of Interest Payment with respect to each Interest Period, the Company will give the Trustee irrevocable Notice of Election on the second Business Day preceding the first day of the applicable Interest Period (the "*Interest Election Date*"). The Trustee will promptly deliver a corresponding notice to the Holders. In the absence of an election by the Interest Election Date for any Interest Period, interest on the Notes for such Interest Period shall be payable entirely in PIK Interest.

2. Method of Payment. The Company shall pay interest on the Notes (except defaulted interest) to the Persons who are registered Holders of Notes at the close of business on the Record Date immediately preceding the Interest Payment Date, even if such Notes are canceled after such Record Date and on or before such Interest Payment Date, except as provided in Section 2.13 of the Indenture with respect to defaulted interest. The Notes shall be payable as to principal, premium, if any, and Cash Interest at the office or agency of the Company, or, at the option of the Company, payment of Cash Interest may be made by check mailed to the Holders at their addresses set forth in the register of Holders, and *provided* that payment by wire transfer of immediately available

funds shall be required with respect to principal of, and Cash Interest and premium on, all Global Notes and all other Notes the Holders of which shall have provided wire transfer instructions to the Company or the Paying Agent in accordance with such instructions. Such payment shall be in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts.

PIK Interest shall be payable by increasing the principal amount of the outstanding Notes by an amount equal to the amount of PIK Interest for the applicable Interest Period (a "*PIK Payment*"). Following an increase in the principal amount of the outstanding Notes as a result of a PIK Payment, the Notes will accrue interest on such increased principal amount from and after the related Interest Payment Date of such PIK Payment. The Company will not issue Notes in principal amount of less than $1.00. In the event that PIK Interest due to any Holder on an Interest Payment Date is not a round dollar amount, any fractional PIK Interest, if $0.50 or more, will be rounded up to the nearest dollar or, if $0.49 or less, will be rounded down to the nearest dollar. In connection with the payment of PIK Interest, the Company is entitled, without the consent of the Holders, to increase the outstanding principal amount of the Global Notes representing the Notes. References herein and in the Indenture to the "principal amount" of the Notes include any increase in the principal amount of the outstanding Notes as a result of a PIK Payment.

3. Paying Agent and Registrar. Initially, U.S. Bank National Association, the Trustee under the Indenture, shall act as Paying Agent and Registrar. The Company may change any Paying Agent or Registrar without prior notice to any Holder. The Company or any of its Subsidiaries may act in any such capacity.

4. Indenture. The Company issued the Notes under an Indenture dated as of [ ], 2009 (as such may be amended or supplemented from time to time, the "*Indenture*") among the Company, the Guarantors and the Trustee. The terms of the Notes include those stated in the Indenture and those made part of the Indenture by reference to the Trust Indenture Act of 1939, as amended. The Notes are subject to all such terms, and Holders are referred to the Indenture and such Act for a statement of such terms. To the extent any provision of this Note conflicts with the express provisions of the Indenture, the provisions of the Indenture shall govern and be controlling.

5. Guarantees. Subject to Article XI and Section 4.20 of the Indenture, the Notes will be guaranteed, jointly and severally, by certain Subsidiaries of the Company.

6. Optional Redemption.

(a) The Notes shall not be redeemable at the Company's option prior to [*insert date that is three years after the Issue Date*].

(b) At any time on or after [*insert date that is three years after the Issue Date*], the Company may redeem all or a part of the Notes, from time to time, upon not less than 30 nor more than 60 days notice, at the redemption prices (expressed as percentages of principal amount) set forth below plus accrued and unpaid interest, if any, to the applicable redemption date, if redeemed during the twelve-month period beginning on [*insert day and month of the date that is three years after the Issue Date*] of the years indicated below:

Year	Percentage
[*Three years after the Issue Date*]	106%
[*Four years after the Issue Date*]	103%
[*Five years after the Issue Date*] and thereafter	100%

7. Repurchase at Option of Holder. If a Change of Control occurs, each Holder of Notes shall have the right to require the Company to repurchase all or any part (equal to $1.00 or an integral multiple thereof) of such Holder's Notes pursuant to the offer described below (the "*Change of Control Offer*") at an offer price in cash equal to 101% of the aggregate principal amount of Notes repurchased plus accrued and unpaid interest, if any, thereon to the date of purchase (the "*Change of Control Payment*"). Within 30 days following any Change of Control, the Company shall mail a notice to each Holder describing the transaction or transactions that constitute the Change of Control and which shall be no earlier than 30 days and no later than 60 days from the date such notice is mailed (the "*Change of Control Payment Date*"), pursuant to the procedures required by the Indenture and described in such notice.

8. Prepayment. Notwithstanding anything to the contrary contained in the Indenture or the Notes, if, at the end of any accrual period (as defined in Section 1272(a)(5) of the Code) ending after the fifth anniversary of the issuance of the Notes (x) the aggregate amount of accrued and unpaid original issue discount (as defined in Section 1273(a)(1) of the Code) on the Notes would, but for the redemption and payment required by this paragraph, exceed (y) an amount equal to the product of (A) the issue price (as defined in Sections 1273(b) and 1274(a) of the Code) of the Notes multiplied by (B) the yield to maturity (interpreted in accordance with Section 163(i) of the Code) of the Notes, then the Company shall redeem and pay, as applicable, at or before the end of each such accrual period, without premium or penalty, the minimum amount of principal and accrued interest on the Notes necessary to prevent any of the accrued and unpaid interest and original issue discount on the Notes from being disallowed or deferred as a deduction under Section 163(e)(5) of the Code to the Company. Any redemption pursuant to this Section 8 shall be made pursuant to Section 3.01 through 3.06 of the Indenture. If a redemption pursuant to this Section 8 would otherwise have to be made at the end of any relevant accrual period, a redemption in the amount required pursuant to this Section 8 made during such accrual period shall not constitute an optional redemption and shall not be subject to Section 3.07 of the Indenture.

9. Asset Sale Offers. Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Company may apply such Net Proceeds at its option: (i) to repay Senior Debt and, if the Senior Debt being repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto; or (ii) to purchase Replacement Assets or make a capital expenditure in or

that is used or useful in a Permitted Business. Pending the final applications of any such Net Proceeds, the Company may temporarily reduce revolving credit borrowings or otherwise invest such Net Proceeds in any manner that is not prohibited by the Indenture. Any Net Proceeds from Asset Sales that are not applied or invested as provided in the first sentence of this paragraph will constitute "Excess Proceeds." Within 10 days after the aggregate amount of Excess Proceeds exceeds $20.0 million, the Company will make an offer (an "*Asset Sale Offer*") to all Holders of Notes and all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantee containing provisions similar to those set forth in the Indenture with respect to offers to purchase with the proceeds of sales of assets to purchase the maximum principal amount of Notes and such other *pari passu* Indebtedness that may be purchased out of the Excess Proceeds at an offer price in cash equal to 100% of the principal amount thereof of the Notes and such other *pari passu* Indebtedness plus accrued and unpaid interest to the date of purchase, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Company may use such Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and such other *pari passu* Indebtedness tendered into such Asset Sale Offer exceeds the amount of Excess Proceeds, the Notes and such other *pari passu* Indebtedness shall be purchased on a pro rata basis based on the principal amount of Notes and such other *pari passu* Indebtedness tendered. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds shall be reset at zero.

10. Selection and Notice of Redemption. If less than all of the Notes are to be redeemed or purchased in an offer to purchase at any time, the Trustee shall select the Notes to be redeemed or purchased among the Holders in compliance with the requirements of the principal national securities exchange, if any, on which the Notes are listed, or, if the Notes are not so listed, on a *pro rata* basis, by lot or in accordance with any other method the Trustee shall deem fair and appropriate. At least 30 days but not more than 60 days before a redemption date, the Company shall mail or cause to be mailed, by first class mail, a notice of redemption to each Holder whose Notes are to be redeemed at its registered address. The notice shall identify the Notes to be redeemed and shall state: (i) the redemption date; (ii) the redemption price; (iii) if any Note is being redeemed in part, the portion of the principal amount of such Note to be redeemed and that, after the redemption date upon surrender of such Note, a new Note or Notes in principal amount equal to the unredeemed portion of the original Note shall be issued in the name of the Holder thereof upon cancellation of the original Note; (iv) the name and address of the Paying Agent; (v) that Notes called for redemption must be surrendered to the Paying Agent to collect the redemption price and become due on the date fixed for redemption; (vi) that, unless the Company defaults in making such redemption payment, interest on Notes called for redemption ceases to accrue on and after the redemption date; (vii) the paragraph of the Notes and/or Section of the Indenture pursuant to which the Notes called for redemption are being redeemed; and (viii) that no representation is made as to the correctness or accuracy of the CUSIP number, if any, listed in such notice or printed on the Notes.

11. Denominations, Transfer, Exchange. The Notes are in registered form without coupons in denominations of $1.00 or integral multiples thereof. The transfer of Notes may be registered and Notes may be exchanged as provided in the Indenture. The

Registrar and the Trustee may require a Holder, among other things, to furnish appropriate endorsements and transfer documents and the Company may require a Holder to pay any taxes and fees required by law or permitted by the Indenture. The Company need not exchange or register the transfer of any Note or portion of a Note selected for redemption, except for the unredeemed portion of any Note being redeemed in part. Also, the Company need not exchange or register the transfer of any Notes for a period of 15 days before a selection of Notes to be redeemed or during the period between a record date and the corresponding Interest Payment Date.

12. Persons Deemed Owners. The registered Holder of a Note will be treated as its owner for all purposes.

13. Amendment, Supplement and Waiver. The Indenture, the Note Guarantees or the Notes may be amended or supplemented as provided in the Indenture.

14. Defaults and Remedies. In the case of an Event of Default arising from certain events of bankruptcy or insolvency with respect to the Company or any of its Restricted Subsidiaries that is a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the Holders of at least 25% in principal amount of the Notes may declare all the Notes to be due and payable immediately by notice in writing to the Company specifying the Event of Default. Holders of the Notes may not enforce the Indenture or the Notes except as provided in the Indenture. Subject to certain limitations, Holders of a majority in principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from Holders of the Notes notice of any continuing Default or Event of Default (except a Default or Event of Default relating to the payment of principal, premium, if any, or interest) if it determines that withholding notice is in their interest. The Holders of a majority in aggregate principal amount of the Notes then outstanding by notice to the Trustee may on behalf of the Holders of all of the Notes waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest or premium, if any, on, or the principal of, the Notes.

In the case of any Event of Default occurring by reason of any willful action or inaction taken or not taken by or on behalf of the Company with the intention of avoiding payment of the premium that the Company would have had to pay if the Company then had elected to redeem the Notes pursuant to Section 3.07 of the Indenture concerning optional redemption, an equivalent premium shall also become and be immediately due and payable to the extent permitted by law upon the acceleration of the Notes.

15. Trustee Dealings with Company. The Trustee, in its individual or any other capacity, may make loans to, accept deposits from, and perform services for the Company or its Affiliates, and may otherwise deal with the Company or its Affiliates, as if it were not the Trustee.

16. Subordination. The Company agrees, and each Holder by accepting a Note agrees, that the payment of principal, interest and premium, if any, on the Notes and all other Obligations under the Indenture and the Notes are subordinated in right of payment, to the extent and in the manner provided in Article X of the Indenture.

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

18. Authentication. This Note shall not be valid until authenticated by the manual signature of the Trustee or an authenticating agent.

19. CUSIP Numbers. Pursuant to a recommendation promulgated by the Committee on Uniform Security Identification Procedures, the Company has caused CUSIP numbers to be printed on the Notes and the Trustee may use CUSIP numbers in notices of redemption as a convenience to Holders. No representation is made as to the accuracy of such numbers either as printed on the Notes or as contained in any, notice of redemption and reliance may be placed only on the other identification numbers placed thereon.

20. The Company shall furnish to any Holder upon written request, and without charge a copy of the Indenture. Requests may be made to:

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

ASSIGNMENT FORM

To assign this Note, fill in the form below: (I) or (we) assign and transfer this Note to

_____

(Insert Assignee's Legal Name)

_____

(Insert Assignee's Social Security Number or Taxpayer Identification Number.)

_____

_____

(Print or Type Assignee's Name, Address and Zip Code)

and irrevocably appoint _____
to transfer this Note on the books of the Company. The agent may substitute another to act for him.

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee.*

_____

* Participant is recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

OPTION OF HOLDER TO ELECT PURCHASE

If you want to elect to have this Note purchased by the Company pursuant to Section 4.10 or 4.14 of the Indenture, check the box below:

G Section 4.10 G Section 4.14

If you want to elect to have only part of the Note purchased by the Company pursuant to Section 4.10 or Section 4.14 of the Indenture, state the amount you elect to have purchased: $ _____

Date: _____

Your Signature: _____
(Sign exactly as your name appears on the face of this Note)

Signature Guarantee.*

Tax Identification No: _____

* Participant is recognized Signature Guarantee Medallion Program (or other signature guarantor acceptable to the Trustee).

SCHEDULE OF EXCHANGES OF INTERESTS IN THE GLOBAL NOTE

The following exchanges of a part of this Global Note for an interest in another Global Note or of another Global Note for an interest in this Global Note, have been made:

Date of Exchange	Amount of Decrease in Principal of this Global Note	Amount of Increase in Principal of this Global Note	Principal Amount of this Global Note Following such decrease (or increase)	Signature of Authorized Officer of Trustee or Note Custodian

EXHIBIT B

FORM OF NOTICE OF ELECTION

[*insert date*]

[*trustee notice address*]

Ladies and Gentlemen:

The undersigned, SPECTRUM BRANDS, INC., a [Wisconsin][*] corporation (the "*Company*"), refers to the Indenture, dated as of , 2009, among the Company, the Guarantors and U.S. Bank National Association, as trustee ("*Trustee*"), as amended and supplemented from time to time, relating to its 12% Senior Subordinated Toggle Notes Due 2019 (the "*Notes*"). Pursuant to the terms of the Indenture and the Notes, the Company hereby gives you, as Trustee, irrevocable notice that the Company requests the following Form of Interest Payment for the Interest Period specified below:

(i) Form of Interest Payment: [Cash Interest][PIK Interest]

(ii) Interest Period beginning on: .

Very truly yours,

SPECTRUM BRANDS, INC.

By: _____
Name:
Title:

[*] Spectrum Brands, Inc. has proposed re-incorporation as a Delaware corporation pursuant to its proposed plan of reorganization.

EXHIBIT C

FORM OF NOTATION OF GUARANTEE

For value received, each Guarantor (which term includes any successor Person under the Indenture) has, jointly and severally, unconditionally guaranteed, to the extent set forth in the Indenture and subject to the provisions in the Indenture dated as of [ ], 2009 (as such may be amended and supplemented from time to time, the "*Indenture*") among Spectrum Brands, Inc. (the "*Company*"), the Guarantors named therein and U.S. Bank National Association, as trustee (the "*Trustee*"), (a) the due and punctual payment of the principal of, premium, if any, and interest on the Notes (as defined in the Indenture), whether at maturity, by acceleration, redemption or otherwise, the due and punctual payment of interest on overdue principal and premium, and, to the extent permitted by law, interest, and the due and punctual performance of all other obligations of the Company to the Holders or the Trustee all in accordance with the terms of the Indenture and (b) in case of any extension of time of payment or renewal of any Notes or any of such other obligations, that the same shall be promptly paid in full when due or performed in accordance with the terms of the extension or renewal, whether at Stated Maturity, by acceleration or otherwise. The obligations of the Guarantors to the Holders of Notes and to the Trustee pursuant to the Note Guarantee and the Indenture are expressly set forth in Article XI of the Indenture and reference is hereby made to the Indenture for the precise terms of the Note Guarantee. The Note Guarantee of each Guarantor is subordinated to Senior Debt as provided in Section 11.02 and Article X of the Indenture. Each Holder of a Note, by accepting the same, (a) agrees to and shall be bound by such provisions, (b) authorizes and directs the Trustee, on behalf of such Holder, to take such action as may be necessary or appropriate to effectuate the subordination as provided in the Indenture and (c) appoints the Trustee attorney-in-fact of such Holder for such purpose; *provided*, *however*, that the Indebtedness evidenced by the Note Guarantee shall cease to be so subordinated and subject in right of payment upon any defeasance of this Note in accordance with the provisions of the Indenture. Capitalized terms used herein but not otherwise defined shall have the meanings assigned to them in the Indenture.

IN WITNESS HEREOF, the Guarantors have caused this Notation of Guarantee to be executed by a duly authorized officer.

[Name of Guarantor]

By: _____
Name:
Title:

EXHIBIT D

FORM OF SUPPLEMENTAL INDENTURE
TO BE DELIVERED BY SUBSEQUENT GUARANTORS

Supplemental Indenture (this "*Supplemental Indenture*"), dated as of , among (the "*Guaranteeing Subsidiary*"), Spectrum Brands, Inc., a [Wisconsin][*] Corporation (the "*Company*"), the Guarantors (as defined in the Indenture referred to herein) and U.S. Bank National Association, as Trustee (the "*Trustee*").

W I T N E S S E T H

WHEREAS, the Company and the Guarantors have heretofore executed and delivered to the Trustee an indenture (as such may be amended or supplemented from time to time, the "*Indenture*"), dated as of [ ], 2009 providing for the issuance of an unlimited aggregate principal amount of 12% Senior Subordinated Toggle Notes Due 2019 (the "*Notes*");

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

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

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

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

[*] Spectrum Brands, Inc. has proposed re-incorporation as a Delaware corporation pursuant to its proposed plan of reorganization.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Dated: _____

[Guaranteeing Subsidiary]

By: _____
Name:
Title:

[Name of Guarantor]

By: _____
Name:
Title:

SPECTRUM BRANDS, INC.

By: _____
Name:
Title:

U.S. BANK NATIONAL ASSOCIATION, AS TRUSTEE

By: _____
Name:
Title:

SCHEDULE I
GUARANTORS

Spectrum Jungle Labs Corporation
Tetra Holding (US), Inc.
ROV Holding, Inc.
ROVCAL, Inc.
United Industries Corporation
Schultz Company
Spectrum Neptune US Holdco Corporation
United Pet Group, Inc.
DB Online, LLC
Southern California Foam, Inc.
Aquaria, Inc.
Aquarium Systems, Inc.
Perfecto Manufacturing, Inc.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

In re:	)	
	)	Case No. 09-50455 (RBK)
SPECTRUM JUNGLE LABS CORPORATION, et al.,	)	*Chapter 11*
	)	
Debtors.	)	Jointly Administered
	)	

DISCLOSURE STATEMENT WITH RESPECT TO
JOINT PLAN OF REORGANIZATION OF
SPECTRUM JUNGLE LABS CORPORATION, ET AL., DEBTORS

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Email: dj.baker@skadden.com

Counsel for Debtors and Debtors in Possession

Dated: April 28, 2009

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS PROVIDED FOR PURPOSES OF SOLICITING VOTES ON THE JOINT PLAN OF REORGANIZATION OF SPECTRUM JUNGLE LABS CORPORATION, ET AL., DEBTORS (THE "PLAN"). THE INFORMATION MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF VOTES ON THE PLAN.

THE ONLY CREDITORS WHOSE VOTES ARE BEING SOLICITED ARE HOLDERS OF NOTEHOLDER CLAIMS AND, PROVISIONALLY, HOLDERS OF TERM FACILITY CLAIMS. ALL SUCH HOLDERS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED TO THE PLAN, AND THE PLAN SUPPLEMENT DOCUMENTS ONCE FILED. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF SPECTRUM BRANDS, INC., OR ANY OF THE AFFILIATED DEBTORS AND DEBTORS IN POSSESSION IN THESE CASES SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS PURSUANT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN SPECTRUM BRANDS, INC., OR ANY OF THE AFFILIATED DEBTORS AND DEBTORS IN POSSESSION IN THESE CASES.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER OF A CLAIM OR INTEREST IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE TAX CODE; (B) SUCH DISCUSSION IS INCLUDED HEREBY BY THE DEBTORS IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

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DISCLOSURE STATEMENT WITH RESPECT TO
JOINT PLAN OF REORGANIZATION OF
SPECTRUM JUNGLE LABS CORPORATION ET AL., DEBTORS

I. INTRODUCTION

On February 3, 2009 (the "Petition Date"), the debtors and debtors in possession listed below (the "Debtors") commenced cases under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") by filing petitions for relief under the Bankruptcy Code in the United States Bankruptcy Court for the Western District of Texas (the "Bankruptcy Court"). Their cases are being jointly administered in the above-referenced case (the "Chapter 11 Case"). The Debtors include the following related companies:

Spectrum Jungle Labs Corporation
Spectrum Brands, Inc.
ROVCAL, Inc.
ROV Holding, Inc.
Tetra Holding (US), Inc.
United Industries Corporation
Schultz Company
Spectrum Neptune US Holdco Corporation
United Pet Group, Inc.
DB Online, LLC
Aquaria, Inc.
Perfecto Manufacturing, Inc.
Aquarium Systems, Inc.
Southern California Foam, Inc.

On the Petition Date, the Debtors filed the Plan, which sets forth the manner in which Claims against and Interests in the Debtors will be treated upon, or following the Debtors' emergence from Chapter 11. The Company is engaged in a financial restructuring (the "Restructuring") designed to reduce its outstanding indebtedness, strengthen its balance sheet and improve its liquidity, thereby enabling it to successfully reorganize and continue operations.

This Disclosure Statement sets forth certain information regarding the Debtors' pre-petition operating and financial history, their reasons for seeking protection and reorganization under Chapter 11, significant events that have occurred during the Chapter 11 Case and the anticipated organization, operations, and financing of the Debtors upon their successful emergence from Chapter 11. This Disclosure Statement also describes certain terms and provisions of the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan and the securities to be issued under the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims entitled to vote under the Plan must follow for their votes to be counted.

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are (i) "impaired" by a plan of reorganization and (ii) entitled to receive a distribution under such plan are entitled to vote on the plan. In the Debtors' cases, except as stated below with respect to Term Facility Claims in Class 2, only Noteholder Claims in Class 7 are impaired by and entitled to receive a distribution under the Plan, and only the holders of Claims in that Class are entitled to vote to accept or reject the Plan. Claims and Interests in Classes 1, 2, 3, 4, 5, and 6 are unimpaired by the Plan, and the holders of such Claims and Interests are conclusively presumed to have accepted the Plan. However, holders of Term Facility Claims in Class 2 have asserted that they are impaired and entitled to vote. The Bankruptcy Court has determined this to be an issue that will be resolved at the Confirmation Hearing, but has ordered that pending such determination the holders of Term Facility Claims in Class 2 should be permitted to vote a provisional ballot. The holders of Claims and Interests in Classes 8 and 9, which receive nothing under the Plan, are deemed to have rejected the Plan, and such holders are not entitled to vote.

A COPY OF THE PLAN IS ATTACHED AS APPENDIX A TO THIS DISCLOSURE STATEMENT. ALL CAPITALIZED TERMS USED IN THIS DISCLOSURE STATEMENT BUT NOT OTHERWISE DEFINED HEREIN HAVE THE MEANINGS ASCRIBED TO SUCH TERMS IN ARTICLE I OF THE PLAN. REFERENCES TO A SPECIFIC

ARTICLE, SECTION, OR SUBSECTION OF ANY STATUTE, RULE, OR REGULATION EXPRESSLY REFERENCED HEREIN SHALL, UNLESS OTHERWISE SPECIFIED, INCLUDE ANY AMENDMENTS TO OR SUCCESSOR PROVISIONS OF SUCH ARTICLE, SECTION, OR SUBSECTION. FOR A DESCRIPTION OF THE PLAN AND VARIOUS RISKS AND OTHER FACTORS PERTAINING TO THE PLAN, PLEASE SEE ARTICLE VI OF THIS DISCLOSURE STATEMENT, ENTITLED "SUMMARY OF THE PLAN OF REORGANIZATION," AND ARTICLE VII OF THIS DISCLOSURE STATEMENT, ENTITLED "CERTAIN RISK FACTORS TO BE CONSIDERED."

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATING TO THE PLAN, CERTAIN EVENTS EXPECTED TO OCCUR IN THE CHAPTER 11 CASE, AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT ALL SUCH SUMMARIES ARE FAIR AND ACCURATE AS OF THE DATE HEREOF, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF UNDERLYING DOCUMENTS AND TO THE EXTENT THAT THEY MAY CHANGE AS PERMITTED BY THE PLAN AND APPLICABLE LAW. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, SHALL BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR SHALL BE DEEMED CONCLUSIVE ADVICE ON THE BUSINESS, FINANCIAL, TAX OR OTHER LEGAL EFFECTS OF THE REORGANIZATION AS TO HOLDERS OF ALLOWED CLAIMS OR INTERESTS. YOU SHOULD CONSULT YOUR PERSONAL LEGAL, BUSINESS, FINANCIAL AND TAX ADVISOR WITH RESPECT TO ANY QUESTIONS OR CONCERNS REGARDING LEGAL, TAX, FINANCIAL, BUSINESS OR OTHER CONSEQUENCES OF THE PLAN.

THE DISCLOSURE STATEMENT CONTAINS PROJECTED FINANCIAL INFORMATION REGARDING THE REORGANIZED DEBTORS AND CERTAIN OTHER FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934 (THE "EXCHANGE ACT"), ALL OF WHICH ARE BASED ON VARIOUS FACTORS AND ARE DERIVED USING NUMEROUS ASSUMPTIONS. SUCH FORWARD LOOKING FINANCIAL INFORMATION AND STATEMENTS ARE SUBJECT TO KNOWN AND UNKNOWN RISKS, UNCERTAINTIES AND OTHER FACTORS THAT COULD CAUSE THE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED BY THE STATEMENTS. SEE ARTICLE VII — "CERTAIN RISK FACTORS TO BE CONSIDERED." WHEN USED IN THE DISCLOSURE STATEMENT, THE WORDS "ANTICIPATE," "BELIEVE," "ESTIMATE," "WILL," "MAY," "SHOULD," "PLANS," "POTENTIAL," "CONTINUE," "INTEND" AND "EXPECT" AND SIMILAR EXPRESSIONS GENERALLY IDENTIFY FORWARD-LOOKING STATEMENTS. ALTHOUGH THE DEBTORS BELIEVE THAT THEIR PLANS, INTENTIONS, AND EXPECTATIONS REFLECTED IN THE FORWARD-LOOKING FINANCIAL INFORMATION AND STATEMENTS ARE REASONABLE, THEY REFLECT ONLY THE DEBTORS' CURRENT EXPECTATIONS AND THE DEBTORS CANNOT BE SURE THAT THEY WILL BE ACHIEVED. FORWARD-LOOKING STATEMENTS IN THE DISCLOSURE STATEMENT INCLUDE THOSE RELATING TO THE PAYMENTS ON THE DEBTORS' CURRENT AND FUTURE DEBT INSTRUMENTS. THESE FACTORS ARE NOT INTENDED TO REPRESENT A COMPLETE LIST OF THE GENERAL OR SPECIFIC FACTORS THAT MAY AFFECT THE DEBTORS OR THE REORGANIZED DEBTORS. IT SHOULD BE RECOGNIZED THAT OTHER FACTORS, INCLUDING GENERAL ECONOMIC FACTORS AND BUSINESS STRATEGIES, MAY BE SIGNIFICANT, PRESENTLY OR IN THE FUTURE, AND THE FACTORS SET FORTH IN THE DISCLOSURE STATEMENT MAY AFFECT THE DEBTORS TO A GREATER EXTENT THAN INDICATED. ALL FORWARD-LOOKING STATEMENTS ATTRIBUTABLE TO THE DEBTORS OR PERSONS ACTING ON THEIR BEHALF ARE EXPRESSLY QUALIFIED IN THEIR ENTIRETY BY THE CAUTIONARY STATEMENTS SET FORTH IN THE DISCLOSURE STATEMENT. EXCEPT AS REQUIRED BY LAW, THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY FORWARD-LOOKING STATEMENT, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE. FORWARD-LOOKING STATEMENTS ARE PROVIDED IN THE DISCLOSURE STATEMENT PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF

1995 AND, TO THE EXTENT APPLICABLE, SECTION 1125(e) OF THE BANKRUPTCY CODE AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES, AND RISKS DESCRIBED HEREIN.

THE DEBTORS BELIEVE THAT THE PLAN WILL ENABLE THE DEBTORS TO SUCCESSFULLY REORGANIZE AND ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS AND ALL OF THEIR STAKEHOLDERS. THE DEBTORS URGE THE HOLDERS OF NOTEHOLDER CLAIMS IN CLASS 7 TO VOTE TO ACCEPT THE PLAN. THE DEBTORS ENCOURAGE THE HOLDERS OF TERM FACILITY CLAIMS IN CLASS 2 TO DO THE SAME.

THE PLAN IS OPPOSED ON SEPARATE GROUNDS BY THE AGENT ON BEHALF OF THE HOLDERS OF THE TERM FACILITY CLAIMS (THE AGENT AND THE HOLDERS COLLECTIVELY, THE "TERM LENDERS") AND BY THE OFFICIAL COMMITTEE OF EQUITY SECURITY HOLDERS (THE "EQUITY COMMITTEE"). THEIR POSITIONS ARE SUMMARIZED AS FOLLOWS:

TERM LENDERS: THE TERM LENDERS HAVE ALLEGED THAT THE PLAN DOES NOT LEAVE THEIR RIGHTS UNIMPAIRED AND DOES NOT REINSTATE THE TERM FACILITY CLAIMS WITHOUT ALTERATION. THEY ALLEGE THAT THE PLAN CREATES INCURABLE NON-MONETARY EVENTS OF DEFAULT UNDER THE TERM FACILITY LOAN DOCUMENTS, WHICH PREVENT REINSTATEMENT UNDER SECTION 1124 OF THE BANKRUPTCY CODE. THE ALLEGED NON-MONETARY DEFAULTS INCLUDE THE FOLLOWING: (I) CONFIRMATION OF THE PLAN WILL RESULT IN A CHANGE OF CONTROL BECAUSE THE NEGOTIATING NOTEHOLDERS CONSTITUTE A "GROUP" UNDER THE "CHANGE OF CONTROL" DEFINITION IN THE TERM FACILITY LOAN DOCUMENTS; (II) THE CONTEMPLATED DISTRIBUTIONS OF NEW COMMON STOCK TO THE NOTEHOLDERS ARE NOT PERMITTED UNDER THE TERM FACILITY LOAN DOCUMENTS; AND (III) THE PLAN FAILS TO PROVIDE FOR PAYMENT OF POST-PETITION DEFAULT INTEREST TO THE TERM LENDERS. THE TERM LENDERS ALSO ARGUE THAT THE PLAN IS NOT FEASIBLE UNDER SECTION 1129(A)(11) OF THE BANKRUPTCY CODE. THEY ALLEGE THAT (I) THE DEBTORS WILL LACK SUFFICIENT CASH TO EXIT BANKRUPTCY AT CONFIRMATION; (II) THE DEBTORS DO NOT HAVE A COMMITMENT FOR A NEW REVOLVING CREDIT FACILITY NECESSARY FOR THE DEBTORS TO EXIT BANKRUPTCY; AND (III) THE DEBTORS WILL NOT BE ABLE TO MAINTAIN COVENANT COMPLIANCE UNDER THE TERM FACILITY LOAN DOCUMENTS IN FUTURE TEST PERIODS BECAUSE THE DEBTORS WILL BREACH THE SENIOR SECURED LEVERAGE RATIO TEST CONTAINED THEREIN SHORTLY AFTER CONFIRMATION OF THE PLAN.

THE DEBTORS STRONGLY DISAGREE WITH THE ARGUMENTS OF THE TERM LENDERS. THEY ARE PREPARED TO PROVE AT THE CONFIRMATION HEARING THAT THE TERM FACILITY CLAIMS ARE UNIMPAIRED AND CAN BE REINSTATED AND THAT ANY AND ALL DEFAULTS THAT MUST BE CURED AS A CONDITION TO REINSTATEMENT WILL BE CURED. THE DEBTORS WILL ALSO PROVE THAT THE PLAN IS FEASIBLE. WITH RESPECT TO THE IMPAIRMENT ISSUE, THE BANKRUPTCY COURT HAS ALLOWED THE TERM LENDERS TO VOTE PROVISIONALLY ON THE PLAN, PENDING A RULING ON THE ISSUE AT THE CONFIRMATION HEARING.

EQUITY COMMITTEE: THE EQUITY COMMITTEE BELIEVES THAT THE PLAN SUBSTANTIALLY UNDERVALUES THE DEBTORS AND, IF THE DEBTORS WERE PROPERLY VALUED, THERE WOULD BE SUBSTANTIAL VALUE FOR EXISTING STOCKHOLDERS. IN THE EVENT THAT THE EQUITY COMMITTEE SUCCESSFULLY OPPOSES CONFIRMATION OF THE PLAN, THE DEBTORS MAY BE REQUIRED TO DO ONE OR MORE OF THE FOLLOWING: (I) PROPOSE A NEW PLAN, (II) AMEND THE PRESENT PLAN, (III) SCHEDULE A NEW HEARING TO APPROVE A NEW OR AMENDED DISCLOSURE STATEMENT, AND (IV) RE-SOLICIT VOTES ON THE NEW OR AMENDED PLAN.

THE DEBTORS STRONGLY DISAGREE WITH THE EQUITY COMMITTEE'S VIEWS ON VALUATION AND BELIEVE THAT SHAREHOLDERS ARE NOT ENTITLED TO ANY DISTRIBUTION UNDER THE PLAN. THE DEBTORS ARE PREPARED TO PROVIDE EVIDENCE SUPPORTING THE VALUATION INCLUDED IN THIS DISCLOSURE STATEMENT AT THE CONFIRMATION HEARING.

THE DEBTORS BELIEVE THAT THE PLAN SATISFIES THE REQUIREMENTS OF SECTION 1129 OF THE BANKRUPTCY CODE AND WILL BE CONFIRMED NOTWITHSTANDING THE OBJECTIONS DESCRIBED ABOVE.

II. OVERVIEW OF THE PLAN

The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. For a more detailed description of the terms and provisions of the Plan, see Article VI of this Disclosure Statement, entitled "Summary of the Plan of Reorganization."

The Plan proposes, and its terms embody, a "pre-negotiated" debt refinancing of the Debtors' publicly-traded notes, negotiated with and supported by parties in the aggregate holding approximately 70% of such notes. Such parties include Harbinger Capital Partners Master Fund I, LTD. and Harbinger Capital Partners Special Situations Fund, L.P., Avenue International Master L.P., Avenue Investments, L.P., Avenue Special Situations Fund V, L.P., Avenue Special Situations Fund IV, L.P., and Avenue-CDP Global Opportunities Fund, L.P., and D. E. Shaw Laminar Portfolios, L.L.C., and their support is evidenced by a Restructuring Support Agreement, which was separately filed in the Chapter 11 Case on the Petition Date. The existing public equity will be cancelled. New equity and new notes will be created for issuance to the noteholders as a refinancing of the public notes. All other creditors will be unimpaired, except for certain subordinated creditors, if any.

The Plan designates seven Classes of Claims and two Classes of Interests. These Classes take into account the differing nature and priority under the Bankruptcy Code of the various Claims and Interests.

The Debtors believe that the Plan provides the best means currently available to restructure their balance sheet and emerge successfully from Chapter 11.

A. General Structure of the Plan

Under the Plan, Claims are treated generally in accordance with the priorities established under the Bankruptcy Code, except that holders of Noteholder Claims will each receive Pro Rata shares of New Common Stock and New Notes on account of each holder's Allowed Noteholder Claim. With the exception of Subordinated Claims, all other Claims will be paid in full or will be reinstated. Subsidiary Interests will remain in place, but Spectrum Interests will be cancelled.

The following is an overview of certain material terms of the Plan:

- The Debtors will be reorganized pursuant to the Plan and will continue in operation, achieving the objectives of Chapter 11 for the benefit of their creditors, stakeholders, customers, suppliers, and employees.

- The DIP Facility Claims will be paid in full pursuant to the terms of the DIP Facility. The Equity Fee will be satisfied by the issuance of certain shares of New Common Stock.
- Administrative Claims, Priority Tax Claims, and Other Priority Claims will be paid in full as required by the Bankruptcy Code, unless otherwise agreed by the holders of such claims.
- Term Facility Claims will be Reinstated on their original terms and Other Secured Claims will either be Reinstated or paid in full.
- The General Unsecured Claims will be paid in full when due after approval and consummation of the Plan, unless otherwise agreed by the holders of such claims.
- The Noteholder Claims will receive Pro Rata shares of the New Common Stock and New Notes and the Existing Spectrum Notes will be cancelled.
- Spectrum will retain its equity interests in the Subsidiary Debtors for the benefit of the holders of the New Common Stock.
- Subordinated Claims will not receive any distributions.
- Spectrum Interests will be cancelled.
- The Reorganized Debtors will obtain an exit facility to satisfy the DIP Facility Claims and to provide a portion of the funds necessary to make payments required to be made on the Effective Date, as well as funds for working capital and other general corporate purposes of the Reorganized Debtors following their emergence.

B. Summary of Treatment of Claims and Interests under the Plan

The table below summarizes the classification and treatment of Claims and Interests under the Plan. Estimated Claim amounts assume a calculation date of July 15, 2009, except for Noteholder Claims, which were fixed as of February 3, 2009. For Noteholder Claims, estimated percentage recoveries have been calculated based upon a number of assumptions, including the estimated amount of Allowed Claims and the value ascribed to the New Common Stock to be issued to them under the Plan.

For certain Classes of Claims, the actual amounts of Allowed Claims could materially exceed or could be materially less than the estimated amounts shown in the table that follows. Estimated Claim amounts for each Class set forth below are based upon the Debtors' review of their books and records and, where applicable, reflects (by not including) amounts paid post-petition by authority of the Bankruptcy Court.

Perella Weinberg Partners LP ("Perella Weinberg"), the Debtors' financial advisor, has determined the estimated range of reorganization value of the Reorganized Debtors, excluding cash on hand, to be approximately $2.2 billion to $2.4 billion (with a mid-point estimate of approximately $2.3 billion) as of an assumed Effective Date of July 15, 2009.

The foregoing estimate of the reorganization value of the Reorganized Debtors is based on a number of assumptions, including a successful reorganization of the Debtors' business and finances in a timely manner, the implementation of the Reorganized Debtors' Business Plan (the "Business Plan"), the achievement of the forecasts reflected in the Business Plan, access to adequate exit financing, continuity of a qualified management team, market conditions through the period covered by the projections, and the Plan becoming effective in accordance with the estimates and other assumptions discussed below. The valuation is supported by the analysis (the "Valuation Analysis") attached hereto as Appendix D and will be further supported by the Debtors' presentation at the Confirmation Hearing.

The valuation assumptions are not a prediction or reflection of post-Confirmation trading prices of the New Common Stock. The trading price of such securities will depend upon a number of factors, including, but not limited to, those discussed in Article VII below. The trading prices of securities issued under a plan of reorganization are subject to many unforeseeable circumstances and therefore cannot be predicted.

Class Description	Summary of Treatment under Plan
Administrative Claims Estimated Allowed Claims (anticipated accrued Claims; exclusive of ordinary course operational expenses and fees and costs in connection with obtaining the Exit Facility): Approximately $38,000,000	An Administrative Claim is a Claim for payment of an administrative expense of a kind specified in Sections 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to Section 507(a)(2) of the Bankruptcy Code, including, but not limited to, (i) the actual, necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors, including, without limitation, wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case, (ii) Professional Fee Claims, (iii) Substantial Contribution Claims, (iv) all fees and charges assessed against the Estates under Section 1930 of Title 28 of the United States Code, and (v) Cure payments for contracts and leases that are assumed under Section 365 of the Bankruptcy Code. Under the Plan, the holder of an Allowed Administrative Claim will receive either (A) Cash equal to the unpaid portion of such Allowed Administrative Claim or (B) such different treatment as to which such holder and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, will have agreed upon in writing; *provided, however*, that Allowed Administrative Claims with respect to liabilities incurred by a Debtor in the ordinary course of business during the Chapter 11 Case will be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto. Administrative Claims are not classified and are treated as required by the Bankruptcy Code. The holders of such Claims are not entitled to vote on the Plan. Estimated Percentage Recovery: 100%
DIP Facility Claims Estimated Claims: Approximately $182,000,000	DIP Facility Claims are the Claims existing under the postpetition debtor in possession credit facilities provided under the (i) Existing Credit Agreement as amended by the Ratification and Amendment Agreement dated February 5, 2009 among Spectrum as Borrower, the Subsidiary Debtors as Guarantors, Wachovia Bank, National Association as Administrative and Collateral Agent, and the other parties thereto, as amended, supplemented, or otherwise modified from time to time; and (ii) related loan and security documents, as amended, supplemented, or otherwise modified from time to time. DIP Facility Claims include Secured Hedge Claims held by any DIP Facility Lender. In addition, DIP Facility Claims include Claims for the Equity Fee. The “Equity Fee” is the fee payable in New Common Stock to Supplemental DIP Facility Participants in accordance with the DIP Facility. Under the Plan, the holders of the DIP Facility Claims will receive either (i) such treatment as required under the DIP Facility, including, without limitation, the issuance of shares of New Common Stock on account of the Equity Fee; or (ii) such different treatment as to which such holders and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, will have agreed upon in writing; *provided, however*, that in respect of any letters of credit issued and undrawn under the DIP Facility, unless the issuing bank is a lender under the Exit Facility and permits such letters of credit to be rolled over and treated as letters of credit issued under the Exit Facility, the Debtors will be required to either, with the consent of such issuing bank: (A) cash collateralize such letters of credit in an amount equal to 105% of the undrawn amount of any such letters of credit, (B) return any such letters of credit to the issuing bank undrawn and marked “cancelled”, or (C) provide a “back-to-back” letter of credit to the issuing bank in a form and issued by an institution reasonably satisfactory to such issuing bank, in an amount equal to 105% of the then undrawn amount of such letters of credit. The DIP Facility Claims are not classified and are treated as required by the Final DIP Financing Order (as defined below). The holders of such Claims are not entitled to vote on the Plan.

Class Description	Summary of Treatment under Plan
	Estimated Percentage Recovery: 100%
Priority Tax Claims Estimated Allowed Claims: Approximately $1,000,000 (Certain Priority Tax Claims have been paid since the Petition Date pursuant to orders of the Bankruptcy Court.)	Priority Tax Claims of governmental units are entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code. Under the Plan, each holder of an Allowed Priority Tax Claim will receive (i) on, or as soon as reasonably practicable after, the later of the Effective Date or the date on which such Claim becomes an Allowed Claim, Cash equal to the due and unpaid portion of such Allowed Priority Tax Claim, (ii) treatment in a manner consistent with Section 1129(a)(9)(C) of the Bankruptcy Code, or (iii) such different treatment as to which such holder and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, will have agreed upon in writing. Priority Tax Claims are not classified and are treated as required by the Bankruptcy Code. The holders of such Claims are not entitled to vote on the Plan. Estimated Percentage Recovery: 100%
Class 1: Other Priority Claims Estimated Allowed Claims: De Minimis (Certain Other Priority Claims have been paid since the Petition Date pursuant to orders of the Bankruptcy Court.)	Class 1 consists of all Other Priority Claims against any of the Debtors, which are Claims against the Debtors entitled to priority pursuant to Section 507(a) of the Bankruptcy Code. The Plan provides that each holder of an Allowed Other Priority Claim will receive either (A) Cash equal to the unpaid portion of such Allowed Other Priority Claim or (B) such different treatment as to which such holder and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, will have agreed upon in writing. Other Priority Claims are Unimpaired. The holders of such Claims are, therefore, not entitled to vote on the Plan. Estimated Percentage Recovery: 100%
Class 2: Term Facility Claims Estimated Allowed Claims: Approximately $1,416,000,000 (Subject to approval of the Bankruptcy Court)	Class 2 consists of the Term Facility Claims, which is any Claim, other than a Secured Hedge Claim, arising or existing under or related to collectively, the (a) Credit Agreement dated as of March 30, 2007, among, *inter alia*, Spectrum as the Borrower, the Subsidiary Debtors as Guarantors, Goldman Sachs Credit Partners, L.P., as the Administrative Agent, the Collateral Agent and the Syndication Agent, Wachovia Bank, National Association, as the Deposit Agent, Bank of America N.A. as an LC Issuer and the Lenders as described therein, as amended, supplemented or otherwise modified from time to time; and (b) the other "Loan Documents" as defined therein, as amended, supplemented or otherwise modified from time to time. The Term Facility Claims will be Allowed in the amount determined pursuant to the terms of the Term Facility Loan Documents and will not be subject to defense, avoidance, recharacterization, disgorgement, subordination, setoff, recoupment, or other contest (whether legal or equitable), for all purposes of the Plan and the Chapter 11 Case. Each holder of a Term Facility Claim as of the Effective Date will continue to hold its Pro Rata share of the Term Facility Claims after the Effective Date in accordance with the Term Facility Loan Documents. The Term Facility Claims will be Reinstated. It is the Debtors' position that the Term Facility Claims are Unimpaired. The holders of such Claims disagree. The Bankruptcy Court has ordered that such holders may vote provisional ballots, with the impairment issue to be determined at the Confirmation Hearing. Estimated Percentage Recovery: 100%

Class Description	Summary of Treatment under Plan
Class 3: Other Secured Claims Estimated Allowed Claims: Approximately $7,400,000 (Reflects netting of deposits)	Class 3 consists of all Other Secured Claims against the Debtors, which are Secured Claims arising prior to the Petition Date against any of the Debtors, other than a Term Facility Claim, and specifically including a Secured Hedge Claim held by a party who is not a DIP Facility Lender. Except for Exercised Secured Hedge Claims, the legal, equitable, and contractual rights of each holder of an Allowed Other Secured Claim will be Reinstated. On, or as soon as reasonably practicable after, the Distribution Date, each holder of an Allowed Other Secured Claim will receive, in full satisfaction, settlement of and in exchange for, such Allowed Other Secured Claim, such payment on such terms as would otherwise apply to such Claim had the Chapter 11 Case not been filed. As to all Allowed Other Secured Claims that are Exercised Secured Hedge Claims, on, or as soon as reasonably practicable after, the Distribution Date, each holder of such an Allowed Other Secured Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Secured Claim, (i) Cash equal to the full remaining amount of such Allowed Other Secured Claim, or (ii) such different treatment as to which the Debtors (with the consent of each of the Negotiating Noteholders) and such holder, or the Reorganized Debtors and such holder, will have agreed upon in writing. Other Secured Claims are Unimpaired. The holders of such Claims are, therefore, not entitled to vote on the Plan. Estimated Percentage Recovery: 100%
Class 4: General Unsecured Claims Estimated Allowed Claims: Approximately $28,000,000 (Certain General Unsecured Claims have been paid since the Petition Date pursuant to orders of the Bankruptcy Court)	Class 4 consists of all General Unsecured Claims, which are Claims that are not Administrative Claims, Priority Tax Claims, Other Priority Claims, Term Facility Claims, Other Secured Claims, Intercompany Claims, Noteholder Claims, or Subordinated Claims. General Unsecured Claims specifically include, without limitation, Rejection Damages Claims. The legal, equitable, and contractual rights of each holder of a General Unsecured Claim will be unimpaired. On, or as soon as reasonably practicable after, the Distribution Date, each holder of an Allowed General Unsecured Claim will receive, in full satisfaction, settlement of and in exchange for, such Allowed General Unsecured Claim, such payment on such terms as would otherwise apply to such Claim had the Chapter 11 Case not been filed, without post-petition interest; *provided*, *however*, that each Rejection Damages Claim will be limited to the Allowed Rejection Damages Claim Amount. General Unsecured Claims are Unimpaired. The holders of such Claims are, therefore, not entitled to vote on the Plan. Estimated Percentage Recovery: 100%
Class 5: Intercompany Claims	Class 5 consists of Intercompany Claims. An Intercompany Claim is any Claim arising prior to the Petition Date against any of the Debtors by another Debtor. Intercompany Claims do not include Claims against any of the Debtors by a non-Debtor subsidiary or affiliate of a Debtor, which Claims will be treated as General Unsecured Claims. At the election of the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, either (i) the legal, equitable and contractual rights of the holder of the Intercompany Claim will be Reinstated; or (ii) the Intercompany Claim will be adjusted, continued, or capitalized, either directly or indirectly or in whole or part, and no such disposition will require stockholder consent. Holders of Intercompany Claims are Unimpaired. The holders of such Claims are, therefore, not entitled to vote on the Plan. Estimated Percentage Recovery: 100%

Class Description	Summary of Treatment under Plan
Class 6: Subsidiary Interests	Class 6 consists of Subsidiary Interests, which are, collectively, all of the issued and outstanding shares of stock or membership interests of the Subsidiary Debtors, existing prior to the Effective Date, which stock and interests are owned, directly or indirectly, by Spectrum. The Plan provides that for the deemed benefit of the holders of the New Common Stock, Spectrum will retain its Subsidiary Interests, subject to any applicable restrictions arising under the Exit Facility. Subsidiary Interests are Unimpaired. The holders of such Interests are, therefore, not entitled to vote on the Plan.
Class 7: Noteholder Claims Estimated Allowed Claims: Approximately $1,090,382,024	Class 7 consists of Noteholder Claims, which are any Claims arising or existing under or related to collectively, the (i) 8 1/2% Senior Subordinated Notes due 2013; (ii) 7 3/8% Senior Subordinated Notes due 2015; and (iii) Variable Rate Toggle Senior Subordinated Notes due 2013, all of which were issued by Spectrum and guaranteed by all or some combination of the Subsidiary Debtors, other than any Indenture Trustee Expenses. All Noteholder Claims will be Allowed in the amount of $1,090,382,024, which amount includes principal and accrued interest as of the Petition Date and will not be subject to defense, avoidance, recharacterization, disgorgement, subordination, setoff, recoupment, or other contest (whether legal or equitable), for all purposes of the Plan and the Chapter 11 Case. Subject to Sections 5.5 and 7.4 of the Plan, each holder of an Allowed Noteholder Claim will receive, on the Effective Date and in full satisfaction, settlement, release, discharge of, in exchange for, and on account of such Allowed Noteholder Claim, its Pro Rata share of (i) 27,030,000 shares of the New Common Stock and (ii) $218,076,405 in principal amount of the New Notes, which amount represents 20% of the Allowed Noteholder Claims. Noteholder Claims are Impaired. The holders of such Claims are, therefore, entitled to vote on the Plan. Estimated Percentage Recovery: 55-70%
Class 8: Subordinated Claims	Class 8 consists of Subordinated Claims, which is (i) any Claim against any of the Debtors that is subordinated pursuant to either Section 510(b) or 510(c) of the Bankruptcy Code, which will include any Claim arising from the rescission of a purchase or sale of any Old Security, any Claim for damage arising from the purchase or sale of an Old Security, or any Claim for reimbursement, contribution, or indemnification on account of any such Claim; or (ii) any Claim for any fine, penalty, or forfeiture, or multiple, exemplary, or punitive damages, to the extent that such fine, penalty, forfeiture, or damage is not compensation for actual pecuniary loss suffered by the holder of such Claim, including, without limitation, any such Claim based upon, arising from, or relating to any cause of action whatsoever (including, without limitation, violation of law, personal injury, or wrongful death, whether secured or unsecured, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising in law, equity or otherwise), and any such Claim asserted by a governmental unit in connection with a tax or other obligation owing to such unit. Under the Plan, Subordinated Claims will not receive or retain any property on account of such Claims. All Subordinated Claims will be discharged as of the Effective Date. Subordinated Claims are impaired and will receive no distribution under the Plan. The holders of such Claims are, therefore, deemed to have rejected the Plan and are not entitled to vote on the Plan. Estimated Percentage Recovery: 0%

Class Description	Summary of Treatment under Plan
Class 9: Spectrum Interests	Class 9 consists of Spectrum Interests. Spectrum Interests are, collectively, all equity interests in Spectrum outstanding prior to the Effective Date, including, without limitation, any preferred stock, common stock, stock options or other right to purchase the stock of Spectrum, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights to acquire or receive any stock or other equity ownership interests in Spectrum prior to the Effective Date. Under the Plan, all Spectrum Interests of any kind, including, without limitation, stock options or any warrants or other agreements to acquire the same (whether or not arising under or in connection with any employment agreement), will be cancelled as of the Effective Date and the holders thereof will not receive or retain any property under the Plan on account of such Interests. Spectrum Interests are impaired and will receive no distribution under the Plan. The holders of such Claims are, therefore, deemed to have rejected the Plan and are not entitled to vote on the Plan. Estimated Percentage Recovery: 0%

As set forth above, estimated Claim amounts assume a calculation date of July 15, 2009, except for Noteholder Claims, which are fixed as of February 3, 2009. **The calculation date is not necessarily the Effective Date of the Plan. The Effective Date will occur after the Confirmation Date, when the conditions precedent to the occurrence of the Effective Date are satisfied.**

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE AND LEGALLY PERMISSIBLE FOR HOLDERS OF ALL CLAIMS AND INTERESTS AND THUS **STRONGLY RECOMMEND** THAT ALL NOTEHOLDERS VOTE TO **ACCEPT** THE PLAN. THE DEBTORS ENCOURAGE THE TERM LENDERS TO DO THE SAME.

III. PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Notice to Holders of Claims

Approval by the Bankruptcy Court of this Disclosure Statement means that the Bankruptcy Court has found that this Disclosure Statement contains information of a kind and in sufficient and adequate detail to enable holders of Noteholder Claims and, provisionally, Term Facility Claims, to make an informed judgment about whether to accept or reject the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTEE OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR THEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

IF THE PLAN IS APPROVED BY THE REQUISITE VOTE OF HOLDERS OF NOTEHOLDER CLAIMS OR TERM FACILITY CLAIMS AND IS SUBSEQUENTLY CONFIRMED BY THE BANKRUPTCY COURT, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS, WHETHER OR NOT THEY WERE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT THEY RECEIVE OR RETAIN ANY DISTRIBUTIONS OR PROPERTY UNDER THE PLAN. THUS ALL HOLDERS OF NOTEHOLDER CLAIMS AND TERM FACILITY CLAIMS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES, SUPPLEMENTS AND EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR REJECT THE PLAN.

THIS DISCLOSURE STATEMENT AND THE PLAN ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement, and no person has been authorized to distribute any information concerning the Debtors other than the information contained herein or therein. No such information should be relied upon in making a determination to vote to accept or reject the Plan.

B. Voting Rights

Pursuant to the provisions of the Bankruptcy Code, only holders of claims and interests in classes that are (a) treated as "impaired" by a plan of reorganization and (b) entitled to receive a distribution under such plan are entitled to vote on the plan. Under the Plan, only holders of Noteholder Claims in Class 7 are entitled to vote on the Plan. However, the Bankruptcy Court has also permitted the holders of Term Facility Claims in Class 2 to vote provisional ballots. Claims and Interests in other Classes are either Unimpaired and their holders are deemed to have accepted the Plan, or they are receiving no distributions under the Plan and their holders are deemed to have rejected the Plan.

Holders of Allowed Noteholder Claims in the voting Class 7 may vote on the Plan only if they are holders as of April 9, 2009, the voting record date established by the Bankruptcy Court (the "Voting Record Date"). Holders of Allowed Term Facility Claims in Class 2 may vote if they are holders as of April 14, 2009, the date on which the Bankruptcy Court approved provisional voting for such holders.

C. Solicitation Materials

In soliciting votes for the Plan pursuant to this Disclosure Statement, the Debtors, through Financial Balloting Group LLC (the "Class 7 Voting Agent" or "Financial Balloting Group"), or through Logan & Company, Inc. (the "Class 2 Voting Agent" or "Logan") will send to holders of Claims in Class 7 or Class 2, as applicable, copies of (a) the Disclosure Statement and Plan, (b) the notice of, among other things, (i) the date, time, and place of the hearing to consider confirmation of the Plan and related matters and (ii) the deadline for filing objections to confirmation of the Plan (the "Confirmation Hearing Notice"), (c) the applicable ballots (beneficial owner ballots or master ballots for Class 7) to be used in voting to accept or to reject the Plan, and (d) other materials as authorized by the Bankruptcy Court.

If you are the holder of a Noteholder Claim who is entitled to vote but you did not receive a beneficial owner ballot or master ballot, or if your beneficial owner ballot or master ballot is damaged or illegible, or if you have any questions concerning voting procedures, you may contact the Class 7 Voting Agent as follows:

FINANCIAL BALLOTING GROUP LLC
757 THIRD AVENUE, 3rd FLOOR
NEW YORK, NEW YORK 10017
TELEPHONE: (646) 282-1800
ATTENTION: Spectrum Jungle Labs Corporation

If you are the holder of a Term Facility Claim who is entitled to vote but you did not receive a provisional ballot, or if your provisional ballot is damaged or illegible, or if you have any questions concerning voting procedures, you may contact the Class 2 Voting Agent as follows:

LOGAN AND COMPANY, INC.
546 VALLEY ROAD
UPPER MONTCLAIR
NEW JERSEY 07043
TELEPHONE: (973) 509-3190
ATTENTION: Spectrum Jungle Labs Corporation

D. Voting Procedures, Ballots, and Voting Deadline

After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your beneficial owner ballot or master ballot in the case of Noteholders, or your provisional ballot in the case of Term Lenders, you are asked to indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the accompanying ballot. You should complete and sign your original ballot (copies will not be accepted) and return it as instructed.

Each ballot has been coded to reflect the Class of Claims it represents, and in the case of Noteholder Claims the series of Spectrum Notes it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded ballot(s) sent to you with this Disclosure Statement.

The Disclosure Statement and the related materials will be furnished to holders of Spectrum Notes whose names (or the names of whose nominees) appear as of the Voting Record Date (as defined in the following paragraph) on the security holder lists maintained by the Indenture Trustee pursuant to the Indentures governing the Spectrum Notes or, if applicable, who are listed as participants in a clearing agency's security position listing. **IF SUCH ENTITIES DO NOT HOLD FOR THEIR OWN ACCOUNT, THEY SHOULD PROVIDE COPIES OF THE DISCLOSURE STATEMENT, THE PLAN AND, IF APPLICABLE, APPROPRIATE BENEFICIAL OWNER BALLOTS OR MASTER BALLOTS, TO THE BENEFICIAL OWNERS.** Special voting instructions apply to nominees of beneficial owners and securities clearing agencies. Those special instructions will accompany the master ballot. Those instructions may be different from the general instructions contained herein. If you have any questions, please contact the Class 7 Voting Agent.

The Disclosure Statement and the related materials will be furnished to holders of Term Facility Claims whose names appear as of April 14, 2009 on the lender list maintained by the Administrative Agent under the Term Facility Loan Documents. Voting instructions will accompany the provisional ballot. If you have any questions, please contact the Class 2 Voting Agent.

All votes to accept or reject the Plan must be cast by using the ballot enclosed with the Disclosure Statement or, in the case of a bank, brokerage firm or other nominee holding Spectrum Notes in its own name on behalf of a beneficial owner, or any agent thereof (each, a "Nominee"), the master ballot provided to such Nominee under separate cover (or manually executed facsimiles thereof). IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT. UNLESS YOU HAVE RECEIVED A PRE-VALIDATED BENEFICIAL OWNER BALLOT (AS DESCRIBED HEREIN) FOR DIRECT RETURN TO THE CLASS 7 VOTING AGENT, YOU MUST RETURN YOUR BENEFICIAL OWNER BALLOT TO YOUR NOMINEE IN ENOUGH TIME FOR YOUR VOTE TO BE PROCESSED ON A MASTER BALLOT AND SUBMITTED TO THE CLASS 7 VOTING AGENT.

ALL BALLOTS MUST BE RECEIVED NO LATER THAN MAY 29, 2009, AT 4:00 P.M. EASTERN TIME (THE "VOTING DEADLINE") BY THE FOLLOWING:

FOR CLASS 7 BENEFICIAL OWNER BALLOTS OR MASTER BALLOTS:

FINANCIAL BALLOTING GROUP LLC
ATTENTION: Spectrum Jungle Labs Corporation
757 THIRD AVENUE, 3rd FLOOR
NEW YORK, NEW YORK 10017

FOR CLASS 2 BALLOTS:

LOGAN AND COMPANY, INC.
546 VALLEY ROAD
UPPER MONTCLAIR
NEW JERSEY 07043

BALLOTS DELIVERED BY FACSIMILE WILL NOT BE COUNTED. BALLOTS IN PDF FORM MAY BE DELIVERED VIA E-MAIL TO THE CLASS 7 VOTING AGENT OR THE CLASS 2 VOTING AGENT, AS APPLICABLE, AND WILL BE COUNTED, IF SPECIFIC PROVISIONS HAVE BEEN MADE WITH THE APPLICABLE VOTING AGENT FOR SUCH DELIVERY. BALLOTS THAT ARE RECEIVED BUT NOT SIGNED WILL NOT BE COUNTED. BALLOTS THAT ARE SIGNED BUT DO NOT SPECIFY WHETHER THE HOLDER ACCEPTS OR REJECTS THE PLAN WILL BE DEEMED TO BE ACCEPTANCES AND WILL BE COUNTED. DO NOT RETURN ANY STOCK CERTIFICATES, DEBT INSTRUMENTS, OR OTHER EVIDENCES OF YOUR CLAIM WITH YOUR BALLOT.

If you have any questions about (a) the procedure for voting your Claim, (b) the packet of materials that you have received, or (c) the amount of your Claim, or if you wish to obtain, at your own expense unless otherwise specifically required by Rule 3017(d) of the Bankruptcy Rules, an additional copy of the Plan, this Disclosure Statement, or any appendices or exhibits to such documents, please contact:

FOR CLASS 7 NOTEHOLDER CLAIMS:

FINANCIAL BALLOTING GROUP LLC
757 THIRD AVENUE, 3rd FLOOR
NEW YORK, NEW YORK 10017
TELEPHONE: (646) 282-1800
ATTENTION: Spectrum Jungle Labs Corporation

FOR CLASS 2 TERM LENDER CLAIMS:

LOGAN AND COMPANY, INC.
546 VALLEY ROAD
UPPER MONTCLAIR
NEW JERSEY 07043
TELEPHONE: (973) 509-3190
ATTENTION: Spectrum Jungle Labs Corporation

For further information and general instruction on voting to accept or reject the Plan, see Article XII of this Disclosure Statement and the instructions accompanying your ballot.

THE DEBTORS URGE ALL HOLDERS OF NOTEHOLDER CLAIMS AND TERM LENDER CLAIMS TO EXERCISE THEIR RIGHT TO VOTE BY COMPLETING THEIR BALLOTS AND RETURNING THEM AS QUICKLY AS POSSIBLE. IF YOU HAVE RECEIVED A RETURN ENVELOPE ADDRESSED TO YOUR NOMINEE, PLEASE ALLOW ADDITIONAL TIME. ALL BALLOTS MUST BE RECEIVED BY THE APPLICABLE VOTING AGENT BY THE VOTING DEADLINE.

E. Confirmation Hearing and Objections to Confirmation

Section 1128 of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan (the "Confirmation Hearing"). The Bankruptcy Court has set the Confirmation Hearing to commence on June 15, 2009 at 10:00 a.m. (Central Time), continuing as necessary on June 16, 22, 23 and 24, 2009, at the United States Bankruptcy Court for the Western District of Texas, Hipolito F. Garcia Federal Building and United States Courthouse, 615 E. Houston Street, San Antonio, Texas 78295-1439. At the Confirmation Hearing, the Debtors will request confirmation of the Plan, as may be modified from time to time under Section 1129(b) of the Bankruptcy Code. The Debtors may modify the Plan, to the extent permitted by Section 1127(a) of the Bankruptcy Code and Rule 3019 of the Bankruptcy Rules, as necessary to confirm the Plan. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequently adjourned Confirmation Hearing. Notice of the Confirmation Hearing will be provided to Holders of Claims and Interests or their representatives (the "Confirmation Hearing Notice") pursuant to an order of the Bankruptcy Court. Objections to Confirmation must be filed with the Bankruptcy Court by May 29, 2009 and are governed by Rules 3020(b) and 9014 of the Bankruptcy Rules. Objections to Confirmation of the Plan must be made in writing and must specify in detail the name and address of the objector, all grounds for the objection, and the amount and Class of the Claim. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

IV. GENERAL INFORMATION CONCERNING THE DEBTORS

A. Overview of Business Operations

Founded in 1906, Spectrum Brands, Inc. ("Spectrum"), together with the Subsidiary Debtors and its non-Debtor foreign subsidiaries (collectively, the "Company") is a global branded consumer products company with positions in seven major product categories: consumer batteries; pet supplies; electric shaving and grooming; electric personal care; portable lighting; lawn and garden; and household insect control. The Company is managed in three reportable segments: (i) global batteries and personal care, which consists of its worldwide battery, shaving and grooming, personal care and portable lighting business ("Global Batteries and Personal Care"); (ii) global pet supplies, which consists of its worldwide pet supplies business ("Global Pet Supplies"); and (iii) the home and garden business, which consists of its lawn and garden and household insect control product offerings (the "Home and Garden Business").

The Company manufactures and markets alkaline, zinc carbon and hearing aid batteries, herbicides, insecticides and repellents and specialty pet supplies. It also designs and markets rechargeable batteries, battery-powered lighting products, electric shavers and accessories, grooming products, and hair care appliances. The Company's manufacturing and product development facilities are located in the United States, Europe, and Latin America. Substantially all of its rechargeable batteries and chargers, shaving and grooming products, personal care products and portable lighting products, as well as a significant portion of its pet supply products, are manufactured by third-party suppliers, primarily located in Asia.

As of the Petition Date, the Company's products are sold by the world's top 25 retailers and are available in more than one million stores, in 120 countries around the world, through a variety of trade channels, including retailers, wholesalers and distributors, hearing aid professionals, industrial distributors, and original equipment manufactures. The Company's products are sold under the Rayovac, VARTA, and Remington brands, each of which has been in existence for more than 80 years, as well as under the Tetra, 8in1, Spectracide, Cutter, and various other brands.

B. Organizational Structure

Spectrum is the ultimate parent of 94 either majority-owned or wholly-owned subsidiaries, 13 of which are domiciled in the United States and 81 of which are domiciled in foreign countries. In addition, Spectrum holds a 50% interest in a domestic entity; minority interests (less than 25% each) in a domestic entity and a foreign entity; a limited partnership interest in a foreign entity; and a 100% interest in a foreign trust. The Company's corporate headquarters are located in Atlanta, Georgia. The Company's corporate structure is reflected in the attached Appendix E. The corporate ownership of the Debtors is summarized below:

- Spectrum Brands, Inc.'s direct debtor subsidiaries include ROVCAL, Inc., ROV Holding, Inc., Tetra Holding (US) Inc., and United Industries Corporation.
- Debtors Schultz Company, Spectrum Neptune US Holdco Corporation, and United Pet Group, Inc. are wholly owned subsidiaries of United Industries Corporation.
- Debtors Spectrum Jungle Labs Corporation, DB Online, LLC, Aquaria Inc., and Southern California Foam, Inc. are wholly owned subsidiaries of United Pet Group, Inc.
- Debtor Perfecto Manufacturing Inc. is a wholly owned subsidiary of Aquaria Inc.
- Debtor Aquarium Systems, Inc. is a wholly owned subsidiary of Perfecto Manufacturing Inc.

C. Properties

The Company owns or leases a number of manufacturing, packaging, and distribution facilities. As set forth in Section IV.D.1, the Company has shutdown the growing products portion of the Home and Garden Business. In connection with this shutdown the Company has closed seven facilities. In addition, as set forth in Section IV.D.1 the Company has ceased manufacturing

operations at its facility in Ninghai, China and plans to exit that facility as part of its strategy of improving operational efficiency and better utilizing its manufacturing resources. The following table reflects the facilities the Company will continue to own or lease by division and function as of the Petition Date:

Global Batteries & Personal Care

Facilities Owned	**Function**
Fennimore, Wisconsin	Alkaline Battery Manufacturing
Portage, Wisconsin	Zinc Air Button Cell and Lithium Coin Cell Battery, Foil Shaver Component
Dischingnen, Germany	Alkaline Battery Manufacturing
Guatemala City, Guatemala	Zinc Carbon Battery Manufacturing
Jaboatao, Brazil	Zinc Carbon Battery Manufacturing
Manizales, Columbia	Zinc Carbon Battery Manufacturing
Facilities Leased	**Function**
Washington, UK	Zinc Air Button Cell Battery Manufacturing & Distribution
Dixon, Illinois	Battery & Lighting Device Packaging & Distribution, Electric Shaver & Personal Care Device Distribution
Visalia, California	Battery & Lighting Device, Electric Shaver & Personal Care Products
Ellwangen-Neunheim, Germany	Battery & Lighting Device Distribution

Global Pet Supplies

Facilities Owned	**Function**
Noblesville, Indiana	Aquatics Manufacturing
Blacksburg, Virginia	Pet Supply Manufacturing, Assembly & Distribution
Melle, Germany	Pet Food & Pet Care Manufacturing
Facilities Leased	**Function**
Mentor, Ohio	Aquatics Manufacturing
Moorpark, California	Aquatics Manufacturing
Edwardsville, Illinois	Pet Supply Product Distribution (shared with Lawn & Garden)
Melle, Germany	Pet Food & Pet Care Distribution
Cibolo, Texas	Aquatics and companion animal manufacturing
Schertz, Texas	Pet Products Warehouse
Islandia, New York	Companion to Animal Business
Cincinnati, Ohio	Business Segment Headquarters, Global Pet Supplies
Aliso Viejo, California	Hard Goods Sales and Administrative Office
Bossier City, Louisiana	Aquatics Manufacturing

Home and Garden Business – U.S.

Faculties Leased	**Function**
Vinita Park, Missouri	Household & Controls and Contract Manufacturing
Bridgeton, Missouri	Household & Controls Manufacturing (shared with Global Pet)
Edwardsville, Illinois	Household & Controls Product Distribution (shared with Global Pet)
San Bernadino, California	Household & Controls Product Distribution
Vinita Park, Missouri	Household & Controls Product Distribution
Pendergrass, Georgia	Household & Controls Product Distribution
Alpharetta, Georgia	Sales and Administration

The Company also owns, operates or contracts with third parties to operate distribution centers, sales offices, and administrative offices. The Company leases its administrative headquarters, located in Atlanta, Georgia, and its primary research and development facility and North American headquarters, located in Madison, Wisconsin.

D. Operational Matters

1. Operational Restructuring Initiatives

Prior to the Petition Date, the Company and its financial advisors explored strategies to reduce or restructure its significant outstanding indebtedness. In connection with this undertaking, the Company sold the Canadian division of its Home and Garden Business in November 2007.

During the first and second quarters of the Company's 2007 fiscal year, Spectrum engaged in substantive negotiations with a potential purchaser as to definitive terms for the purchase of the Home and Garden Business; however, the potential purchaser at the eleventh hour determined not to pursue the acquisition. Spectrum continued its efforts to actively market the Home and Garden Business after such time, however, the selling season for fiscal year 2007 for the Company's lawn and garden and household insect control product offerings was significantly negatively impacted by extremely poor weather conditions throughout the U.S., resulting in poor operating performance of the Home and Garden Business. In addition, during the fourth quarter of fiscal year 2007 there was an unforeseen, rapid, and significant tightening of liquidity in the U.S. credit markets. The Debtors believe that this tightening of liquidity in the credit markets had a direct impact on the expected proceeds that Spectrum would ultimately receive in connection with a sale of the Home and Garden Business. To address these issues, during the fourth quarter of fiscal 2007 Spectrum reassessed the value of the Home and Garden Business to take into account the changes in the credit markets and the weaker than planned operating performance during the fiscal 2007 selling season so as to ensure that the Home and Garden Business was being marketed at a price that was reasonable in relation to its current fair value. Spectrum's reassessment produced a lower range of expected sales values than was previously determined. As a result of the reassessment, the Company recorded an impairment charge against the Home and Garden Business during the fourth quarter of fiscal 2007 to reflect its fair value as determined by Spectrum. Subsequent to taking the impairment charge, and thereby revising its expectations of the proceeds that would ultimately be received upon a sale of the Home and Garden Business, Spectrum continued to be in active discussions with various potential purchasers through December 30, 2007.

In the second quarter of fiscal year 2008, the Company was approached by Harbinger with respect to a possible sale of the Company's Global Pet Supplies business. Following discussions with Harbinger and other possible buyers, the Company entered into a definitive agreement with certain controlled affiliates of Harbinger, to sell the assets related to its Global Pet Supplies business, subject to the consent of the Company's lenders under its senior credit facilities. The agreement provided for a purchase price of $692.5 million in cash and an aggregate principal amount of the Company's subordinated debt securities equal to $222.5 million less an amount equal to accrued and unpaid interest on such subordinated debt securities since the dates of the last interest payments thereon. The Company received the requisite consent of the lenders under the Existing Credit Agreement but was unable to obtain the requisite consent of the Term Lenders to such sale, and in July 2008, entered into a termination agreement regarding the agreement to sell the assets related to Global Pet Supplies. The Equity Committee has asserted that the offered purchase price for the Global Pet Supplies business equated to approximately 9.9X EBITDA, and thus evidences the alleged undervaluation occurring under the Plan. This assertion is incorrect from a current enterprise valuation perspective. Most importantly, the Global Pet Supplies business accounts for only one-third of the Debtors' businesses, and thus applying the same multiple to the Debtors' entire enterprise is both illogical and unfounded. Moreover, the transaction was proposed prior to the current fiscal crisis, when obtainable values were meaningfully higher than now available and access to capital was significantly greater. Finally, in light of the composition of the purchase price, applying a 9.9X multiple is clearly misplaced.

In the fourth quarter of fiscal year 2008, based on the continued financial deterioration of the growing products portion of the Home and Garden Business, which includes fertilizers, enriched soils, mulch and grass seed (the "FGM Business"), and its projected substantial cash utilization for the Company's 2009 fiscal year, the Company attempted to dispose of all or a portion of the FGM Business but was unable to find a buyer or strategic partner willing to commit to acquire the FGM Business on acceptable terms. On November 5, 2008, the Company's board of directors committed to the shutdown of the FGM Business. The shutdown of this division was completed in the second fiscal quarter of 2009.

In addition, in order to improve operational efficiency and better utilize its manufacturing resources the Company has undertaken various initiatives to reduce manufacturing and operating costs. For example, the Company closed its zinc carbon and alkaline battery manufacturing and distribution facility in Ninghai, China. The Company has also undertaken a number of cost reduction initiatives, consisting primarily of work-force reductions, in connection with the restructuring of its management into three vertically integrated, product focused reporting segments of Global Batteries and Personal Care, Global Pet Supplies, and the Home and Garden Business. In fact, the Company has been able to reduce its work-force by 39% since October 1, 2005. In addition, the Company has implemented a series of initiatives within its Global Batteries and Personal Care business segment in Europe and Latin America to reduce operating costs, including the reduction of certain manufacturing operations in Germany and Brazil and the restructuring of management, sales, marketing, and support functions within these geographic areas.

2. Sales and Distribution

The Company's sales are generally made through the use of individual purchase orders, consistent with industry practice. Retail sales of the customer products the Company markets have been increasingly consolidated into a small number of regional and national mass merchandisers. As a result of this consolidation, a significant percentage of the Company's sales are attributable to a very limited group of retail customers, including without limitation, Wal-Mart, the Home Depot, Carrefour, Target, Lowe's, PetSmart, Canadian Tire, PetCo and Gigante. The Company's sales to Wal-Mart Stores, Inc. represented approximately 19% of its consolidated net sales for the 2008 fiscal year. No other customer accounted for more than 10% of the Company's consolidated net sales.

3. Research, Technology and Product Development

In addition to taking steps to reduce and restructure its outstanding indebtedness and improve its operational efficiency, the Company continues to focus its research and development strategy on new product development and performance enhancements of its existing products using technology innovations. Specifically, during fiscal year 2008 the Company introduced longer lasting alkaline batteries. It also launched several new products targeted at specific niche markets such as Hot Shot Spider Trap, Cutter Mosquito Stakes, Spectracide Destroyer Wasp & Hornet, and Spectracide Weed Stop. The Company also introduced a new line of men's rotary shavers with "360° Flex & Pivot Technology." In addition, the Company developed Teflon coated heads to its blades and introduced the "Short Cut Clipper." The Company also launched "Shine Therapy," a hair straightener with vitamin conditioning technology.

4. Manufacturing, Raw Materials and Suppliers

The principal raw materials the Company uses in manufacturing its products are sourced either on a global or regional basis. The prices of these raw materials are susceptible to price fluctuations due to supply and demand trends, energy costs, transportation costs, government regulations and tariffs, changes in currency exchange rates, price controls, general economic conditions, and other unforeseen circumstances. The Company has regularly engaged in forward purchase and hedging derivative transactions in an attempt to effectively manage the raw material costs it expects to incur over the next 12 to 24 months. The Company expects to have adequate access to quantities of these materials in the future.

5. Competitors

In the Company's retail markets, it competes for limited shelf space and consumer acceptance. Factors influencing product sales include brand name recognition, perceived quality, price, performance, product packaging, design innovation, and consumer confidence and preferences as well as creative marketing, promotion and distribution strategies.

The battery product category is highly competitive. Most consumer batteries manufactured throughout the world are sold by one of four global companies: the Company (manufacturer/seller of Rayovac and VARTA brands); Energizer Holdings, Inc. (manufacturer/seller of the Energizer brand); The Procter & Gamble Company ("Procter & Gamble") (manufacturer/seller of the Duracell brand); and Matsushita (manufacturer/seller of the Panasonic brand). The Company also faces competition from the private label brands of major retailers, particularly in Europe.

The pet supply product category is highly fragmented with over 500 manufacturers in the United States alone, consisting primarily of small companies with limited product lines. The Company's largest competitors in this product category are Mars Corporation, The Hartz Mountain Corporation, and Central Garden & Pet Company.

The Company's primary competitors in the electric shaving and grooming product category are Norelco, a division of Koninklijke Philips Electronics NV, which sells and markets rotary shavers, and Braun, a division of The Procter & Gamble Company, which sells and markets foil shavers. Remington sells both foil and rotary shavers.

The Company's major competitors in the electric personal care product category are Conair Corporation, Wahl Clipper Corporation, and Helen of Troy Limited.

The Company's primary competitors in the portable lighting product category are Energizer Holdings, Inc. and Mag Instrument, Inc.

Products the Company sells in the lawn and garden product category through the Home and Garden Business face competition from The Scotts Miracle-Gro Company ("Scotts Company"), which markets lawn and garden products under the Scotts, Ortho, Roundup and Miracle-Gro brand names; Central Garden & Pet, which markets garden products under the AMDRO, Sevin and Pennington Seed brand names; and Bayer A.G., which markets lawn and garden products under the Bayer Advanced brand name.

Products the Company sells in the household insect control product category through the Home and Garden Business, face competition from S.C. Johnson & Son, Inc. ("S.C. Johnson"), which markets insecticide and repellent products under the Raid and OFF! brands; Scotts Company, which markets household insect control products under the Ortho brand; and Henkel KGaA, which markets insect control products under the Combat brand.

6. Government Regulation and Environmental Matters

The Company is subject to a broad range of federal, state, local, and foreign legal and regulatory provisions relating to the environment, including those regulating the discharge of materials into the environment, the handling and disposal of solid and hazardous substances and wastes and the remediation of contamination associated with the releases of hazardous substances at the Company's facilities. The Company believes that compliance with the federal, state, local and foreign laws and regulations to which it is subject will not have a material adverse effect upon its capital expenditures, financial position, earnings or competitive position.

From time to time, the Company has been required to address the effect of historic activities on the environmental condition of its properties. The Company has not conducted invasive testing at all facilities to identify all potential environmental liability risks. Given the age of its facilities and the nature of its operations, it is possible that material liabilities may arise in the future in connection with its current or former facilities. If previously unknown contamination of property underlying or in the vicinity of the Company's manufacturing facilities is discovered, the Company could incur material unforeseen expenses, which could have a material adverse effect on its financial condition, capital expenditures, earnings and competitive position. Although the Company is currently engaged in investigative or remedial projects at some of its facilities, the Company does not expect that such projects, taking into account established accruals, will cause the Company to incur expenditures that are material to its business or financial condition; however, it is possible that its future liability could be material.

The Company has been, and in the future may be, subject to proceedings related to its disposal of industrial and hazardous material at off-site disposal locations or similar disposals made by other parties for which it is held responsible as a result of its relationships with such other parties. In the United States, these proceedings are under the Federal Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA") or similar state laws that hold persons who "arranged for" the disposal or treatment of such substances strictly liable for costs incurred in responding to the release or threatened release of hazardous substances from such sites, regardless of fault or the lawfulness of the original disposal. Liability under CERCLA is typically joint and several, meaning that a liable party may be responsible for all costs incurred in investigating and remediating contamination at a site. As a practical matter, liability at CERCLA sites is shared by all of the viable responsible parties. The Company occasionally is identified by federal or state governmental agencies as being a potentially responsible party for response

actions contemplated at an off-site facility. At the existing sites where the Company has been notified of its status as a potentially responsible party, it is either premature to determine whether its potential liability, if any, will be material or the Company does not believe that its liability, if any, will be material. The Company may be named as a potentially responsible party under CERCLA or similar state laws for other sites not currently known to it, and the costs and liabilities associated with these sites may be material.

It is difficult to quantify with certainty the potential financial impact of actions regarding expenditures for environmental matters, particularly remediation, and future capital expenditures for environmental control equipment. Nevertheless, based upon the information currently available, the Company believes that, taking into account established accruals for estimated liabilities, its ultimate liability arising from such environmental matters should not be material to its business or financial condition.

7. Patents and Trademarks

The Company actively enforces and defends its rights related to its intellectual property portfolio, which is of material importance to its operations. The Company owns or licenses from third parties a significant number of patents and patent applications throughout the world relating to products it sells and manufacturing equipment it uses. The Company also uses and maintains a number of trademarks in its business.

8. Seasonality

On a consolidated basis the Company's financial results are approximately equally weighted between quarters, however, sales of certain product categories tend to be seasonal. Sales in the consumer battery, electric shaving and grooming and electric personal care product categories, particularly in North America, tend to be concentrated in the December holiday season. Demand for the Company's lawn and garden and household insect control products sold through the Home and Garden Business typically peaks during the months of March through June. However, demand for pet supplies products remains fairly constant throughout the year.

E. Management and Employees

1. Board of Directors

Spectrum's Board of Directors (the "Board" or the "Board of Directors") oversees the Company's management, reviews its long-term strategic plans, and exercises direct decision-making authority in key areas.

(a) Members of Board

Set forth below is information with respect to the members of Spectrum's Board serving immediately prior to and during the pendency of the Chapter 11 Case:

- *John D. Bowlin* has served as Chairman of the Board of Spectrum since August, 2007. He served as President and Chief Executive Officer of Miller Brewing Company, a subsidiary of SABMiller plc, from 2002 to 2003. From 1985 to 2002 he served in a variety of senior executive positions at Philip Morris Companies, Inc., including as Chief Executive Officer of Miller Brewing Company from 1999 to 2002; President and Chief Executive Officer of Kraft Foods International from 1996 to 1999; President and Chief Operating Officer of Kraft Foods North America from 1994 to 1996; President and Chief Operating Officer of Miller Brewing Company from 1993 to 1994; and President of Oscar Meyer Food Corporation from 1991 to 1993. From 1974 to 1991, he held positions of increasing responsibility at General Foods Corporation. Mr. Bowlin also serves as a director of various privately-held companies. Mr. Bowlin is a member of both the Company's audit committee and corporate governance committee.
- *William P. Carmichael* has served as a director of Spectrum since August 2002. From 1999 to 2001, he served as Senior Managing Director of the Succession Fund, a company that provides strategic financial and tax consulting to closely held private companies. He also served as Senior Vice President of Sara Lee Corporation from 1991 to 1993.

He served as a Vice President of Beatrice Foods Company from 1985 to 1990 and as Beatrice Foods Company's Chief Financial Officer from 1987 to 1990. Prior to that time, he served as Vice President of E-II Holdings from 1987 to 1988 and Vice President of Esmark, Inc. from 1976 to 1984. Mr. Carmichael is a director of Cobra Electronics Corporation ("Cobra"), The Finish Line, Inc., and Simmons Bedding Company. He also serves on the audit committees of each of these companies and the finance committee and governance and nominating committee of Cobra. He also serves as Chairman and a Trustee of Columbia Funds Series Trust, Columbia Funds Master Investment Trust, Columbia Funds Variable Trust I and Banc of America Funds Trust. He is the chairperson of the Company's audit committee and serves on the Company's compensation committee.

- *John S. Lupo* has served as a director of Spectrum since July 1998. From February 2000 until September 2008, Mr. Lupo was a principal in the consulting firm Renaissance Partners, LLC. From October 1998 until November 1999, he served as Executive Vice President for Sales and Marketing for Bassett Furniture Industries, Inc. From April 1998 to October 1998, he served as a consultant in the consumer products industry. From August 1996 to April 1998, Mr. Lupo served as Senior Vice President and Chief Operating Officer for the international division of Wal-Mart Stores, Inc. From October 1990 to August 1996, he served as Senior Vice President—General Merchandise Manager of Wal-Mart Stores, Inc. He also serves as a director of CitiTrends, Inc. ("CitiTrends"), AB Electrolux and Cobra. Mr. Lupo also serves on the compensation committee and stock option committee of Cobra and on the compensation committee and audit committee of CitiTrends. Mr. Lupo is a member of both the Company's compensation committee and its nominating and corporate governance committee.
- *Thomas R. Shepard* has served as a director of Spectrum since September 1996. He is Chairman of TSG Equity Partners, LLC, a private equity investment firm that he co-founded in 1998, and is also a director of various privately-held companies. From 1986 through 1998, he served as a Managing Director of Thomas H. Lee Company and from 1983 to 1986 was President of GTE (Sylvania) Lighting Products. Mr. Shepherd served as the Company's Lead Director until August 2007. He is the Chairperson of the Company's compensation committee and is a member of its audit committee.
- *Barbara S. Thomas* has served as a director of Spectrum since May 2002. She most recently served as Interim Chief Executive Officer of The Ocean Spray Company from November 2002 to April 2003. Previously, she was President of Warner-Lambert Consumer Healthcare, the over-the-counter pharmaceuticals business of the Warner-Lambert Company, until July 2000. From 1993 to 1997, Ms. Thomas was employed by the Pillsbury Company, serving last as President of Pillsbury Canada Ltd. Prior to joining Pillsbury, she served as Senior Vice President of Marketing for Nabisco Brands, Inc. From 1997 to March 2004, she served as a director of the Dial Corporation. She serves as a director of the Bank of Nova Scotia ("BNS") and Blue Cross Blue Shield Cos. of Florida ("BC/BS Fla."). Ms. Thomas also serves on the audit and conduct review committee and the human resources committee of BNS and the audit and finance committees of BC/BS Fla. Ms. Thomas is the Chairperson of the Company's nominating and corporate governance committee and a member of its audit committee.
- *Kent J. Hussey,* Chief Executive Officer and Director, was appointed Chief Executive Officer in May 2007 and has served as a director since October 1996. He has served as Vice Chairman of the Board of Directors from January 2007 until May 2007. Mr. Hussey served as President and Chief Operating Officer from August 2002 until January 2007 and from April 1998 until November 2001. From December 2001 through July 2002, he served as President and Chief Financial Officer. From October 1996 until April 1998, he served as Executive Vice President of Finance Administration and Chief Financial Officer. From 1994 to 1996, Mr. Hussey was Vice President and Chief Financial Officer of ECC International. From 1991 to 1994, he served as Vice President and Chief Financial Officer of The Regina Company. Mr. Hussey also serves as a director of American Woodmark Corporation and various privately-held companies.

The Plan provides that the New Board will consist of individuals nominated by the Debtors and each of the Negotiating Noteholders and announced in the Plan Supplement. The election of those individuals to the New Board will be approved by Spectrum's current board of directors and the Bankruptcy Court. Thereafter, the New Board will serve in accordance with the New Spectrum Governing Documents.

The Plan also provides that the existing directors of the Subsidiary Debtors will continue to serve in their same respective capacities after the Effective Date for the Reorganized Subsidiaries until replaced or removed in accordance with the Reorganized Subsidiary Governing Documents.

(b) Compensation of Board Members

Under Spectrum's director compensation policy, applicable to non-employee directors, directors receive an annual cash retainer of $100,000. The chair of the audit committee receives an additional annual retainer of $10,000 and the chair of the Company's nominating and corporate governance committee, as well as the chair of the Company's compensation committee each receive an additional annual retainer of $5,000. The non-employee chairman of the Board of Directors receives an additional annual retainer of $70,000. Directors also receive $1,500 for each Board of Directors meeting attended ($750 if they participate telephonically) and $1,500 for each committee meeting attended ($750 if they participate telephonically). The chairman receives an additional $1,000 for each Board of Directors meeting attended. Committee chairs receive an additional $1,000 per committee meeting attended.

Historically, each fiscal year, all directors other than the non-employee chairman of the Board of Directors received a stock grant equal to the lesser of 8,000 shares or that number of shares with a value at grant of $70,000 and the non-employee chairman of the Board of Directors received an annual stock grant equal to the lesser of 10,000 shares or that number of shares with a value at grant of $85,000. The shares would vest one-third per year on the first three anniversary dates of the grant. The Debtors do not intend to continue this program post-petition. Moreover, any grant of shares to directors will be extinguished under the Plan. The members of the Board do not currently receive any stock option awards, non-equity incentive plan compensation, pension, or nonqualified deferred compensation.

2. Executive Officers

Set forth below is information with respect to the executive officers of the Company serving immediately prior to and during the pendency of the Chapter 11 Case:

- *Kent J. Hussey,* Chief Executive Officer and Director, was appointed Chief Executive Officer in May 2007 and has served as a director since October 1996. He has served as Vice Chairman of the Board of Directors from January, 2007 until May, 2007. Mr. Hussey served as President and Chief Operating Officer from August 2002 until January 2007 and from April 1998 until November 2001. From December 2001 through July 2002, he served as President and Chief Financial Officer. From October 1996 until April 1998, he served as Executive Vice President of Finance Administration and Chief Financial Officer. From 1994 to 1996, Mr. Hussey was Vice President and Chief Financial Officer of ECC International. From 1991 to 1994, he served as Vice President and Chief Financial Officer of The Regina Company. Mr. Hussey also serves as a director of American Woodmark Corporation and various privately-held companies.
- *Anthony L. Genito* was appointed Executive Vice President, Chief Financial Officer, and Chief Accounting Officer in October 2007. He previously had served as Senior Vice President, Chief Financial Officer, and Chief Accounting Officer since June 2007. From October 2005 until January 2007, Mr. Genito served as Senior Vice President and Chief Accounting Officer and from June 2004, when he joined the Company, until October 2005 he served as Vice President, Finance, and Chief Accounting Officer. Before joining the Company, Mr. Genito was employed for twelve years at Schering-Plough Corporation in various financial management positions, including serving as Vice President Global Supply Chain from July 2002 to June 2004. He began his career at Deloitte & Touche.
- *David R. Lumley,* was appointed Co-Chief Operating Officer and President, Global Batteries and Personal Care in January 2007, and in October 2008 his area of responsibility was expanded to include the Home and Garden Business. Prior to that time, he served as President, North America from the time he joined the Company in January

2006. Mr. Lumley joined the Company from his position as President, Rubbermaid Home Products North America, which he had held since January 2004. Prior to his position at Rubbermaid, Mr. Lumley had been president and Chief Executive Officer of EAS, a leading sports nutrition company, since 2001. His background includes more than twenty-five years of experience in the consumer products industry, including having served as President of Brunswick Bicycles, President of OMC International, Senior Vice President, Sales and Marketing at Outboard Marine Corporation, and in a variety of leadership positions with Wilson Sporting Goods and other companies.

- *John A. Heil* was appointed Co-Chief Operating Officer and President, Global Pet Supplies in January 2007. He served as President, Global Pet, from October 2005 until January 2007. Prior to that time he had served as President of the United Pet Group division of United Industries Corporation, since April 2005, shortly after the Company's acquisition of United Industries Corporation in February 2005. Mr. Heil had served as President and Chief Executive Officer of the United Pet Group division of United Industries Corporation since United Industries Corporation acquired United Pet Group in June 2004. Mr. Heil joined United Pet Group in June 2000. Prior to that time he spent twenty-five years with the H.J. Heinz Company in various executive management positions including President and Managing Director of Heinz Pet Products, President of Heinz specialty Pet and Executive Vice President of Starkist Seafood. Mr. Heil also served as a director and member of the audit committee of VCA Antech, Inc. and a director and member of the compensation committee of Tempur-Pedic International, Inc.

The Plan provides that the officers of Spectrum will continue to serve in their same respective capacities after the Effective Date for Reorganized Spectrum until replaced or removed in accordance with the New Spectrum Governing Documents.

The Plan also provides that the existing officers of the Subsidiary Debtors will continue to serve in their same respective capacities after the Effective Date for the Reorganized Subsidiaries until replaced or removed in accordance with the Reorganized Subsidiary Governing Documents.

3. Employees

The Company has approximately 6,100 full-time employees worldwide. Approximately 20% of its total labor force is covered by collective bargaining agreements. The Company is a party to three collective bargaining agreements that will expire in fiscal year 2009, which cover approximately 45% of the labor force under collective bargaining agreements, or approximately 9% of the Company's total labor force. The Company believes that its overall relationship with its employees is good.

4. Compensation and Benefits

The Company has historically provided a competitive compensation and benefit package to its executive officers, senior management, and other employees, consistent with its belief that the success of its business is dependent to a significant extent upon the efforts and abilities of its workforce. Historical information regarding certain of the Debtors' compensation and benefits arrangements is provided in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2008, which was filed with the SEC and which may be accessed on the SEC's Web site, www.sec.gov, or on Spectrum Brands, Inc.'s Web site, www.spectrumbrands.com.

The Plan provides for the continuation of all compensation and benefit arrangements, except for any equity-based arrangements, which will be terminated. The Plan provides for a New Equity Incentive Plan under which new equity rights may be granted.

F. Debtors' Capital Structure

1. Post-petition Senior Secured Obligations

As part of the restructuring process under Chapter 11, the Debtors obtained a $235 million senior secured debtor in possession revolving credit facility (the "DIP Facility"), which was approved by interim order of the Bankruptcy Court dated February 5, 2009 and final order of the Bankruptcy Court dated March 5, 2009. The DIP Facility was provided pursuant to a Ratification and Amendment Agreement with Wachovia Bank, National Association, as administrative and collateral agent, and certain of the existing lenders under the Debtors' Existing Credit Agreement. The Ratification and Amendment Agreement amended the Existing Credit Agreement and the guarantee and collateral agreement governing the Existing Credit Agreement. The DIP Facility consists of (a) revolving loans, with a portion available for letters of credit and a portion available as swing line loans, in each case subject to the terms and limits described therein, and (b) a supplemental loan in an amount up to $45 million provided by certain Noteholders (the "Supplemental DIP Facility Participants") in the form of a participation interest (the "Supplemental Loan"). The obligations under the DIP Facility are (a) guaranteed by all of the Debtors, (b) secured by the same collateral that secured the Existing Credit Agreement, and (c) supported by a super-priority administrative expense claim against each of the Debtors.

The DIP Facility, exclusive of the Supplemental Loan, will mature on the earliest of (a) February 5, 2010, (b) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which will be no later than the Effective Date) of a plan of reorganization filed in the Chapter 11 Case that is confirmed pursuant to an order entered by the Bankruptcy Court, or (c) the termination of the commitment with respect to the DIP Facility.

The Supplemental Loan will mature on the earliest of (a) February 5, 2010, (b) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which will be no later than the Effective Date) of a plan of reorganization filed in the Chapter 11 Case that is confirmed pursuant to an order entered by the Bankruptcy Court, such plan and order on terms and conditions satisfactory to the Supplemental DIP Facility Participants, or (c) the termination of the commitment with respect to the DIP Facility; provided that if certain exit conditions are satisfied prior to the maturity of the Supplemental Loan pursuant to clauses (a) through (c) above, the maturity of the Supplemental Loan will be automatically extended to March 31, 2012.

The Debtors have estimated that as of July 15, 2009, there will be approximately $182,000,000 outstanding under the DIP Facility.

2. Material Pre-petition Secured Obligations

(a) Term Facility Loan Documents

As of the Petition Date, the Debtors' liabilities include secured obligations in respect of collectively, the (a) $1.6 billion Credit Agreement dated as of March 30, 2007, among, *inter alia*, Spectrum as the Borrower, the Subsidiary Debtors as Guarantors, Goldman Sachs Credit Partners, L.P., as the Administrative Agent, the Collateral Agent and the Syndication Agent, Wachovia Bank, National Association, as the Deposit Agent, Bank of America N.A. as an LC Issuer and the Lenders as described therein (the "Term Lenders"); and (b) the other "Loan Documents" as defined therein (the "Term Facility Loan Documents"). The Debtors' obligations under the Term Facility Loan Documents consist of, among other things, obligations in respect of term loans and a letter of credit facility. It is secured by (a) first priority liens on all of the Debtors' domestic property (other than accounts receivable and inventory) and 65% of the equity interests of the Debtors' first tier foreign subsidiaries and (b) second priority liens on the Debtors' domestic accounts receivable and inventory. As of the Petition Date, Spectrum was liable for obligations under the Term Facility Loan Documents in the aggregate amount of approximately $1.4 billion. With the exception of the Secured Hedge Claims (which Secured Hedge Claims are treated as Other Secured Claims under the Plan), the obligations under the Term Facility Loan Documents are referred to as Term Facility Claims under the Plan and the Plan provides for such Claims to be Reinstated.

(b) Existing Credit Agreement

On September 28, 2007, as provided for in the Senior Credit Agreement, the Debtors entered into a $225 million Asset Based Revolving Loan Facility pursuant to the credit facilities provided under the (a) Credit Agreement dated as of September 28, 2007 among, *inter alia*, Spectrum as Borrower, the Subsidiary Debtors as Guarantors, Wachovia Bank, National Association, as the Administrative Agent, the Collateral Agent and an LC Issuer, Goldman Sachs Credit Partners L.P., as the Syndication Agent, and certain Lenders as named therein; and (b) the other "Loan Documents" as defined therein (the "Existing Credit Agreement"). The Existing Credit Agreement replaced a portion of the term loans under the Term Facility Loan Documents. It is secured by first priority liens on the Debtors' domestic accounts receivable and inventory. As of the Petition Date, Spectrum was liable for obligations under the Existing Credit Agreement for approximately $160 million. The obligations under the Existing Credit Agreement have been satisfied with the proceeds of the DIP Facility.

3. Material Pre-petition Unsecured Obligations

(a) Senior Subordinated Notes

Spectrum is party to an indenture dated as of September 30, 2003 (the "8 1/2% Senior Subordinated Notes Indenture") with U.S. Bank National Association, as trustee, and the Subsidiary Debtors party thereto, as guarantors. Pursuant to the 8 1/2% Senior Subordinated Notes Indenture, Spectrum issued $350 million in principal amount of senior subordinated notes currently bearing interest at 8 1/2% per annum (the "8 1/2% Senior Subordinated Notes"). The 8 1/2% Senior Subordinated Notes mature in 2013 and require semi-annual interest-only payments until maturity. In March and April 2007, Spectrum conducted an offer to exchange the entire $350 million of outstanding principal amount of the 8 1/2% Senior Subordinated Notes for the same aggregate principal amount of variable rate toggle senior subordinated notes, subject to a variable rate of interest that increases semi-annually, varying depending on whether interest is payable in cash or increased principal and currently bearing interest at 12.75% per annum (the "Variable Rate Toggle Senior Subordinated Notes"). Approximately $3 million of the 8 1/2% Senior Subordinated Notes did not participate in the exchange offer. As such, Spectrum issued approximately $347 million in principal amount of Variable Rate Toggle Senior Subordinated Notes. Spectrum is party to an indenture in connection with the Variable Rate Toggle Senior Subordinated Notes, dated as of March 30, 2007, with U.S. Bank National Association as trustee (as successors to Wells Fargo Bank, N.A.), and the Subsidiary Debtors as guarantors. The Variable Rate Toggle Senior Subordinated Notes mature in 2013 and require semi-annual interest-only payments until maturity.

In addition, Spectrum is party to an indenture dated as of February 7, 2005 (the "7 3/8% Senior Subordinated Notes Indenture") with U.S. Bank National Association, as trustee, and the Subsidiary Debtors, as guarantors. Pursuant to the 7 3/8% Senior Subordinated Notes Indenture, Spectrum issued $700 million in principal amount of senior subordinated notes currently bearing interest at 7 3/8% per annum (the "7 3/8% Senior Subordinated Notes"). The 7 3/8% Senior Subordinated Notes were guaranteed by the Subsidiary Debtors. The 7 3/8% Senior Subordinated Notes mature in 2015 and require semi-annual interest-only payments until maturity.

The 8 1/2% Senior Subordinated Notes, the Variable Rate Toggle Senior Subordinated Notes, and the 7 3/8% Senior Subordinated Notes (collectively, the "Spectrum Notes") contain various covenants customary for these types of instruments. The Chapter 11 filings created an event of default under the Spectrum Notes. The Spectrum Notes are unsecured obligations that are treated as Noteholder Claims under the Plan.

(b) Other Unsecured Obligations

Other unsecured obligations owed by the Debtors include, without limitation, claims of the Company's vendors and suppliers, contract and lease parties, employees, former employees, shippers, contractors, utility companies, consultants, providers of business services, counterparties to hedging agreements, credit card companies, healthcare providers, and litigation claimants.

4. Litigation Claims

The Debtors are subject to litigation from time to time in the ordinary course of business. The Debtors are not party to any pending legal proceedings which the Debtors believe to be material to their business or financial condition.

As a result of the Debtors' Chapter 11 filing, with certain exceptions or unless otherwise ordered by the Court, the automatic stay prevents parties from pursuing any pre-petition claims and lawsuits. All liabilities alleged against the Debtors in such claims and lawsuits will be treated under the Plan. Claims and lawsuits based upon liabilities arising after the Petition Date generally are not subject to the automatic stay.

5. Pre-petition Equity

(a) Spectrum Interests

Spectrum had approximately 52,803,341 shares of common stock outstanding as of December 28, 2008, held by approximately 416 record holders at par value $0.01 per share.

Beginning in 1997, Spectrum's common stock traded on the New York Stock Exchange (the "NYSE") under the ticker symbol "SPC." On December 15, 2008, NYSE Regulation, Inc. ("NYSE Regulation") announced that NYSE Regulation had determined that the common stock of Spectrum should be suspended from trading on the New York Stock Exchange prior to market opening on December 22, 2008. NYSE Regulation noted that the decision to suspend Spectrum's common stock was reached in view of the fact that Spectrum had recently fallen below the NYSE's continued listing standard regarding average global market capitalization over a consecutive 30 trading day period of not less than $25 million, the minimum threshold for listing on the NYSE. Spectrum's common stock is currently quoted on the Pink Sheet Electronic Quotation Service under the ticker symbol "SPCB."

Under the Plan, Spectrum's common stock will be cancelled and no distribution will be made to holders of the common stock.

(b) Subsidiary Interests

Spectrum is the ultimate parent and directly or indirectly owns 100% of the interests in the other Debtors. The Plan provides that Spectrum will retain such interests, subject to any applicable restrictions arising under the Exit Facility.

G. Summary of Assets

The Debtors' assets consist primarily of merchandise inventory, property, plant and equipment, cash and trade and other receivables. The Debtors have filed Schedules of Assets with the Bankruptcy Court that contain detail as to the assets owned by each of the Debtors. The Schedules of Assets may be reviewed during business hours in the offices of the Clerk of the Bankruptcy Court or may be viewed at www.loganandco.com. Information as to the Debtors' assets (including the non-Debtor subsidiaries) is also available in the balance sheets included in the Annual Report on Form 10-K of Spectrum filed with the SEC for the fiscal year ended September 30, 2008. The aforementioned Annual Report on Form 10-K, along with any subsequent filings, may be accessed on the SEC's Web site, www.sec.gov, or on Spectrum's Web site, www.spectrumbrands.com.

H. Historical Financial Information

The Company's fiscal year ends on the last day of September. Financial information regarding the Debtors and non-Debtor subsidiaries for the fiscal year ended September 30, 2008, is available in the Annual Report on Form 10-K of Spectrum filed with the SEC for such period. The financial information contained in the Annual Report on Form 10-K for the fiscal year ended September 30, 2008 has been audited. The aforementioned Annual Report on Form 10-K may be accessed on the SEC's Web site, www.sec.gov, or on Spectrum's Web site, www.spectrumbrands.com. The Company has prepared its financial statements in accordance with United States generally accepted accounting principles as set forth by the Public Company Accounting Oversight Board.

I. Additional Information

The Company's Web site (www.spectrumbrands.com) provides additional information about the Company. On the Company's Web site one can obtain, free of charge, prior year Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K, and all of the Company's other periodic filings with the SEC. One can also obtain copies of all of the

Company's recent press releases. The Company's Web site also contains important information about its corporate governance practices, including its Code of Business Conduct and Ethics, information on the members of its Board of Directors, its Corporate Governance Guidelines, and its Committee Charters.

J. Events Leading to Commencement of the Chapter 11 Case

For much of the past decade, the Company pursued a strategy of pursuing strategic acquisitions in furtherance of its goal of being a diversified global consumer products company competing in high growth markets. A number of such acquisitions were financed in substantial part with debt from a variety of sources. Today, each of the Company's individual business lines is profitable and cash-flow positive. Notwithstanding that fact, however, it has become clear over the past several years that, in total, the acquisitions that were made have not succeeded in growing as rapidly as the Company had expected, nor have they enabled the Company to generate a level of profitability that will adequately service the Company's existing debt burden.

In the third quarter of its fiscal year ended September 30, 2006, the Company engaged advisors to assist it in exploring possible strategic options, including divesting certain of its assets, in order to sharpen the Company's focus on strategic growth businesses, reduce its outstanding indebtedness and maximize long-term shareholder value. In connection with this undertaking, during the first quarter of its fiscal year ended September 30, 2007, the Company approved and initiated a plan to sell the assets related to its Home and Garden Business.

During the first and second quarters of fiscal year 2007, the Company engaged in substantive negotiations with a potential purchaser as to definitive terms for the purchase of the Home and Garden Business; however, the potential purchaser ultimately determined not to pursue the acquisition. The Company continued to actively market the Home and Garden Business after such time and in November 2007, the Company completed the sale of the Canadian division of the Home and Garden Business. However, the Company was unsuccessful in selling the rest of the Home and Garden Business.

In August 2007, the Company and its financial advisors initiated a process to sell the Company's Global Pet Supplies business. However, after receiving preliminary indications of interest in October of 2007, in view of the challenging conditions in the credit market and the levels of the indications of interest received, the Company subsequently determined to suspend the sale process.

In the second quarter of fiscal year 2008, the Company was approached by Harbinger with respect to a possible sale of the Company's Global Pet Supplies business. Following discussions with Harbinger and other possible buyers, the Company entered into a definitive agreement with certain controlled affiliates of Harbinger, to sell the assets related to its Global Pet Supplies business, subject to the consent of the Company's lenders under its senior credit facilities. The agreement provided for a purchase price of $692.5 million in cash and an aggregate principal amount of the Company's subordinated debt securities equal to $222.5 million less an amount equal to accrued and unpaid interest on such subordinated debt securities since the dates of the last interest payments thereon. The Company received the requisite consent of the lenders under the Existing Credit Agreement but was unable to obtain the requisite consent of the Term Lenders to such sale, and in July 2008, entered into a termination agreement regarding the agreement to sell the assets related to Global Pet Supplies. The Equity Committee has asserted that the offered purchase price for the Global Pet Supplies business equated to approximately 9.9X EBITDA, and thus evidences the alleged undervaluation occurring under the Plan. This assertion is incorrect from a current enterprise valuation perspective. Most importantly, the Global Pet Supplies business accounts for only one-third of the Debtors' businesses, and thus applying the same multiple to the Debtors' entire enterprise is both illogical and unfounded. Moreover, the transaction was proposed prior to the current fiscal crisis, when obtainable values were meaningfully higher than now available and access to capital was significantly greater. Finally, in light of the composition of the purchase price, applying a 9.9X multiple is clearly misplaced.

In the first quarter of its fiscal year ending September 30, 2009, the Company again attempted to sell a portion of its Home and Garden Business, the FGM Business, which attempt was unsuccessful. In November 2008, following an evaluation of the historical lack of profitability and the projected input costs and significant working capital demands for the growing product portion of the Home and Garden Business for the Company's 2009 fiscal year and the Company's inability to complete a sale thereof, the Company's board of directors committed to the shutdown of the FGM Business.

As a result of the Company's inability to reduce its outstanding indebtedness through asset sales, in the fourth quarter of fiscal year 2008, the Company engaged additional financial advisors to evaluate a wide variety of possible options to reduce or restructure its outstanding indebtedness. As part of this evaluation, these advisors contacted, on an individual basis, holders of the Company's public notes to explore various restructuring transactions.

While the Company had sufficient liquidity to maintain its operations and service its debt obligations during fiscal years 2007 and 2008, and into the first quarter of fiscal year 2009 (beginning October 2008), and believed it would have sufficient liquidity to maintain such operations and debt service going forward, the Company experienced a number of negative impacts on liquidity in late 2008 and into 2009. These unfavorable impacts included among others: (i) loss of its overdraft bank facility in Europe, causing an increase in cash balances necessary to maintain operations; (ii) loss of credit insurance that certain of the Company's foreign suppliers previously utilized to insure their accounts receivables from the Company, resulting in a tightening of terms in some cases to cash in advance or cash on delivery; (iii) deterioration of the global economic environment and the credit crisis, causing many creditors of the Company to limit risk exposure to over-leveraged companies such as the Company; (iv) negative reports on the Company's prospects from debt and equity analysts and the rating agencies; and (v) continuing cash outflows related to ongoing restructuring and cost reduction initiatives.

In addition, a variety of factors, culminating with the announcement by the NYSE that the Company was subject to an impending delisting, resulted in a precipitous decline in its share price. This decline fueled concern on the part of suppliers and vendors that a free-fall bankruptcy filing was imminent. As a result, the Company experienced further tightening of credit terms from certain of its suppliers, and hence a further tightening of its liquidity. Compounding this tightening of liquidity was the impact of the seasonal nature of the Company's businesses during December 2008 and January 2009, as the Company continued to devote increasing amounts of cash on hand and cash flows from its operations to meet working capital requirements. During this time, borrowing availability under the asset-based Existing Credit Agreement was also restricted due to a seasonal decline in accounts receivables. As a result of the combined impact of the above mentioned factors, the Company experienced an accelerating decline in available cash.

In this context, the Company pursued discussions with certain of the individual Noteholders that had each separately expressed an interest in a possible transaction to restructure the subordinated debt. In January 2009, the Company with the assistance of its advisors engaged in intensive negotiations with each of these Noteholders and each of their respective advisors. Meanwhile, the Company's available cash continued to decline. On February 2, 2009, in light of its discussions with the Noteholders, insufficient remaining funds, and inability to access additional capital, the Company did not make the $25.8 million interest payment due February 2, 2009 on the Company's 7 3/8% Senior Subordinated Notes due 2015. As a result, the lenders under the Existing Credit Agreement notified the Company that funding would no longer be available to the Company, which severely limited the Company's options.

In connection with the foregoing paragraphs, the Equity Committee has requested that the following statement appear here:

> "The Equity Committee questions whether the Debtors' bankruptcy filings were necessary and unavoidable. Spectrum had $100.7 million of cash in hand as of December 28, 2008, which somehow depleted to $37 million on February 1, 2009. Although it appeared that Spectrum had sufficient cash on hand, it missed a $25.8 million interest payment due on its 7 3/8% Senior Subordinated Notes on February 2, 2009, resulting in a credit default. Meanwhile management incentive compensation payments in the amount of $30 million were paid during the quarter ended 12/28/08."

The Debtors disagree with the statement. As the paragraphs above indicate, the Company's available cash declined markedly over a two-month period and it was left with insufficient funds to make the interest payment and fund ongoing operations. In any event, the Company's future viability was dependent on solving its over-leveraged position, which the Company was positioning itself to do through negotiations with the Negotiating Noteholders.

On February 3, 2009, the Company and its United States subsidiaries entered into a restructuring support agreement (the "Restructuring Support Agreement") with the holders of, in the aggregate, approximately 70% of the face value of the Company's outstanding public notes. The Restructuring Support Agreement provided for the Company, subject to the terms and conditions of the

agreement, to effectuate a significant deleveraging transaction through a chapter 11 filing. Each of the Negotiating Noteholders has agreed to support the Plan on the terms and conditions set forth in the Restructuring Support Agreement, and, upon receipt of a Bankruptcy Court approved disclosure statement and when properly solicited to do so, to vote all of their respective public note claims in favor of the Plan.

In the weeks leading up to their chapter 11 filing, the Debtors' financial advisors also contacted various potential sources of post-petition financing, including, without limitation, the Company's existing lenders. Four potential sources of financing emerged. In addition, the Debtors' financial advisors approached another large financial institution at the request of a large stakeholder. Two verbal financing proposals were obtained, both of which required priming of the liens of the Term Lenders. The Company also received a proposal from its pre-petition revolving lenders, which included a participation proposal from each of the Negotiating Noteholders. The Term Lenders also made a proposal with favorable terms, but their proposal contained financial covenants that concerned the Company. Although the Term Lenders ultimately removed the financial covenants from their proposal, the Company ultimately chose the financing offered by their pre-petition revolving lenders, with a participation to be provided by the Negotiating Noteholders, because this financing (which did not seek to prime the liens of the Term Lenders) provided the Debtors with a firm financing commitment backed by the parties supporting the Debtors' overall operational and balance sheet restructuring. With financing agreed to, the Debtors commenced the Chapter 11 Case.

V. CHAPTER 11 CASE

A. Continuation of Business; Stay of Litigation

As described above, on the date hereof, the Debtors commenced the Chapter 11 Case by filing petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Debtors continue to operate as debtors in possession subject to the supervision of the Bankruptcy Court and in accordance with the Bankruptcy Code. The Debtors are authorized to operate their businesses and manage their properties in the ordinary course, with transactions outside of the ordinary course of business requiring Bankruptcy Court approval.

An immediate effect of the filing of the Debtors' bankruptcy petitions is the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by Creditors, the enforcement of Liens against property of the Debtors, and the continuation of litigation against the Debtors. The relief provides the Debtors with the "breathing room" necessary to reorganize their businesses and prevents Creditors from obtaining an unfair recovery advantage while the Chapter 11 Case is ongoing.

B. First Day Orders

On the first day of the Chapter 11 Case, the Debtors filed several applications and motions seeking relief by virtue of so-called "first day orders." First day orders are intended to facilitate the transition between a debtor's pre-petition and post-petition business operations by approving certain regular business practices that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code requires prior approval by the bankruptcy court. The first day orders the Debtors obtained in the Chapter 11 Case, which are typical of orders entered in business reorganization cases across the country, authorize, among other things:

- joint administration of the Debtors' chapter 11 cases;
- emergency consideration of certain first-day matters;
- designation of the Debtors' chapter 11 cases as complex cases;
- certain procedures specific to a pre-negotiated chapter 11 case;
- extending time for the filing of schedules and statements and permanently waiving the same upon confirmation of the Plan;

- deeming utilities adequately assured of payment, prohibiting utilities from altering, refusing, or discontinuing services, and establishing procedures for resolving requests for adequate assurance;
- payment of prepetition claims to certain critical vendors;
- payment of prepetition obligations to foreign vendors;
- payment of prepetition shipping and warehouse charges;
- authorizing payment of goods delivered post-petition and goods delivered within twenty days of filing date, return of goods and other related obligations;
- payment of certain pre-petition employee compensation, benefits and expense reimbursements and continuation of employee programs on a post-petition basis;
- payment of certain pre-petition taxes and other ordinary course governmental obligations;
- honoring of certain pre-petition customer obligations and continuation of customer programs and practices;
- continued payment of pre-petition insurance obligations;
- rejection of certain real property leases;
- continued use of the existing cash management system and bank accounts, and continued use of current investment and deposit policy; and
- obtaining post-petition financing and authorizing the use of cash collateral.

C. Debtors' Retention of Professionals

The Debtors are represented in the Chapter 11 Case by Skadden, Arps, Slate, Meagher & Flom LLP, the Law Offices of William B. Kingman, P.C. and Vinson & Elkins LLP as co-bankruptcy counsel and Sutherland Asbill & Brennan LLP as special counsel. In addition, the Debtors have obtained the financial advisory and investment banking services of Perella Weinberg, the tax consulting and compliance services of Deloitte Tax LLP, the auditing and accounting services of KPMG LLC, and certain non-duplicative tax, auditing and accounting services of Ernst & Young, LLP. The Debtors have also retained a number of other professional firms to assist them in the ordinary course of their businesses.

D. Appointment of Official Committees

An official committee of unsecured creditors has not been appointed in the Chapter 11 Case.

On February 24, 2009, stockholder Mittleman Brothers LLC sent a letter to the United States Trustee requesting the appointment of an official committee of equity security holders for the Chapter 11 Case. On February 27, 2009, a senior attorney on staff with the SEC sent a letter to the United States Trustee indicating that the SEC's staff would recommend to the SEC that it support the appointment of an Equity Committee. On March 2, 2009, the Debtors sent a letter to the United States Trustee opposing the appointment of an Equity Committee. On March 6, 2009, the United States Trustee filed a Notice of Appointment of Committee of Equity Security Holders, appointing the Equity Committee consisting of Mittleman Brothers LLC (Equity Committee Chairperson), Ralston H. Coffin, Cookie Jar LLC, and Peter and Karen Locke, Living Trust. The Debtors asked the United States Trustee to publicly clarify that the appointment of an equity committee does not mean that the Debtors are solvent or that the shareholders will receive a distribution under a plan of reorganization. The United States Trustee, however, declined to do so. Since the Debtors believe that the appointment of the Equity Committee was unnecessary and inappropriate, the Debtors have reserved all rights with respect to the Equity Committee, including the right to seek the Equity Committee's disbandment. The Equity Committee has indicated that it would vigorously oppose any such efforts by the Debtors.

The United States Trustee's decision to appoint the Equity Committee does not mean that the Debtors are solvent or that holders of Spectrum's common stock are entitled to, or will, receive a distribution under any plan of reorganization. In fact, given the Debtors' valuation, the Debtors believe that the shareholders are woefully out of the money, and therefore, the Plan proposes to cancel all existing shares of Spectrum's common stock upon Plan confirmation. If the Plan is confirmed and implemented as currently filed, shareholders will not receive any distributions on account of such stock. The Equity Committee opposes the Plan as currently filed, has indicated that it believes that shares of Spectrum stock have substantial value, and is in the process of obtaining discovery regarding the valuation of the Debtors and events leading up to the filing of these cases. The Debtors disagree with the Equity Committee's views on valuation.

E. Post-Petition and Post-Confirmation Funding

1. DIP Facility

The Debtors' $235 million DIP Facility was approved by the Bankruptcy Court's interim order dated February 5, 2009 and final order dated March 5, 2009 (the "Final DIP Financing Order"). The Ratification and Amendment Agreement amended the Existing Credit Agreement and the guarantee and collateral agreement governing the Existing Credit Agreement. The DIP Facility consists of (a) revolving loans, with a portion available for letters of credit and a portion available as swing line loans, in each case subject to the terms and limits described therein, and (b) the Supplemental Loan. The obligations under the DIP Facility are (a) guaranteed by all of the Debtors, (b) secured by the same collateral that secured the ABL Facility, and (c) supported by a super-priority administrative expense claim against each of the Debtors.

The Final DIP Financing Order, among other things, approved certain of the fee provisions of the Ratification and Amendment Agreement, with certain agreed modifications. Accordingly, under certain circumstances, the Supplemental DIP Facility Participants will be entitled to an exit fee of 2.0% to 4.0% of the principal amount of the Supplemental Loan that is permanently repaid or prepaid. In addition, the Final DIP Financing Order approved a fee to the Supplemental DIP Facility Participants in the form of 9.9% of the equity in the Reorganized Debtors (the "Equity Fee"). However, the Final DIP Financing Order placed certain restrictions on the Equity Fee. One such restriction is that the Equity Fee may not dilute any equity that may be issued in the Chapter 11 Case to holders of Claims or Interests other than the claims held by the Noteholders. No such equity is being issued under the Plan to holders of Claims or Interests other than the Noteholders. Another restriction is that each Noteholder meeting certain qualifications must be afforded the opportunity to purchase a non-voting economic subparticipation in each Negotiating Noteholders' share of the Supplemental Loan, if such qualified Noteholder expressed interest in participating in writing. Pursuant to a notice provided by the Indenture Trustee, the deadline for any such expression of interest was March 26, 2009, and no qualifying Noteholder responded with any indication of interest.

The DIP Facility, exclusive of the Supplemental Loan, will mature on the earliest of (a) February 5, 2010, (b) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which will be no later than the Effective Date) of a plan of reorganization filed in the Chapter 11 Case that is confirmed pursuant to an order entered by the Bankruptcy Court, or (c) the termination of the commitment with respect to the DIP Facility.

The Supplemental Loan component will mature on the earliest of (a) February 5, 2010, (b) the substantial consummation (as defined in Section 1101 of the Bankruptcy Code and which will be no later than the Effective Date) of a plan of reorganization filed in the Chapter 11 Case that is confirmed pursuant to an order entered by the Bankruptcy Court, such plan and order on terms and conditions satisfactory to the Supplemental DIP Facility Participants, or (c) the termination of the commitment with respect to the DIP Facility; provided that if certain exit conditions are satisfied prior to the maturity of the Supplemental Loan pursuant to clauses (a) through (c) above, the maturity of the Supplemental Loan will be automatically extended to March 31, 2012.

2. Plan Financing

The Plan requires that the Debtors include in the Plan Supplement, to be filed at least five (5) Business Days before the Confirmation Hearing, a term sheet for the proposed Exit Facility. The Debtors are well-positioned to satisfy that requirement.

Although they have not yet commenced a formal solicitation process, they have obtained expressions of interest from, and entered into confidentiality agreements, with several potential lenders. In addition, the Debtors have received a proposed term sheet from Wachovia Bank, National Association, the agent under the DIP Facility. Immediately following the date hereof, the Debtors intend to commence a formal solicitation process by issuing a confidential information memorandum to a broad range of potential lenders and to thereafter actively seek exit financing on the best market terms available. The projections included herewith assume a market rate Exit Facility, which the Debtors are confident they can obtain. The closing of an Exit Facility is a condition precedent to the occurrence of the Effective Date of the Plan.

F. Plan Process

The Debtors commenced the plan process on the Petition Date by filing a proposed plan of reorganization and accompanying disclosure statement. The plan reflected terms that were pre-negotiated with each of the Negotiating Noteholders and documented in the Restructuring Support Agreement. In addition to specifying the terms on which each of the Negotiating Noteholders would support a plan, the Restructuring Support Agreement established deadlines for the various stages of the plan process. Those deadlines include April 15, 2009 for the approval of a disclosure statement, June 30, 2009 for the confirmation of a plan, and July 15, 2009 for emergence from Chapter 11. The Negotiating Noteholders may extend any of those deadlines but are under no obligation to do so. In the absence of an extension, if any deadline is missed, any Negotiating Noteholder may choose to terminate its support for the Plan.

The Bankruptcy Court scheduled a hearing to consider the adequacy of the disclosure statement for March 19, 2009. Notice of the hearing was provided to all creditors, stockholders, and other parties in interest. The Plan was met with opposition from the Term Lenders, who opposed the reinstatement of their Term Facility Claims, and by the Equity Committee that was appointed on March 6, 2009, which claimed that the Plan undervalued stock interests. Prior to the disclosure statement hearing on March 19, 2009, the Debtors decided to continue the hearing and obtained a new hearing date of April 14, 2009. In advance of the continued hearing, the Debtors filed a revised plan of reorganization, along with a revised disclosure statement, each reflecting modifications made pursuant to informal comments and formal objections received from parties in interest. The Bankruptcy Court approved the revised disclosure statement by order dated April 15, 2009. This Disclosure Statement is the final form approved by the Bankruptcy Court.

The Plan attached to this Disclosure Statement is the final form approved by the Bankruptcy Court for purposes of solicitation and confirmation, subject to any permissible modifications. The Bankruptcy Court established a voting deadline, by which Ballots must be returned to the Class 7 Voting Agent or the Class 2 Voting Agent, as applicable, and a confirmation objection deadline, by which all objections to the Plan must be filed with the Bankruptcy Court and served on the Debtors' counsel, of May 29, 2009. The Confirmation Hearing is set to commence on June 15, 2009 and, if necessary, to continue on June 16, 22, 23 and 24, 2009. This schedule should permit the Debtors to satisfy the confirmation deadline in the Restructuring Support Agreement.

VI. SUMMARY OF THE PLAN OF REORGANIZATION

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT, AND TO THE EXHIBITS ATTACHED THERETO.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN WILL CONTROL THE TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTORS UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS, THE REORGANIZED

DEBTORS, AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT WILL CONTROL.

A. Overall Structure of the Plan

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of its creditors and shareholders. Upon the filing of a petition for relief under Chapter 11, Section 362 of the Bankruptcy Code provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of the Chapter 11 Case.

The consummation of a plan of reorganization is the principal objective of a Chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan, and any creditor of, or equity security holder in, the debtor, whether or not such creditor or equity security holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions, and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes for such debt the obligations specified under the confirmed plan, and terminates all rights and interests of equity security holders.

The terms of the Debtors' Plan are based upon, among other things, the Debtors' assessment of their ability to achieve the goals of their business plan, make the distributions contemplated under the Plan, and pay their continuing obligations in the ordinary course of their businesses. Under the Plan, Claims against and Interests in the Debtors are divided into Classes according to their relative seniority and other criteria.

If the Plan is confirmed by the Bankruptcy Court and consummated, (i) the Claims and Interests in certain Classes will be reinstated or receive distributions equal to the full amount of such Claims and (ii) the Claims and Interests in certain other Classes will receive no recovery on such Claims or Interests. On the Effective Date and at certain times thereafter, the Reorganized Debtors will distribute Cash, New Common Stock, New Notes, and other property in respect of certain Classes of Claims as provided in the Plan. The Classes of Claims against and Interests in the Debtors created under the Plan, the treatment of those Classes under the Plan, and the other property to be distributed under the Plan, are described below.

B. Reorganized Capital Structure Created by Plan

The Plan sets forth the capital structure for the Reorganized Debtors upon their emergence from Chapter 11, which is summarized as follows:

- ***Exit Facility.*** On the Effective Date, the Reorganized Debtors will obtain new financing, having terms substantially in accordance with the term sheet included in the Plan Supplement, and subject to the consent of each of the Negotiating Noteholders, which consent will not be unreasonably withheld, to provide a portion of the funds necessary to make payments required to be made on the Effective Date, as well as funds for working capital and other general corporate purposes after the Effective Date.
- ***Continuing Obligations.*** The obligations underlying the Term Facility Loan Documents will be Reinstated and continued in accordance with their original terms. Certain Other Secured Claims will also be continued in accordance with their original terms.
- ***New Senior Subordinated Notes*****.** The Reorganized Debtors will authorize a new series of senior subordinated toggle notes issued by Reorganized Spectrum under the New Indenture, with the Reorganized Subsidiaries as guarantors and an indenture trustee to be determined in an aggregate principal amount equal to $218,076,405, which amount represents 20% of the Allowed Noteholder Claims.

- ***Spectrum Equity Ownership.*** The Reorganized Debtors will (i) provide for authorized capital on the Effective Date equal to 150,000,000 shares of New Common Stock; (ii) issue on the Effective Date up to an aggregate amount of 2,970,000 shares of New Common Stock for distribution in accordance with the terms of the DIP Facility; (iii) issue on the Effective Date up to an aggregate of 27,030,000 shares of New Common Stock for distribution to holders of Allowed Noteholder Claims; and (iv) reserve for issuance the number of shares of New Common Stock necessary (excluding shares that may be issuable as a result of the antidilution provisions thereof) to satisfy the required distributions of equity awards granted under the New Equity Incentive Plan (excluding shares that may be issuable as a result of the antidilution provisions thereof).

C. Classification and Treatment of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan of reorganization must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with Section 1122 of the Bankruptcy Code, the Plan divides Claims and Interests into Classes and sets forth the treatment for each Class (other than Administrative Claims and Priority Tax Claims, which, pursuant to Section 1123(a)(1), do not need to be classified). The Debtors also are required, under Section 1122 of the Bankruptcy Code, to classify Claims against and Interests in the Debtors into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of Section 1122 of the Bankruptcy Code and applicable case law, but it is possible that a holder of a Claim or Interest may challenge the Debtors' classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In that event, the Debtors intend, to the extent permitted by the Bankruptcy Code, the Plan, and the Bankruptcy Court, to make such reasonable modifications of the classifications under the Plan to permit confirmation and to use the Plan acceptances received for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting holder ultimately is deemed to be a member. Any such reclassification could adversely affect the Class in which such holder initially was a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

The classification of Claims and Interests and the nature of distributions to members of each Class are summarized below. The Debtors believe that the consideration, if any, provided under the Plan to holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual and statutory subordination) of such Claims and Interests and the fair value of the Debtors' assets. In view of the deemed rejection by Classes 8 and 9, however, as set forth below, the Debtors will seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code. Specifically, Section 1129(b) of the Bankruptcy Code permits confirmation of a Chapter 11 plan in certain circumstances even if the plan has not been accepted by all impaired classes of claims and interests. See Section X.G below. Although the Debtors believe that the Plan can be confirmed under Section 1129(b), there can be no assurance that the Bankruptcy Court will find that the requirements to do so have been satisfied.

1. Treatment of Unclassified Claims under the Plan

(a) Administrative Claims

An Administrative Claim is defined in the Plan as a Claim for payment of an administrative expense of a kind specified in Sections 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to Section 507(a)(2) of the Bankruptcy Code, including, but not limited to, (i) the actual, necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors, including, without limitation, wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case, (ii) Professional Fee Claims, (iii) Substantial Contribution Claims, (iv) all fees and charges assessed against the Estates under Section 1930 of Title 28 of the United States Code, and (v) Cure payments for contracts and leases that are assumed under Section 365 of the Bankruptcy Code.

Under the Plan, except as otherwise provided for in Section 10.1 of the Plan, on, or as soon as reasonably practicable after, the latest of (i) the Effective Date, (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, or (iii) the date such Administrative Claim becomes payable pursuant to any agreement between the holder of such Administrative Claim and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, the holder of each such Allowed Administrative Claim will receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim, (A) Cash equal to the unpaid portion of such Allowed Administrative Claim or (B) such different treatment as to which such holder and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, will have agreed upon in writing; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by a Debtor in the ordinary course of business during the Chapter 11 Case will be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

The Plan provides that all final requests for payment of Professional Fee Claims and Substantial Contribution Claims must be filed and served on the Reorganized Debtors, their counsel, and other necessary parties in interest no later than sixty (60) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to such requests for payment must be filed and served on the Reorganized Debtors, their counsel, and the requesting Professional or other entity no later than twenty (20) days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable request for payment was served.

As part of the Restructuring Support Agreement, the Debtors have agreed that on the Effective Date, to the extent that each of the following professionals have not been compensated pursuant to the DIP Facility, the Reorganized Debtors will pay the Negotiating Noteholders the reasonable fees and expenses of each of the following incurred in connection with the Chapter 11 Case (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP, and Oppenheimer, Blend, Harrison & Tate, Inc., counsel to Harbinger; (ii) Bracewell & Giuliani LLP, counsel to D. E. Shaw; (iii) Akin Gump Strauss Hauer & Feld LLP, counsel to Avenue; and (iv) Lazard Freres & Co., financial advisor to Harbinger; without the need for any of the Negotiating Noteholders to file an application or otherwise seek Bankruptcy Court approval for the payment of such professional fees and expenses.

In addition, on the Effective Date, the Reorganized Debtors will pay the Indenture Trustee Expenses without the need for the Indenture Trustee to file an application or otherwise seek Bankruptcy Court approval for the payment of the Indenture Trustee Expenses.

(b) DIP Facility Claims

Pursuant to the Plan, DIP Facility Claims are the Claims existing under the postpetition debtor in possession credit facilities provided under the (i) Existing Credit Agreement as amended by the Ratification and Amendment Agreement dated February 5, 2009, among Spectrum as Borrower, the Subsidiary Debtors as Guarantors, Wachovia Bank, National Association as Administrative and Collateral Agent, and the other parties thereto, as amended, supplemented, or otherwise modified from time to time; and (ii) related loan and security documents, as amended, supplemented, or otherwise modified from time to time. DIP Facility Claims include Secured Hedge Claims held by any DIP Facility Lender.

The DIP Facility Claims will be deemed Allowed in their entirety for all purposes of the Plan and the Chapter 11 Case. The holders of the Allowed DIP Facility Claims will receive, on the later of the Effective Date or the date on which such DIP Facility Claims become payable pursuant to any agreement between such holders and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed DIP Facility Claims, (i) such treatment as required under the DIP Facility, including, without limitation, the issuance of shares of New Common Stock on account of the Equity Fee, as provided below; or (ii) such different treatment as to which such holders and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, will have agreed upon in writing; provided, however, that in respect of any letters of credit issued and undrawn under the DIP Facility, unless the issuing bank is a lender under the Exit Facility and permits such letters of credit to be rolled over and treated as letters of credit issued under the Exit Facility, the Debtors or the Reorganized Debtors will be required to either, with the consent of such issuing bank: (A) cash collateralize such letters of credit in an amount equal to 105% of the undrawn amount of any such letters of credit, (B) return any such letters of credit to the issuing bank undrawn and marked “cancelled,” or (C) provide a “back-to-back” letter of credit to the issuing bank in a form and issued by an institution reasonably satisfactory to such issuing bank, in an amount equal to 105% of the then undrawn amount of such letters of credit.

With respect to the Equity Fee, each Supplemental DIP Facility Participant will receive, on the Effective Date and in full satisfaction, settlement, release, discharge of, in exchange for, and on account of such Equity Fee, its allocable share, as determined by Schedule 9.2(a) of the DIP Facility, of 2,970,000 shares of New Common Stock.

(c) Priority Tax Claims

The Plan defines Priority Tax Claims as Claims entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code. Such Claims include Claims of governmental units for taxes owed by the Debtors that are entitled to a certain priority in payment pursuant to Section 507(a)(8) of the Bankruptcy Code. The taxes entitled to priority are (i) taxes on or measured by income or gross receipts that meet the requirements set forth in Section 507(a)(8)(A) of the Bankruptcy Code, (ii) property taxes meeting the requirements of Section 507(a)(8)(B) of the Bankruptcy Code, (iii) taxes that were required to be collected or withheld by the Debtors and for which the Debtors are liable in any capacity as described in Section 507(a)(8)(C) of the Bankruptcy Code, (iv) employment taxes on wages, salaries, or commissions that are entitled to priority pursuant to Section 507(a)(4) of the Bankruptcy Code, to the extent that such taxes also meet the requirements of Section 507(a)(8)(D), (v) excise taxes of the kind specified in Section 507(a)(8)(E) of the Bankruptcy Code, (vi) customs duties arising out of the importation of merchandise that meet the requirements of Section 507(a)(8)(F) of the Bankruptcy Code, and (vii) pre-petition penalties relating to any of the foregoing taxes to the extent such penalties are in compensation for actual pecuniary loss as provided in Section 507(a)(8)(G) of the Bankruptcy Code.

Under the Plan, each holder of an Allowed Priority Tax Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, as will have been determined by the Debtors (with the consent of each of the Negotiating Noteholders) or by the Reorganized Debtors, as applicable, either (i) on, or as soon as reasonably practicable after, the later of the Effective Date or the date on which such Claim becomes an Allowed Claim, Cash equal to the due and unpaid portion of such Allowed Priority Tax Claim, (ii) treatment in a manner consistent with Section 1129(a)(9)(C) of the Bankruptcy Code, or (iii) such different treatment as to which such holder and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, will have agreed upon in writing.

2. Treatment of Classified Claims and Interests under the Plan

(a) Class 1: Other Priority Claims

The Plan defines Other Priority Claims as Claims against any of the Debtors entitled to priority pursuant to Section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.

The Plan provides that on, or as soon as reasonably practicable after, the latest of (i) the Distribution Date, (ii) the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, or (iii) the date on which such Allowed Other Priority Claim becomes payable pursuant to any agreement between the holder of such Other Priority Claim and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, each holder of an Allowed Other Priority Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Priority Claim, either (A) Cash equal to the unpaid portion of such Allowed Other Priority Claim or (B) such different treatment as to which such holder and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, will have agreed upon in writing.

(b) Class 2: Term Facility Claims

The Plan defines Term Facility Claims as any Claim (other than any Secured Hedge Claims, which Claims are treated as Other Secured Claims), arising or existing under or related to collectively, the (a) Credit Agreement dated as of March 30, 2007, among, among others, Spectrum as the Borrower, the Subsidiary Debtors as Guarantors, Goldman Sachs Credit Partners, L.P. as the Administrative Agent, the Collateral Agent and the Syndication Agent, Wachovia Bank, National Association as the Deposit Agent, Bank of America N.A. as an LC Issuer, and the Lenders thereunder, as amended, supplemented, or otherwise modified from time to time; and (b) the other “Loan Documents” as defined therein, as amended, supplemented, or otherwise modified from time to time.

The Plan provides that the Term Facility Claims will be Allowed in the amount determined pursuant to the terms of the Term Facility Loan Documents and will not be subject to defense, avoidance, recharacterization, disgorgement, subordination, setoff, recoupment, or other contest (whether legal or equitable), for all purposes of the Plan and the Chapter 11 Case. Each holder of a Term Facility Claim as of the Effective Date will continue to hold its Pro Rata share of the Term Facility Claims after the Effective Date in accordance with the Term Facility Loan Documents.

The Plan also provides that the Allowed Term Facility Claims will be Reinstated.

As used in the Plan, Reinstated means (i) leaving unaltered the legal, equitable, and contractual rights to which the holder of a Claim or Interest is entitled so as to leave such Claim unimpaired in accordance with Section 1124 of the Bankruptcy Code; or (ii) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default, (A) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code, or of a kind that Section 365(b)(2) expressly does not require to be cured, (B) reinstating the maturity of such Claim or Interest as such maturity existed before such default, (C) compensating the holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law, (D) if such Claim or Interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to Section 365(b)(1)(A) of the Bankruptcy Code, compensating the holder of such Claim or Interest (other than the Debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure, and (E) not otherwise altering the legal, equitable, or contractual rights to which the holder of such Claim or Interest is entitled; provided, however, that any Claim that is Reinstated under the Plan will be subject to all limitations set forth in the Bankruptcy Code, including, in particular, Sections 502 and 510.

The Plan further provides that notwithstanding Section 1141(c) or any other provision of the Bankruptcy Code or this Plan, all Liens on property of the Debtor held with respect to the Term Facility Claims will survive confirmation of the Plan and the occurrence of the Effective Date and continue in full force and effect in accordance with the terms of the Term Facility Loan Documents.

All principal, non-default interest, fees, expenses, costs, charges or other amounts due and payable on or before the Effective Date under the Term Facility Loan Documents that were not paid by the Debtors prior to or during the Chapter 11 Case will be paid in immediately available funds on the Effective Date in accordance with the Term Facility Loan Documents, and any principal, non-default interest, fee, expense, cost, charge or other amount that accrued during the Chapter 11 Case but is not payable until after the Effective Date will be paid as and when due in accordance with the Term Facility Loan Documents as if the Chapter 11 Case had not been filed. Any principal, interest, fee, expense, cost, charge or other amount due after the Effective Date will be paid in accordance with the terms and conditions of the Term Facility Loan Documents.

NOTE: THE TERM LENDERS HAVE ALLEGED THAT THE PLAN DOES NOT LEAVE THEIR RIGHTS UNIMPAIRED AND DOES NOT REINSTATE THE TERM FACILITY CLAIMS WITHOUT ALTERATION. THEY ALLEGE THAT THE PLAN CREATES INCURABLE NON-MONETARY EVENTS OF DEFAULT UNDER THE TERM FACILITY LOAN DOCUMENTS, WHICH PREVENT REINSTATEMENT UNDER SECTION 1124 OF THE BANKRUPTCY CODE. THE ALLEGED NON-MONETARY DEFAULTS INCLUDE THE FOLLOWING: (I) CONFIRMATION OF THE PLAN WILL RESULT IN A CHANGE OF CONTROL BECAUSE THE NEGOTIATING NOTEHOLDERS CONSTITUTE A "GROUP" UNDER THE "CHANGE OF CONTROL" DEFINITION IN THE TERM FACILITY LOAN DOCUMENTS; (II) THE CONTEMPLATED DISTRIBUTIONS OF NEW COMMON STOCK TO THE NOTEHOLDERS ARE NOT PERMITTED UNDER THE TERM FACILITY LOAN DOCUMENTS; AND (III) THE PLAN FAILS TO PROVIDE FOR PAYMENT OF POST-PETITION DEFAULT INTEREST TO THE TERM LENDERS. THE TERM LENDERS ALSO ARGUE THAT THE PLAN IS NOT FEASIBLE UNDER SECTION 1129(A)(11) OF THE BANKRUPTCY CODE. THEY ALLEGE THAT (I) THE DEBTORS WILL LACK SUFFICIENT CASH TO EXIT BANKRUPTCY AT CONFIRMATION; (II) THE DEBTORS DO NOT HAVE A COMMITMENT FOR A NEW REVOLVING CREDIT FACILITY NECESSARY FOR THE DEBTORS TO EXIT BANKRUPTCY; AND (III) THE DEBTORS WILL NOT BE ABLE TO MAINTAIN COVENANT COMPLIANCE UNDER THE TERM FACILITY LOAN DOCUMENTS IN FUTURE TEST PERIODS BECAUSE THE DEBTORS WILL BREACH THE SENIOR SECURED LEVERAGE RATIO TEST CONTAINED THEREIN SHORTLY AFTER CONFIRMATION OF THE PLAN. THE DEBTORS STRONGLY DISAGREE WITH THE ARGUMENTS OF THE TERM LENDERS. THEY ARE PREPARED TO PROVE AT THE CONFIRMATION HEARING THAT THE TERM FACILITY CLAIMS ARE UNIMPAIRED AND CAN BE REINSTATED AND THAT ANY AND ALL DEFAULTS THAT MUST BE CURED AS A CONDITION TO REINSTATEMENT WILL BE CURED. THE DEBTORS WILL ALSO PROVE THAT THE PLAN IS FEASIBLE.

THE BANKRUPTCY COURT HAS ORDERED THAT TERM LENDERS BE ALLOWED TO VOTE PROVISIONALLY ON THE PLAN PENDING A RULING ON THE IMPAIRMENT ISSUE AT THE CONFIRMATION HEARING.

In the event the Bankruptcy Court determines that the Term Facility Claims are Impaired, and the holders of Term Facility Claims vote provisional ballots to reject the Plan, the Debtors (with the consent of each of the Negotiating Noteholders) may elect to alter, amend, or modify the treatment of Term Facility Claims at or prior to the Confirmation Hearing as may be necessary, if at all, to satisfy the requirements of Section 1129(b)(2)(A) of the Bankruptcy Code.

(c) Class 3: Other Secured Claims

The Plan defines Other Secured Claims as a Secured Claim arising prior to the Petition Date against any of the Debtors, other than a Term Facility Claim, and specifically including a Secured Hedge Claim. A Secured Claim is a Claim (i) that is secured by a Lien on property in which an Estate has an interest, which lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, or a Claim that is subject to a valid right of setoff; (ii) to the extent of the value of the holder's interest in the Estate's interest in such property or to the extent of the amount subject to a valid right of setoff, as applicable; and (iii) the amount of which is agreed upon in writing by the Debtors or the Reorganized Debtors and the holder of such Claim or determined, resolved, or adjudicated by final, nonappealable order of a court or other tribunal of competent jurisdiction. A Secured Hedge Claim is (i) a Claim arising from, and in accordance with, a "Swap Contract" as defined in the Existing Credit Facility Loan Documents and/or the Term Facility Loan Documents, which Claim is secured by the collateral under Existing Credit Facility Loan Documents and/or a Term Facility Loan Documents or (ii) a Secured Claim arising from any hedging arrangement other than a "Swap Contract" as defined in the Existing Credit Facility Loan Documents and/or the Term Facility Loan Documents (specifically including, without limitation, commodity swaps and other hedging arrangements). A Secured Hedge Claim will only be treated as an Other Secured Claim if held by a party who is not a DIP Facility Lender.

The Plan provides that on the Effective Date, as to all Allowed Other Secured Claims that are not Exercised Secured Hedge Claims, on the Effective Date, the legal, equitable, and contractual rights of each holder of such an Allowed Other Secured Claim will be Reinstated. On, or as soon as reasonably practicable after, the Distribution Date, each holder of such an Allowed Other Secured Claim will receive, in full satisfaction, settlement of and in exchange for, such Allowed Other Secured Claim, such payment on such terms as would otherwise apply to such Claim had the Chapter 11 Case not been filed, consistent with the relevant underlying documents, if any.

The Plan further provides that, as to all Allowed Other Secured Claims that are Exercised Secured Hedge Claims, on, or as soon as reasonably practicable after, the Distribution Date, each holder of such an Allowed Other Secured Claim will receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Secured Claim, (i) Cash equal to the full remaining amount of such Allowed Other Secured Claim, or (ii) such different treatment as to which the Debtors (with the consent of each of the Negotiating Noteholders) and such holder, or the Reorganized Debtors and such holder, will have agreed upon in writing. An Exercised Secured Hedge Claim is a Secured Hedge Claim as to which the holder exercised a contractual right to liquidate, terminate, accelerate, setoff or net out, to the extent such right was validly exercised under applicable sections of the Bankruptcy Code and such exercise did not result in full satisfaction of such Claim prior to the Effective Date. An Exercised Secured Hedge Claim is an Other Secured Claim only if held by a party who is not a DIP Facility Lender.

As used in the Plan, Reinstated means (i) leaving unaltered the legal, equitable, and contractual rights to which the holder of a Claim or Interest is entitled so as to leave such Claim unimpaired in accordance with Section 1124 of the Bankruptcy Code; or (ii) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default, (A) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code, or of a kind that Section 365(b)(2) expressly does not require to be cured, (B) reinstating the maturity of such Claim or Interest as such maturity existed before such default, (C) compensating the holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law, (D) if such Claim or Interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to Section 365(b)(1)(A) of the Bankruptcy Code, compensating the holder of such Claim or Interest (other than the Debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure, and (E) not otherwise altering the legal, equitable, or contractual rights to which the holder of such Claim or Interest is entitled; provided, however, that any Claim that is Reinstated under the Plan will be subject to all limitations set forth in the Bankruptcy Code, including, in particular, Sections 502 and 510.

The Plan further provides that notwithstanding Section 1141(c) or any other provision of the Bankruptcy Code, all pre-petition Liens on property of any Debtor held with respect to an Allowed Other Secured Claim will survive the Effective Date and continue in accordance with the contractual terms or statutory provisions governing such Allowed Other Secured Claim until such Allowed Other Secured Claim is satisfied, at which time such Liens will be released, will be deemed null and void, and will be unenforceable for all purposes. Nothing in the Plan will preclude the Debtors or the Reorganized Debtors from challenging the validity of any alleged Lien on any asset of a Debtor or the value of the property that secures any alleged Lien.

(d) Class 4: General Unsecured Claims

The Plan defines a General Unsecured Claim as a Claim that is not an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, a Term Facility Claim, an Other Secured Claim, an Intercompany Claim, a Noteholder Claim, or a Subordinated Claim. General Unsecured Claims specifically include, without limitation, Rejection Damages Claims.

The Plan provides that the legal, equitable and contractual rights of each holder of a General Unsecured Claim will be unimpaired. On, or as soon as reasonably practicable after the Distribution Date, each holder of an Allowed General Unsecured Claim will receive, in full satisfaction, settlement of and in exchange for, such Allowed General Unsecured Claim, such payment on such terms as would otherwise apply to such Claim had the Chapter 11 Case not been filed, without post-petition interest; *provided*, *however*, that each Rejection Damages Claim will be limited to the Allowed Rejection Damages Claim Amount.

(e) Class 5: Intercompany Claims

The Plan defines Intercompany Claims as any Claims arising prior to the Petition Date against any of the Debtors by another Debtor. The term does not include Claims against any of the Debtors by a non-Debtor subsidiary or affiliate of a Debtor, which Claims will be treated as General Unsecured Claims.

The Plan provides that at the election of the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, either (i) the legal, equitable and contractual rights of the holder of the Intercompany Claim will be Reinstated; or (ii) the Intercompany Claim will be adjusted, continued, or capitalized, either directly or indirectly or in whole or part, and no such disposition will require stockholder consent.

Intercompany Claims are Unimpaired.

(f) Class 6: Subsidiary Interests

The Plan defines Subsidiary Interests as collectively, all of the issued and outstanding shares of stock or membership interests of the Subsidiary Debtors, existing prior to the Effective Date, which stock and interests are owned, directly or indirectly, by Spectrum.

The Plan provides that for the deemed benefit of the holders of the New Common Stock, Spectrum will retain its Subsidiary Interests, subject to any applicable restrictions arising under the Exit Facility.

Subsidiary Interests are Unimpaired.

(g) Class 7: Noteholder Claims

The Plan defines Noteholder Claims as any Claim arising or existing under or related to collectively, the (i) 8 1/2% Senior Subordinated Notes due 2013; (ii) 7 3/8% Senior Subordinated Notes due 2015; and (iii) Variable Rate Toggle Senior Subordinated Notes due 2013, all of which were issued by Spectrum and guaranteed by all or some combination of the Subsidiary Debtors, other than any Indenture Trustee Expenses.

The Plan provides that subject to the terms and conditions of Sections 5.5 and 7.4 of the Plan, each holder of an Allowed Noteholder Claim will receive, on the Effective Date and in full satisfaction, settlement, release, discharge of, in exchange for, and on account of such Allowed Noteholder Claim, its Pro Rata share of (i) 27,030,000 shares of the New Common Stock; and (ii) $218,076,405 in principal amount of the New Notes, which amount represents 20% of the Allowed Noteholder Claims.

Noteholder Claims are Impaired. All Noteholder Claims will be Allowed in the amount of $1,090,382,024, which amount includes principal and accrued interest as of the Petition Date and will not be subject to defense, avoidance, recharacterization, disgorgement, subordination, recoupment, or other contest (whether legal or equitable), for all purposes of the Plan and the Chapter 11 Case.

The rights of the holders of the New Common Stock will be as provided for in the New Spectrum Governing Documents, the Stockholders Agreement and, as to certain holders, the Registration Rights Agreement (New Common Stock), as applicable. Certain material terms of the Stockholders Agreement are described on Exhibit A-1 to the Plan and certain material terms of the Registration Rights Agreement (New Common Stock) are described on Exhibit A-2 to the Plan.

Certain of the material terms of the New Notes are described in Exhibit B to the Plan.

NOTICE TO NOTEHOLDERS CONCERNING TREATMENT OF TERM FACILITY CLAIMS: In the event the Bankruptcy Court determines that the Term Facility Claims are Impaired, and the holders of Term Facility Claims vote provisional ballots to reject the Plan, the Debtors (with the consent of each of the Negotiating Noteholders) may elect to alter, amend, or modify the treatment of Term Facility Claims at or prior to the Confirmation Hearing as may be necessary, if at all, to satisfy the requirements of Section 1129(b)(2)(A) of the Bankruptcy Code.

(h) Class 8: Subordinated Claims

The Plan defines a Subordinated Claim as (i) any Claim against any of the Debtors that is subordinated pursuant to either Section 510(b) or 510(c) of the Bankruptcy Code, which will include any Claim arising from the rescission of a purchase or sale of any Old Security, any Claim for damages arising from the purchase or sale of an Old Security, or any Claim for reimbursement, contribution, or indemnification on account of any such Claim; or (ii) any Claim for any fine, penalty, or forfeiture, or multiple,

exemplary, or punitive damages, to the extent that such fine, penalty, forfeiture, or damage is not compensation for actual pecuniary loss suffered by the holder of such Claim, including, without limitation, any such Claim based upon, arising from, or relating to any cause of action whatsoever (including, without limitation, violation of law, personal injury, or wrongful death, whether secured or unsecured, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising in law, equity or otherwise), and any such Claim asserted by a governmental unit in connection with a tax or other obligation owing to such unit.

Subordinated Claims are Impaired. The Plan provides that the holders of Subordinated Claims will not receive or retain any property under the Plan on account of such Claims. All Subordinated Claims will be discharged as of the Effective Date.

(i) Class 9: Spectrum Interests

The Plan defines Spectrum Interests as, collectively, all equity interests in Spectrum outstanding prior to the Effective Date, including, without limitation, any preferred stock, common stock, stock options or other right to purchase the stock of Spectrum, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights to acquire or receive any stock or other equity ownership interests in Spectrum prior to the Effective Date.

Spectrum Interests are Impaired. Under the Plan, all Spectrum Interests of any kind, including, without limitation, stock options or any warrants or other agreements to acquire the same (whether or not arising under or in connection with any employment agreement), will be cancelled as of the Effective Date and the holders thereof will not receive or retain any property under the Plan on account of such Interests.

NOTE: THE EQUITY COMMITTEE BELIEVES THAT THE PLAN SUBSTANTIALLY UNDERVALUES THE DEBTORS AND, IF THE DEBTORS WERE PROPERLY VALUED, THERE WOULD BE SUBSTANTIAL VALUE FOR EXISTING STOCKHOLDERS. IN THE EVENT THAT THE EQUITY COMMITTEE SUCCESSFULLY OPPOSES CONFIRMATION OF THE PLAN, THE DEBTORS MAY BE REQUIRED TO DO ONE OR MORE OF THE FOLLOWING: (I) PROPOSE A NEW PLAN, (II) AMEND THE PRESENT PLAN, (III) SCHEDULE A NEW HEARING TO APPROVE A NEW OR AMENDED DISCLOSURE STATEMENT, AND (IV) RE-SOLICIT VOTES ON THE NEW OR AMENDED PLAN. THE DEBTORS STRONGLY DISAGREE WITH THE EQUITY COMMITTEE'S VIEWS ON VALUATION AND BELIEVE THAT SHAREHOLDERS ARE NOT ENTITLED TO ANY DISTRIBUTION UNDER THE PLAN. THE DEBTORS ARE PREPARED TO PROVIDE EVIDENCE SUPPORTING THE VALUATION INCLUDED IN THIS DISCLOSURE STATEMENT AT THE CONFIRMATION HEARING.

D. Allowed Claims, Distribution Rights and Objections to Claims

1. Allowance Requirement

Only holders of Allowed Claims are entitled to receive distributions under the Plan.

DIP Facility Claims, Term Facility Claims, and Noteholder Claims are deemed to be Allowed Claims.

For allowance purposes, the Plan differentiates between Required Filed Claims, Optional Filed Claims, and Unfiled Claims. Certain Claims are subject to a Claims Objection Deadline, as detailed below. A Required Filed Claim is a Claim for which a Proof of Claim bar date has been established pursuant to a Final Order. A Required Filed Claim includes, without limitation, a Rejection Damages Claim required to be asserted by a Proof of Claim filed by the specific bar date established in the order approving the applicable rejection. A Required Filed Claim is an Allowed Claim if either (x) no objection to its allowance has been filed in the Bankruptcy Court by the applicable Claims Objection Deadline or (y) any objection to its allowance has been settled or withdrawn by the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, or has been denied by a Final Order.

An Optional Filed Claim is a Claim evidenced by a Proof of Claim for which no Proof of Claim bar date has been established pursuant to a Final Order. Optional Filed Claims or Claims as to which no Proof of Claim has been filed are Allowed

Claims if either (x) any dispute has been settled, determined, resolved or adjudicated, as the case may be, in the procedural manner in which such Claim would have been settled, determined, resolved or adjudicated if the Chapter 11 Case had not been commenced, or (y) if such Claim is an Optional Filed Claim as to which the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, have elected to file an objection to its allowance in the Bankruptcy Court by the applicable Claims Objection Deadline, such objection has been settled or withdrawn by the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, or has been denied by a Final Order.

An Unfiled Claim is a Claim as to which (a) no Proof of Claim is required to be filed; and (b) no Proof of Claim has been filed. An Unfiled Claim is an Allowed Claim if (i) it is not Disputed by the Debtors, (ii) it has been expressly allowed in the Plan; or (iii) it has been adjudicated before the Bankruptcy Court and is allowed by a Final Order. All Allowed Claims will remain subject to all limitations set forth in the Bankruptcy Code, including, in particular, Sections 502 and 510.

A Required Filed Claim is a Disputed Claim if (x) a Proof of Claim has not been timely filed, (y) the applicable Claims Objection Deadline has not expired, or (z) an objection has been timely filed in the Bankruptcy Court but the objection has not been settled or withdrawn by the Debtors (with the consent of each of the Negotiating Noteholders) or by the Reorganized Debtors, as applicable, or has not been determined, resolved, or adjudicated by Final Order.

An Optional Filed Claim is a Disputed Claim if it is either (x) a Claim as to which (A) the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, dispute their liability in any manner that would have been available to them had the Chapter 11 Case not been commenced (including, without limitation, by declining to pay), and (B) the liability of the Debtors has not been settled by the Debtors (with the consent of each of the Negotiating Noteholders) or by the Reorganized Debtors, as applicable, or has not been determined, resolved, or adjudicated by final order of a court of competent jurisdiction, or (y) as an alternative to the foregoing, a Claim as to which the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, have elected, in their sole discretion, to file an objection in the Bankruptcy Court by the applicable Claims Objection Deadline and such objection has not been settled or withdrawn by the Debtors (with the consent of each of the Negotiating Noteholders) or by the Reorganized Debtors, or has not been determined, resolved, or adjudicated by Final Order. AN OPTIONAL FILED CLAIM MAY BE DISPUTED OUTSIDE OF THE BANKRUPTCY COURT, JUST AS IT WOULD HAVE BEEN DISPUTED HAD NO CHAPTER 11 CASE COMMENCED. ALTERNATIVELY, THE DEBTORS (WITH CONSENT OF EACH OF THE NEGOTIATING NOTEHOLDERS) OR THE REORGANIZED DEBTORS, AS APPLICABLE, MAY DISPUTE AN OPTIONAL FILED CLAIM IN THE BANKRUPTCY COURT THROUGH THE FILING OF A TRADITIONAL BANKRUPTCY COURT CLAIM OBJECTION.

An Unfiled Claim is a Disputed Claim if it is either a Claim as to which (x) the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, dispute their liability in any manner that would have been available to them had the Chapter 11 Case not been commenced (including, without limitation, by declining to pay), and (y) the liability of the Debtors has not been settled by the Debtors (with the consent of each of the Negotiating Noteholders) or by the Reorganized Debtors, as applicable, or has not been determined, resolved, or adjudicated by final order of a court of competent jurisdiction.

As indicated above, certain Claims have a Claims Objection Deadline. The Claims Objection Deadline is (i) as to Required Filed Claims, the latest of (x) sixty (60) days after the Effective Date, (y) sixty (60) days after the date on which the applicable Proof of Claim is filed, or (z) such other later date as is established by order of the Bankruptcy Court upon motion of the Debtors, the Reorganized Debtors, as applicable, or any other party; or (ii) as to Optional Filed Claims, but only if the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, have elected to file an objection in the Bankruptcy Court, the latest of (x) one hundred twenty (120) days after the Effective Date, (y) one hundred twenty (120) days after the date on which the applicable Proof of Claim is filed, or (z) such other later date as is established by order of the Bankruptcy Court upon motion of the Reorganized Debtors or any other party. There is no deadline for disputing either an Optional Filed Claim as to which the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, have not elected to file an objection in the Bankruptcy Court or an Unfiled Claim.

2. Surrender of Cancelled Spectrum Notes

The Plan provides that as a condition precedent to receiving any distribution on account of its Allowed Claim, each record Noteholder will be deemed to have surrendered the notes or other documentation underlying each Noteholder Claim, and all such surrendered notes and other documentation will be deemed to be cancelled pursuant to Section 5.4 of the Plan, except to the extent otherwise provided herein.

3. Date of Distribution

The Plan provides that except as otherwise provided in the Plan or as ordered by the Bankruptcy Court, all distributions to holders of Allowed Claims as of the applicable Distribution Date will be made on or as soon as practicable after the applicable Distribution Date. The Reorganized Debtors will have the right, in their discretion, to accelerate any Distribution Date occurring after the Effective Date if the facts and circumstances so warrant.

For any Claim that is an Allowed Claim on the Effective Date, the Distribution Date is (a) for any portion that was due prior to the Effective Date on or as soon as practicable after the Effective Date but not later than the first (1st) Business Day that is twenty (20) days after the Effective Date or (b) for any portion that is due after the Effective Date, at such time as such portion becomes due in the ordinary course of business and/or in accordance with its terms.

For any Claim that is not an Allowed Claim on the Effective Date, the later of (a) the date on which the Debtors become legally obligated to pay such Claim; and (b) the date on which the Claim becomes an Allowed Claim; *provided*, *however*, that a later date may be established by order of the Bankruptcy Court upon motion of the Debtors, the Reorganized Debtors or any other party.

4. Distributions to Holders of Allowed Claims

The Plan provides that, except with respect to the Noteholders Claims and unless otherwise agreed to between the holder of an Allowed Claim and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, the Reorganized Debtors will make distributions to the holders of the Allowed Claims in the same manner and to the same addresses as such payments are made in the ordinary course of the Debtors' businesses.

No distributions will be made on Disputed Claims until and unless such Disputed Claims become Allowed Claims.

No reserve will be required with respect to any Disputed Claim.

The Plan also provides that on the Effective Date, distributions to holders of Allowed Noteholder Claims will be delivered to the Indenture Trustee or, if directed by the Indenture Trustee, will be delivered to the Disbursing Agent for distribution to the holders. Distributions of New Common Stock to Supplemental DIP Facility Participants will be delivered to the Disbursing Agent for distribution to such participants.

On or before the Effective Date, the Debtors will, with the consent of each of the Negotiating Noteholders, which consent will not be unreasonably withheld, designate the Person (whether Reorganized Spectrum or an independent third party) to serve as the Disbursing Agent under the Plan on mutually agreeable terms and conditions. If the Disbursing Agent is an independent third party designated to serve in such capacity, such Disbursing Agent will receive, without further Bankruptcy Court approval, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out of pocket expenses incurred in connection with such services from Reorganized Spectrum. No Disbursing Agent will be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

5. Calculation of Distribution Amounts of New Securities

The Plan provides that no fractional shares of New Securities will be issued or distributed under the Plan. Each Person entitled to receive New Securities will receive the total number of whole shares of New Common Stock or their pro rata share in

principal amount of New Notes, whichever is relevant, to which such Person is entitled. Whenever any distribution to a particular Person would otherwise call for distribution of a fraction of New Securities, the actual distribution of such New Securities will be rounded to the next higher or lower whole number as follows: (a) fractions one-half (1/2) or greater will be rounded to the next higher whole number and (b) fractions of less than one-half (1/2) will be rounded to the next lower whole number. Notwithstanding the foregoing, (a) if the Person is entitled to New Common Stock and rounding to the next lower whole number would result in such Person receiving zero shares of New Common Stock, such Person will receive one (1) share of New Common Stock; and (b) if the Person is entitled to a pro rata share in principal amount of New Notes and rounding to the next lower whole number would result in such Person receiving zero dollars worth of New Notes, such Person will receive a New Note in the principal amount of $1.00 (One Dollar). If two or more Persons are entitled to fractional entitlements and the aggregate amount of New Securities that would otherwise be issued to such Persons with respect to such fractional entitlements as a result of such rounding exceeds the number of whole New Securities which remain to be allocated, the Disbursing Agent will allocate the remaining whole New Securities to such holders by random lot or such other impartial method as the Disbursing Agent deems fair. Upon the allocation of all of the whole New Securities authorized under the Plan, all remaining fractional portions of the entitlements will be cancelled and will be of no further force and effect. The Disbursing Agent will have the right to carry forward to subsequent distributions any applicable credits or debits arising from the rounding described in this paragraph.

6. Tax Withholding, Payment, and Reporting Requirements

In connection with the Plan and all distributions under the Plan, the Disbursing Agent will, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all distributions hereunder will be subject to any such withholding and reporting requirements. The Disbursing Agent will be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan, (a) each holder of an Allowed Claim that is to receive a distribution pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution, and (b) no distribution will be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Disbursing Agent for the payment and satisfaction of such withholding tax obligations. Any property to be distributed pursuant to the Plan will, pending the implementation of such arrangements, be treated as an undeliverable distribution to be held by the Indenture Trustee or the Disbursing Agent, as the case may be, until such time as the Disbursing Agent is satisfied with the holder's arrangements for any withholding tax obligations.

7. Setoffs

Under the Plan, the Reorganized Debtors may, but will not be required to, set off against any Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the holder of such Claim; *provided*, *however*, that neither the failure to do so nor the allowance of any Claim hereunder will constitute a waiver or release by the Reorganized Debtors of any such claim that the Debtors or the Reorganized Debtors may have against such holder.

8. Prepayments

Except as otherwise provided in the Plan, any ancillary documents entered into in connection with the Plan, or the Confirmation Order, the Reorganized Debtors will have the right to prepay, without penalty, all or any portion of an Allowed Claim at any time; *provided*, *however*, that any such prepayment will not be violative of, or otherwise prejudice, the relative priorities and parities among the Classes of Claims.

9. Allocations of Distributions

All distributions received under the Plan by holders of Claims will be deemed to be allocated first to the principal amount of such Claim as determined for United States federal income tax purposes and then to accrued interest, if any, with respect to such Claim.

E. Disposition of Contracts and Leases

1. Assumed Contracts and Leases

Except as otherwise provided in the Plan (including, without limitation, Section 6.4), the Confirmation Order, or the Plan Supplement, as of the Effective Date, (i) any contract or lease to which a Debtor is a party as of the Petition Date will be deemed to be and treated as though it is an executory contract or unexpired lease, as applicable, subject to Section 365 of the Bankruptcy Code; and (ii) each Debtor will be deemed to have assumed such contracts and leases to which it is a party unless such contract or lease (x) was previously assumed or rejected upon motion by a Final Order, including, without limitation, the Final Order entered granting any Lease Rejection Motion, (y) previously expired or terminated pursuant to its own terms, or (z) is the subject of any pending motion, including to assume, to assume on modified terms, to reject or to make any other disposition filed by a Debtor on or before the Confirmation Date. The Confirmation Order will constitute an order of the Bankruptcy Court under Section 365(a) of the Bankruptcy Code approving the contract and lease assumptions described above, as of the Effective Date.

Pursuant to the Plan, each contract and lease that is assumed will include (i) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such contract or lease and (ii) all contracts or leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

2. Payments Related to Assumption of Contracts and Leases

Any monetary amounts by which each contract and lease to be assumed pursuant to the Plan is in default will be satisfied, under Section 365(b)(1) of the Bankruptcy Code by Cure. If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of any Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, Cure will occur following the entry of a Final Order resolving the dispute and approving the assumption; *provided*, *however*, that the Reorganized Debtors will be authorized to reject any contract or lease to the extent the Reorganized Debtors, in the exercise of their sound business judgment, conclude that the amount of the Cure obligation as determined by such Final Order, renders assumption of such contract or lease unfavorable to the Reorganized Debtors. In the event the Reorganized Debtors so reject any previously assumed contract or lease, and such rejection gives rise to a Rejection Damages Claim, such Rejection Damages Claim arising out of such rejection will be limited to the Allowed Rejection Damage Claim Amount.

3. Rejected Contracts and Leases

Under the Plan, the Debtors reserve the right, at any time prior to the Effective Date, except as otherwise specifically provided herein, and with the consent of each of the Negotiating Noteholders, which consent will not be unreasonably withheld, to seek to reject any contract or lease to which any Debtor is a party and to file a motion requesting authorization for the rejection of any such contract or lease. Any contracts or leases that expire by their terms prior to the Effective Date are deemed to be rejected, unless previously assumed or otherwise disposed of by the Debtors.

4. Compensation and Benefit Programs

The Plan provides that except to the extent (i) otherwise provided for in the Plan, (ii) previously assumed or rejected by an order of the Bankruptcy Court entered on or before the Confirmation Date, (iii) the subject of a pending motion to reject filed by a Debtor on or before the Confirmation Date, or (iv) previously terminated, all Employee Programs in effect on the Effective Date will be deemed to be, and will be treated as though they are, executory contracts that are assumed under the Plan. Nothing contained in the Plan will be deemed to modify the existing terms of Employee Programs, including, without limitation, the Debtors' and the Reorganized Debtors' rights of termination and amendment thereunder.

The Plan defines Employee Programs as all of the Debtors' employee-related programs, plans, policies, and agreements, including, without limitation, (i) all health and welfare plans, pension plans within the meaning of Title IV of the Employee

Retirement Income Security Act of 1974, as amended, (ii) all retiree programs subject to Sections 1114 and 1129(a)(13) of the Bankruptcy Code, (iii) all employment, retention, incentive, severance, compensation, and other similar other agreements, and (iv) all other employee compensation, benefit, and reimbursement programs, plans, policies, and agreements, but excluding any equity incentive plans, equity ownership plans, or any equity-based plans of any kind of the Debtors.

To the extent any change of control provision contained in any Employee Program would be triggered solely as a result of the transactions contemplated by the Plan, such Employee Program will not be assumed to the extent a waiver of the change of control provision is not executed by the employee having the benefit of such change of control provision, but otherwise will remain in full force and effect and may be triggered as a result of any transactions occurring after the Effective Date.

Under the Plan, as of the Effective Date, any and all equity incentive plan, equity ownership plan, or any other equity-based plan entered into before the Effective Date, including Claims arising from any change of control provision therein, will be deemed to be, and will be treated as though they are, contracts that are rejected pursuant to Section 365 of the Bankruptcy Code under the Plan pursuant to the Confirmation Order. Any Claims resulting from such rejection will constitute Subordinated Claims and will be treated in accordance with Section 3.4(a) of the Plan. The Plan provides that for the avoidance of doubt, in no event will Section 6.4(c) of the Plan be held to impair any Employee Program.

5. Certain Indemnification Obligations

The Plan provides that Indemnification Obligations owed to those of the Debtors' directors, officers, and employees serving prior to, on and after the Petition Date will be deemed to be, and will be treated as though they are, contracts that are assumed pursuant to Section 365 of the Bankruptcy Code under the Plan, and such Indemnification Obligations (subject to any defenses thereto) will survive the Effective Date of the Plan and remain unaffected by the Plan, irrespective of whether obligations are owed in connection with a pre-Petition Date or post-Petition Date occurrence.

The Plan further provides that Indemnification Obligations owed to any Professionals of the Debtors pursuant to Sections 327 or 328 of the Bankruptcy Code and order of the Bankruptcy Court, whether such Indemnification Obligations relate to the period before or after the Petition Date, will be deemed to be, and will be treated as though they are, contracts that are assumed pursuant to Section 365 of the Bankruptcy Code under the Plan.

6. Extension of Time to Assume or Reject

The Plan provides that notwithstanding anything set forth in Article VI of the Plan, in the event of a dispute as to whether a contract is executory or a lease is unexpired, the right of the Reorganized Debtors to move to assume or reject such contract or lease will be extended until the date that is thirty (30) days after entry of a Final Order by the Bankruptcy Court determining that the contract is executory or the lease is unexpired. The deemed assumption provided for in Section 6.1(a) of the Plan will not apply to any such contract or lease, and any such contract or lease will be assumed or rejected only upon motion of the Reorganized Debtors following the Bankruptcy Court's determination that the contract is executory or the lease is unexpired.

7. Claims Arising from Assumption or Rejection

Except as otherwise provided in the Plan or by Final Order of the Bankruptcy Court, all (i) Allowed Claims arising from the assumption of any contract or lease will be treated as Administrative Claims pursuant to Section 3.1(a) of the Plan; and (ii) Allowed Rejection Damages Claims will be treated as General Unsecured Claims pursuant to and in accordance with the terms of Section 3.2(d) of the Plan.

If the rejection by a Debtor, pursuant to the Plan or otherwise, of a contract or lease results in a Rejection Damages Claim, then such Rejection Damages Claim will be forever barred and will not be enforceable against any Debtor or Reorganized Debtor or the properties of any of them unless a Proof of Claim is filed with the clerk of the Bankruptcy Court and served upon counsel to the Reorganized Debtors and the respective counsel of each of the Negotiating Noteholders on the later of (i) thirty (30) days after entry of the order authorizing the rejection of such contract or lease and (ii) fifteen (15) days after the date designated as the rejection date in the order authorizing the rejection of such contract or lease. The Debtors reserve their rights to object to any Rejection Damages Claim.

F. Revesting of Assets; Release of Liens

Except as otherwise provided in the Plan, the property of each Debtor's Estate, together with any property of each Debtor that is not property of its Estate and that is not specifically disposed of pursuant to the Plan, will revest in the applicable Reorganized Debtor on the Effective Date. Thereafter, each Reorganized Debtor may operate its business and may use, acquire, and dispose of such property free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. Except as specifically provided in the Plan or the Confirmation Order, as of the Effective Date, all property of each Reorganized Debtor will be free and clear of all Claims and Interests.

G. Restructuring Transactions

The Plan provides that on, as of, or after the Effective Date, with the consent of its Board of Directors, each of the Reorganized Debtors may take such actions as may be necessary or appropriate to effect a corporate or operational restructuring of their respective businesses, to otherwise simplify the overall corporate or operational structure of the Reorganized Debtors, to achieve corporate or operational efficiencies, or to otherwise improve financial results; *provided*, *however*, that such actions are not otherwise inconsistent with the Plan, the distributions to be made under the Plan, the Term Facility Loan Documents, or the Exit Facility. Such actions (i) may include such mergers, consolidations, restructurings, dispositions, liquidations, closures, or dissolutions, as may be determined by the Reorganized Debtors to be necessary or appropriate, and (ii) will be in accordance with any applicable state law, except the extent to the Bankruptcy Code, the Plan, or any document in the Plan Supplement exempts such transactions from applicable state law including, without limitation, as specified in Sections 5.1(b), 5.13 and 5.14 of the Plan.

The Reorganized Debtors will be authorized (but not required) to implement, in whole or in part, at their sole discretion, a corporate restructuring or rationalization of certain entities or intercompany obligations. Such restructuring or rationalization may include taking one or more of the following actions on or after the Effective Date: (i) the restructuring of the ownership of United Pet Group, Inc., with the result that Spectrum Brands Inc. may become the direct owner of United Pet Group, Inc.; (ii) the restructuring of the ownership of Tetra Holding (US), Inc. and United Pet Group, Inc. to create a combined U.S. Global Pet Supplies business group; (iii) the merger, liquidation or consolidation of certain companies now or hereafter owned directly or indirectly by United Pet Group, Inc., including Southern California Foam, Inc., Aquarium Systems, Inc., Perfecto Manufacturing, Inc. and Aquaria, Inc. and, in the event that clause (ii) is implemented and results in United Pet Group, Inc. directly owning it, Tetra Holding (US), Inc; and (iv) certain restructuring of existing intercompany loans between the Debtors and their foreign subsidiaries, including certain existing intercompany loans between ROV Holding, Inc. and Spectrum Brands Holding B.V.; *provided*, *however*, that such actions are not otherwise inconsistent with the Plan, the distributions to be made under the Plan, the Term Facility Loan Documents, or the Exit Facility. Any such actions will be in accordance with any applicable state law, except to the extent the Bankruptcy Code, the Plan, or any document in the Plan Supplement exempts such transactions from applicable state law including, without limitation, as specified in Sections 5.1(b), 5.13 and 5.14 of the Plan. Upon entry of the Confirmation Order, the Debtors (with the consent of each of the Negotiating Noteholders prior to the Effective Date) will be authorized to take such steps as may be necessary prior to the Effective Date to prepare to implement any or all of such actions on or after the Effective Date.

H. Authorization and Issuance of the New Securities

The Plan provides that Reorganized Spectrum will (i) provide for authorized capital on the Effective Date equal to 150,000,000 shares of New Common Stock; (ii) issue on the Effective Date an aggregate amount of 2,970,000 shares of New Common Stock for distribution to Supplemental DIP Facility Participants on account of the Equity Fee earned under the DIP Facility; (iii) issue on the Effective Date an aggregate of 27,030,000 shares of New Common Stock for distribution to holders of Allowed Noteholder Claims; and (iv) reserve for issuance the number of shares of New Common Stock necessary (excluding shares that may be issuable as a result of the antidilution provisions thereof) to satisfy the required distributions of stock options, stock appreciation rights, restricted stock, and other forms of equity-based awards granted under the New Equity Incentive Plan (excluding shares that may be issuable as a result of the antidilution provisions). The New Spectrum Governing Documents will provide that there will be no other classes of capital stock authorized other than the New Common Stock.

The New Common Stock issued under the Plan will be subject to dilution based upon (i) such shares of the New Common Stock as may be issued pursuant to the New Equity Incentive Plan as set forth in Section 5.6 of the Plan and (ii) any other shares of New Common Stock issued post-emergence.

The issuance and distribution of the New Common Stock pursuant to the Plan to holders of Allowed Noteholder Claims and to the Supplemental DIP Facility Participants with respect to the Equity Fee will be authorized under Section 1145 of the Bankruptcy Code as of the Effective Date without further act or action by any Person, except as may be required by the New Spectrum Governing Documents or applicable law, regulation, order or rule; and all documents evidencing same will be executed and delivered as provided for in the Plan or the Plan Supplement.

The rights of the holders of New Common Stock will be as provided for in the New Spectrum Governing Documents, the Stockholders Agreement, and, as to certain holders, the Registration Rights Agreement (New Common Stock), as applicable. The New Spectrum Governing Documents will provide that each share of New Common Stock issued under the Plan will have cumulative voting rights with respect to the election of directors to the Board. The New Spectrum Governing Documents, the Stockholders Agreement, and the Registration Rights Agreement (New Common Stock) will be subject to the consent of each of the Negotiating Noteholders, which consent will not be unreasonably withheld. Certain material terms of the Stockholders Agreement are described on Exhibit A-1 to the Plan and certain material terms of the Registration Rights Agreement (New Common Stock) are described on Exhibit A-2 to the Plan.

On the Effective Date, Reorganized Spectrum will authorize the New Notes in the aggregate principal amount of $218,076,405, which amount represents 20% of the Allowed Noteholder Claims. The New Notes will have the principal terms and conditions summarized on Exhibit B to the Plan and will be governed by the New Indenture.

The issuance and distribution of the New Notes pursuant to the Plan to holders of Allowed Noteholder Claims will be authorized under Section 1145 of the Bankruptcy Code as of the Effective Date without further act or action by any Person, except as may be required by the New Indenture or applicable law, regulation, order or rule, including, without limitation, the Trust Indenture Act of 1939, as amended; and all documents evidencing the same will be executed and delivered as provided for in the Plan or the Plan Supplement.

The rights of the holders of New Notes will be as provided for in the New Notes, the New Indenture, and the Registration Rights Agreement (New Notes). The New Notes, the New Indenture, and the Registration Rights Agreement (New Notes) will be subject to the consent of each of the Negotiating Noteholders.

Spectrum will file with the Securities and Exchange Commission a “shelf” registration statement pursuant to Rule 415 covering the New Securities issued to certain Noteholders in respect of the Noteholder Claims and the New Common Stock issued to the Supplemental DIP Facility Participants on account of the Equity Fee under the DIP Facility on or immediately after the Effective Date of the Plan. Reorganized Spectrum will use reasonable best efforts to cause the shelf registration statement to be declared effective by the Securities and Exchange Commission as promptly as reasonably practicable and keep it continuously effective until all of the securities have been sold pursuant to the “shelf” registration statement or until such securities may be sold by such Noteholders under Rule 144 of the Securities Act without the volume or manner of sale restrictions under such rule.

Each holder of an Allowed Noteholder Claim receiving New Common Stock and New Notes under the Plan will, as of the Effective Date, be deemed to (i) have consented to the terms of the Registration Rights Agreement (New Common Stock) and Registration Rights Agreement (New Notes), each as applicable; and (ii) have consented to the terms of and be a party to the Stockholders Agreement. Each Supplemental DIP Facility Participant receiving the Equity Fee under the Plan will, as of the Effective Date, be deemed to (i) have consented to the terms of the Registration Rights Agreement (New Common Stock); and (ii) have consented to the terms of and be a party to the Stockholders Agreement.

As of the Effective Date, Reorganized Spectrum will continue to make periodic filings required pursuant to the Securities Exchange Act.

I. Post-Consummation Corporate Structure, Management and Operation

1. Continued Corporate Existence, Reincorporation

The Plan provides that the Reorganized Debtors will continue to exist after the Effective Date as separate legal entities, in accordance with the applicable laws in the respective jurisdictions in which they are incorporated or reincorporated as of the Effective Date and pursuant to the New Spectrum Governing Documents in the case of Reorganized Spectrum, and pursuant to the Reorganized Subsidiary Governing Documents in the case of the Reorganized Subsidiaries.

The Plan further provides that Spectrum will reincorporate as of the Effective Date as a corporation organized and existing under the laws of the State of Delaware. The Confirmation Order will provide the authority for Spectrum to take all steps necessary to effect such reincorporation by conversion, merger, or any other means or transactions available under applicable law.

2. Certificates of Incorporation and By-laws

The certificate or articles of incorporation, by-laws, articles of organization, or operating agreement, as applicable, of each Debtor will be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code and will include, among other things, pursuant to Section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by Section 1123(a)(6) of the Bankruptcy Code; and, as amended, will constitute the New Spectrum Governing Documents and the Reorganized Subsidiary Governing Documents. The New Spectrum Governing Documents and the Reorganized Subsidiary Governing Documents will be substantially the forms of such documents included in the Plan Supplement.

3. Cancellation of Old Securities and Agreements; Release of Indenture Trustee

On the Effective Date, except as otherwise provided for herein, (i) the Old Securities will be deemed extinguished, cancelled and of no further force or effect, (ii) the Spectrum Notes will be deemed surrendered in accordance with Section 7.4 of the Plan, and (iii) the obligations of the Debtors (and the Reorganized Debtors) under any agreements, indentures, or certificates of designations governing the Old Securities and any other note, bond, or indenture evidencing or creating any indebtedness or obligation with respect to the Old Securities will be discharged in each case without further act or action under any applicable agreement, law, regulation, order, or rule and without any action on the part of the Bankruptcy Court or any Person; provided, however, that the Spectrum Notes and the Indentures will continue in effect solely for the purposes of (x) allowing the holders of the Spectrum Notes to receive the distributions provided for Noteholder Claims hereunder, (y) allowing the Disbursing Agent to make distributions on account of the Noteholder Claims, and (z) preserving the rights of the Indenture Trustee with respect to the Indenture Trustee Expenses, including, without limitation, any indemnification rights provided by the Indentures.

Subsequent to the performance by the Indenture Trustee or their agents of any duties that are required under the Plan, the Confirmation Order and/or under the terms of the Indentures, the Indenture Trustee and their agents will be relieved of, and released from, all obligations associated with the Spectrum Notes arising under the Indentures or under other applicable agreements or law and the Indentures will be deemed to be discharged.

4. Directors and Officers of Reorganized Debtors

The New Board will consist of individuals nominated by the Debtors and each of the Negotiating Noteholders and announced in the Plan Supplement. The election of those individuals to the New Board will be approved by Spectrum’s current board of directors and the Bankruptcy Court. Thereafter, the New Board will serve in accordance with the New Spectrum Governing Documents.

The Debtors anticipate that the New Board initially will consist of seven directors, subject to reduction or increase as may be provided in the New Spectrum Governing Documents. In addition, the New Spectrum Governing Documents may provide for cumulative voting as to replacement directors. The New Spectrum Governing Documents will be included in the Plan Supplement.

The Plan provides that the officers of Spectrum will continue to serve in their same respective capacities after the Effective Date for Reorganized Spectrum until replaced or removed in accordance with the New Spectrum Governing Documents.

The Plan further provides that the existing directors and officers of the Subsidiary Debtors will continue to serve in their same respective capacities after the Effective Date for the Reorganized Subsidiaries until replaced or removed in accordance with the Reorganized Subsidiary Governing Documents.

5. New Equity Incentive Plan; Further Participation in Incentive Plans

The Plan provides that on the Effective Date, Reorganized Spectrum will be authorized and directed to establish and implement the New Equity Incentive Plan on the Effective Date for up to 10% (approximately 3,333,333 shares) of the total amount of New Common Stock otherwise issued or reserved for issuance on the Effective Date. Awards granted thereunder may be in the form of stock options, stock appreciation rights, restricted stock, and other forms of equity-based awards. The New Equity Incentive Plan will be promulgated by the New Board, or a committee designated by the New Board, for the benefit of such members of management, employees, and directors of the Reorganized Debtors and any of Reorganized Spectrum's subsidiaries as are designated by the New Board, or a committee designated by the New Board, in its sole and absolute discretion, on such terms as to timing of issuance, manner, and timing of vesting, duration, individual entitlement, and all other terms, as such terms are determined by the New Board in its sole and absolute discretion. The New Equity Incentive Plan may be amended or modified from time to time by the New Board. No members of management, employees, or directors of Reorganized Spectrum and its subsidiaries who are entitled to receive awards pursuant to the New Equity Incentive Plan will be obligated to participate in such plan.

The Equity Committee has requested that the following statement, with which the Debtors take issue, appear here:

> The Equity Committee strongly objects to the New Equity Incentive Plan since the Debtors' management team and directors, who together currently own 3% of Spectrum's existing common stock, should not be rewarded by having their current equity stake more than tripled for guiding Spectrum into a questionable chapter 11 case in which they propose to cancel all of the existing stock of Spectrum and make no distribution to existing stockholders.

The Debtors reject the Equity Committee's allegations. The necessity for the chapter 11 filing has been evident to all constituencies for some time, and has been reflected in the extremely low trading value of the existing common stock. The Company is overleveraged and cannot sustain the level of debt it currently carries. The stockholders are out of the money and their resulting treatment under the Plan is simply the result of the application of the Bankruptcy Code's absolute priority rule. The percentage of New Common Stock to be reserved under the New Equity Plan was unknown as of the Petition Date and was negotiated with and agreed to by the Negotiating Noteholders only in the last few weeks prior to the approval of the Disclosure Statement. As to the actual amount of the reserved shares to be distributed to the Debtors' management team, that is an issue left solely to the discretion of the New Board following the Effective Date. If the Plan is confirmed and implemented in accordance with its terms, it will not be an issue that impacts existing stockholders.

Pursuant to the Plan any pre-existing understandings, either oral or written, between the Debtors and any member of management or any employee, or any other Person as to entitlement to (i) any pre-existing equity or equity-based awards or (ii) participate in any pre-existing equity incentive plan, equity ownership plan or any other equity-based plan will be null and void as of the Effective Date and will not be binding on Reorganized Spectrum on or following the Effective Date. All decisions as to entitlement to participate after the Effective Date in any equity or equity-based plans will be within the sole and absolute discretion of the New Board or a committee designated by the New Board.

6. Funding of Reorganized Debtors

The Plan contemplates that the Reorganized Debtors will obtain an exit facility, as a condition to consummation of the Plan, having terms substantially in accordance with the term sheet included in the Plan Supplement and in form and substance reasonably satisfactory to each of the Negotiating Noteholders, to provide a portion of the funds necessary to make payments required to be made on the Effective Date, as well as funds for working capital and other general corporate purposes after the Effective Date.

On the Effective Date, the Exit Facility, together with new promissory notes and guarantees, if any, evidencing obligations of the Reorganized Debtors thereunder, and all other documents, instruments, and agreements to be entered into, delivered, or confirmed thereunder on the Effective Date, will become effective. The new promissory notes issued pursuant to the Exit Facility and all obligations under the Exit Facility and related documents will be paid as set forth in the Exit Facility and related documents.

7. Exemption from Certain Transfer Taxes

Pursuant to Section 1146(a) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or any other Person pursuant to the Plan in the United States, including any Liens granted by a Debtor or a Reorganized Debtor to secure the Exit Facility, will not be taxed under any law imposing a stamp tax, real estate transfer tax, sales or use tax, or other similar tax. Such exemption specifically applies, without limitation, to all documents necessary to evidence and implement distributions under the Plan, including the documents contained in the Plan Supplement and all documents necessary to evidence and implement any of the transactions and actions described in the Plan or the Plan Supplement including, without limitation, those described in Sections 5.1 and 5.9 of the Plan.

8. Corporate Action

On the Effective Date, the adoption and filing of the New Spectrum Governing Documents and all actions contemplated by the Plan will be authorized and approved in all respects pursuant to the Plan. All matters provided for in the Plan involving the corporate structure of the Debtors or Reorganized Debtors, and any corporate action required by the Debtors or Reorganized Debtors in connection with the Plan, will be deemed to have occurred and will be in effect, without any requirement of further action by the stockholders of the Debtors or Reorganized Debtors. On the Effective Date, the appropriate chief executive officer, president, chief financial officer, general counsel, or any other appropriate officer or director of the Reorganized Debtors are each authorized and directed to issue, execute and deliver the agreements, documents, securities, and instruments contemplated by the Plan in the name of and on behalf of the Reorganized Debtors without the need for any required approvals, authorizations, or consents except for express consents required under this Plan.

9. Rights of Negotiating Noteholders

Whenever the Plan requires the consent or approval of the Negotiating Noteholders, or grants the Negotiating Noteholders a right to be satisfied, the Negotiating Noteholders having such rights of consent, approval or satisfaction will be determined, and such rights will be construed, as set forth in that certain Restructuring Support Agreement (as amended from time to time in accordance with the terms thereunder) entered into by and among the Negotiating Noteholders and the Debtors.

J. Releases, Discharge, Injunctions, Exculpation and Indemnification

1. Releases by Debtors in Favor of Third Parties

The Plan provides for certain releases to be granted by the Debtors in favor of any of the other Debtors and any of the Debtors' non-Debtor subsidiaries; the present or former directors, officers, and employees of any of the Debtors or any of the Debtors' non-Debtor subsidiaries; any of the Debtors' Professionals; each of the Negotiating Noteholders and their advisors, and members (but not in their individual capacities) the DIP Facility Agent and the DIP Facility Lenders, and the Indenture Trustee and its advisors.

Specifically, as of the Effective Date, for good and valuable consideration, and pursuant to Section 1123(b)(3)(A) of the Bankruptcy Code the Debtors, the Reorganized Debtors and any Person seeking to exercise the rights of the Debtors' Estates, including, without limitation, any successor to the Debtors or any Estate representative appointed or selected pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code, will be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action (including claims or causes of action arising

under Chapter 5 of the Bankruptcy Code), and liabilities whatsoever (other than for fraud, willful misconduct, or gross negligence) in connection with or related to the Debtors, the Chapter 11 Case, or the Plan (other than the rights of the Debtors and the Reorganized Debtors to enforce the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Chapter 11 Case, or the Plan, and that may be asserted by or on behalf of the Debtors, the Estates, or the Reorganized Debtors against (i) any of the other Debtors and any of the Debtors' non-Debtor subsidiaries, (ii) any of the directors, officers, and employees of any of the Debtors or any of the Debtors' non-Debtor subsidiaries serving during the pendency of the Chapter 11 Case, (iii) any Professionals of the Debtors, (iv) each of the Negotiating Noteholders, (v) any Noteholder, solely in its capacity as a Noteholder, that votes to accept the Plan, (vi) the DIP Facility Agent, (vii) the DIP Facility Lenders, (viii) the Supplemental DIP Facility Participants; (ix) the Indenture Trustee, (x) the respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel and other advisors of each of the parties identified in the foregoing (i) through (ix), but only in their capacities on behalf of such parties, and (xi) any of the successors or assigns of any of the parties identified in the foregoing (i) through (ix); *provided, however*, that nothing in Section 10.8 of the Plan will be deemed to prohibit the Debtors or the Reorganized Debtors from asserting and enforcing any claims, obligations, suits, judgments, demands, debts, rights, causes of action or liabilities they may have against any of their employees (other than any director or officer) that is based upon an alleged breach of a confidentiality, noncompete or any other contractual or fiduciary obligation owed to the Debtors or the Reorganized Debtors.

The releases being provided by the Debtors relate to claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action (including claims or causes of action arising under Chapter 5 of the Bankruptcy Code), and liabilities held by the Debtors or that may be asserted on behalf of the Debtors (the "Debtor Claims"). The Debtor Claims are part of the Debtors' estates created pursuant to Section 541 of the Bankruptcy Code and, absent extraordinary circumstances, the Debtors have the exclusive authority to pursue or settle such claims. See, e.g., In re Educators Group Health Trust, 25 F.3d 1281, 1284-1285 (5th Cir. Tex. 1994) (holding that to the extent that creditors' claims derived from a direct injury to the bankruptcy estate, those claims belonged solely to the estate); Mitchell v. Mitchell, 734 F.2d 129, 131 (2d Cir. 1984) (holding that derivative actions are property of the bankruptcy estate and enforceable by the trustee). The releases of the Debtor Claims are in the best interests of the Debtors' estates and arise from an appropriate exercise of the Debtors' authority under Section 1123(b)(3) to include in the Plan "the settlement or adjustment of any claim or interest belonging to the debtor or to the estate." 11 U.S.C. § 1123(b)(3). See also In re Heritage Org., L.L.C., 375 B.R. 230, 308 (Bankr. N.D. Tex. 2007) (a trustee's plan may "unquestionably" resolve potential claims against third parties through settlement under the express authority of § 1123(b)(3)); In re Best Products Co., Inc., 168 B.R. 35, 61, 63-64 (Bankr. S.D.N.Y. 1994) (court approved release and settlement of debtor's claims pursuant to Section 1123(b)(3)); In re General Homes Corp., FGMC, Inc., 134 B.R. 853, 861 (Bankr. S.D. Tex. 1991) ("To the extent that the language contained in the plan purports to release any causes of action against the Bank Group which the Debtor could assert, such provision is authorized by § 1123(b)(3)(A), subject to compliance with provisions of the code requiring that the plan be proposed in good faith.").

The Debtors do not believe that there are any valid Debtor Claims against any of their present or former directors, officers, and employees, against any of their subsidiaries, any of their Professionals, or against the Negotiating Noteholders and their advisors or any of their respective present or former members, participants, representatives, partners, affiliates, officers, directors, employees, advisors, counsel and agents, the DIP Facility Agent and the DIP Facility Lenders or any of their respective present or former members, participants, representatives, partners, affiliates, officers, directors, employees, advisors, counsel and agents, or the Indenture Trustee and its advisors, or the Supplemental DIP Facility Participants or any of their advisors or any of their respective present or former members, participants, representatives, partners, affiliates, officers, directors, employees, advisors, counsel and agents. Any action brought to enforce a potential Debtor Claim would involve significant costs to the Debtors, including legal expenses and the distraction of the Debtors' key personnel from the demands of the Debtors' ongoing businesses. In light of these considerations, and given the contributions made by the recipients of the releases to the Debtors' businesses and/or reorganization efforts, the releases of the Debtor Claims are appropriate and in the best interests of the Debtors' estates.

IN VOTING ON THE PLAN, NOTEHOLDERS IN CLASS 7 SHOULD TAKE THE RELEASE OF DEBTOR CLAIMS INTO ACCOUNT. THE DEBTORS DO NOT BELIEVE THEY ARE RELINQUISHING ANY VALID DEBTOR CLAIMS. NEVERTHELESS, AS A RESULT OF THE RELEASE, THE VALUE RECEIVED BY THE NOTEHOLDERS UNDER THE PLAN WILL NOT INCLUDE ANY POSSIBLE VALUE THAT MIGHT HAVE BEEN AVAILABLE HAD ANY SUCH DEBTOR CLAIMS BEEN DETERMINED TO BE VALID. ON THE OTHER HAND, WITHOUT THE RELEASES THE DEBTORS MIGHT NOT HAVE OBTAINED THE NECESSARY SUPPORT AND CONTRIBUTIONS FROM KEY PARTIES IN INTEREST THAT HAVE ALLOWED THEM TO PRESENT THE PLAN TO THE NOTEHOLDERS. THUS, THE DEBTORS BELIEVE THAT THE BENEFIT DERIVED FROM THE RELEASE FAR OUTWEIGHS ANY THEORETICAL VALUE FOR UNKNOWN DEBTOR CLAIMS OF UNLIKELY VALIDITY AND VALUE.

2. Discharge and Discharge Injunction

Confirmation of the Plan effects a discharge of all Claims against the Debtors. As set forth in the Plan, except as otherwise provided in the Plan or in the Confirmation Order, all consideration distributed under the Plan will be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims of any nature whatsoever against the Debtors or any of their assets or properties and, regardless of whether any property will have been abandoned by order of the Bankruptcy Court, retained, or distributed pursuant to the Plan on account of such Claims, upon the Effective Date, (i) the Debtors, and each of them, will be deemed discharged and released under Section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in Section 502 of the Bankruptcy Code, whether or not (A) a Proof of Claim based upon such debt is filed or deemed filed under Section 501 of the Bankruptcy Code, (B) a Claim based upon such debt is Allowed under Section 502 of the Bankruptcy Code, (C) a Claim based upon such debt is or has been disallowed by order of the Bankruptcy Court, or (D) the holder of a Claim based upon such debt accepted the Plan, and (ii) all Spectrum Interests will be terminated.

Under the Plan, as of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons will be precluded from asserting against the Debtors or the Reorganized Debtors, any other or further claims, debts, rights, causes of action, claims for relief, liabilities, or equity interests relating to the Debtors based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order will be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtors and termination of all Spectrum Interests, pursuant to Sections 524 and 1141 of the Bankruptcy Code, and such discharge will void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

In furtherance of the discharge of Claims and the termination of Interests, the Plan provides that, except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against the Debtors, the Reorganized Debtors, and their respective subsidiaries or their property on account of any such discharged Claims, debts, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtors or the Reorganized Debtors; or (v) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

The Plan further provides that except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, or may hold, a Claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, or liability that is released pursuant to Sections 10.7, 10.8, or 10.11 of the Plan are permanently enjoined from taking any of the following actions on account of such released Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff against any debt, liability, or obligation due to any released Person; or (v) commencing or continuing any action, in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.

Moreover, the Plan provides that, without limiting the effect of the provisions in Section 10.10 of the Plan upon any Person, by accepting distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth in Section 10.10 of the Plan.

3. Exculpation Relating to Chapter 11 Case

The Plan contains standard exculpation provisions applicable to the key parties in interest with respect to their conduct in the Chapter 11 Case. Specifically, the Plan provides that to the extent permitted by applicable law and approved in the Confirmation Order, none of the Debtors, the Reorganized Debtors or their respective subsidiaries, the Debtors' Professionals, the Negotiating Noteholders, any Noteholder, solely in its capacity as a Noteholder, that votes to accept the Plan, the DIP Agent, the DIP Facility Lenders, the Supplemental DIP Facility Participants, the Indenture Trustee, or any of their respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, will have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions that are the result of fraud, gross negligence, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code, and in all respects will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

Moreover, the Plan provides that notwithstanding any other provision of the Plan, to the extent permitted by applicable law and approved in the Confirmation Order, no holder of a Claim or an Interest, no other party in interest, and none of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, will have any right of action against any Debtor, any Reorganized Debtor, any of its subsidiaries, any Professional of the Debtors, any of the Negotiating Noteholders, any Noteholder, solely in its capacity as a Noteholder, that votes to accept the Plan, the DIP Agent, any of the DIP Facility Lenders, Supplemental DIP Facility Participants, the Indenture Trustee, or any of their respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions which are the result of fraud, gross negligence, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code.

The exculpations contained in the Plan are appropriate and are standard in large Chapter 11 cases such as the Debtors' Chapter 11 Case. See In re PWS Holding Corp., 228 F.3d 224, 245 (3d Cir. 2000) (describing exculpation clauses as "commonplace"). The exculpations are appropriately limited in scope, applying only to acts and omissions occurring after the Petition Date and in connection with the Chapter 11 Case or the Plan and conferring only a qualified immunity by excluding acts or omissions which are the result of fraud, gross negligence, willful violation of federal or state securities laws or the IRC, or willful misconduct. Moreover, these exculpations have, in the Debtors' view, been earned. The beneficiaries of the exculpations have made significant contributions to the Debtors' reorganization, which contributions have allowed for the formulation of the Plan which resolves many complicated issues between and among the Debtors and other interested parties and which, in the Debtors' view, provides for the best possible recoveries for Claims against the Debtors. In the Debtors' view, the beneficiaries of the exculpations would not have contributed as they did without the prospect of the limited immunity reflected in the exculpations. The Debtors are also unaware of any valid causes of action against any of the beneficiaries of the exculpations. In view of the foregoing, the exculpations are

appropriate and in the best interests of the Debtors' estates. See In re Winn Dixie Sores, Inc., 356 B.R. 239, 261 (Bankr. M.D. Fla. 2006) (finding a similar exculpation provision appropriate due to, among other things, the significant contributions made to the chapter 11 case by the beneficiaries of the exculpations, the expectation of the beneficiaries' that the exculpations would be included in the Plan in exchange for their participation in the case; and the fact that the exculpation was the result of negotiation by all parties); In re Enron Corp., 326 B.R. 497, 501-04 (S.D.N.Y. 2005) (upholding bankruptcy court's finding that a similar exculpation provision "was 'reasonable and customary and in the best interests of the estates,' and that 'without such exculpation, negotiation of a Plan in [the] Chapter 11 Cases would not have been possible.') (citing Findings of Fact and Conclusions of Law Confirming Supplemental Modified 5th Amended Joint Plan of Affiliated Debtors Pursuant to Chapter 11 of the U.S. Bankruptcy Code, 145-146, In re Enron, Case No. 01-16034 (Bankr. S.D.N.Y. July 15, 2004)).

The exculpation provision in the Plan is expressly limited by applicable law and approval by the Bankruptcy Court in the Confirmation Order. There can be no guarantee that all parties listed in the exculpation will be found to be entitled to the exculpation. Although holders of Noteholder Claims who vote in favor of the Plan are included in the exculpation, such holders should not rely on the availability of exculpation in determining their vote on the Plan.

NEVERTHELESS, IN VOTING ON THE PLAN, NOTEHOLDERS IN CLASS 7 SHOULD TAKE THE POSSIBILITY OF POTENTIAL EXCULPATION INTO ACCOUNT. THE DEBTORS DO NOT BELIEVE THEY ARE RELINQUISHING ANY VALID CAUSES OF ACTION. NEVERTHELESS, AS A RESULT OF THE EXCULPATION, THE VALUE RECEIVED BY THE NOTEHOLDERS UNDER THE PLAN WILL NOT INCLUDE ANY POSSIBLE VALUE THAT MIGHT HAVE BEEN AVAILABLE HAD ANY SUCH CAUSES OF ACTION BEEN DETERMINED TO BE VALID. ON THE OTHER HAND, WITHOUT THE EXCULPATION THE DEBTORS MIGHT NOT HAVE OBTAINED THE NECESSARY SUPPORT AND CONTRIBUTIONS FROM KEY PARTIES IN INTEREST THAT HAVE ALLOWED THEM TO PRESENT THE PLAN TO THE NOTEHOLDERS. THUS, THE DEBTORS BELIEVE THAT THE BENEFIT DERIVED FROM THE EXCULPATION FAR OUTWEIGHS ANY THEORETICAL VALUE FOR UNKNOWN CAUSES OF ACTION OF UNLIKELY VALIDITY AND VALUE.

4. Post-Effective Date Indemnifications

The Plan provides that upon the Effective Date, the New Spectrum Governing Documents and the Reorganized Subsidiary Governing Documents will contain provisions which, to the fullest extent permitted by applicable law, (i) eliminate the personal liability of the Debtors' directors, officers, and key employees serving before, on, and after the Petition Date and the Reorganized Debtors' directors, officers, and key employees serving on and after the Effective Date for monetary damages; and (ii) require such Reorganized Debtor, subject to appropriate procedures, to indemnify those of the Debtors' directors, officers, and key employees serving prior to, on, or after the Effective Date for all claims and actions, including, without limitation, for pre-Effective Date acts and occurrences.

The Plan further provides that the Debtors or the Reorganized Debtors, as the case may be, will purchase and maintain director and officer insurance coverage in the amount of $65,000,000, and for a tail period of six (6) years, for those Persons covered by any such policies in effect during the pendency of the Chapter 11 Case, continuing after the Effective Date, insuring such Persons in respect of any claims, demands, suits, causes of action, or proceedings against such Persons based upon any act or omission related to such Person's service with, for, or on behalf of the Debtors (whether occurring before or after the Petition Date). Such policy will be fully paid and noncancellable.

K. Preservation of Rights of Action; Resulting Claim Treatment

Under the Plan, Litigation Rights consist of claims, rights of action, suits, or proceedings, whether in law or in equity, whether known or unknown, that the Debtors or their Estates may hold against any Person, which are to be retained by the Reorganized Debtors pursuant to Section 5.11 of the Plan, including, without limitation, claims or causes of action arising under or pursuant to Chapter 5 of the Bankruptcy Code. The Plan provides that except as otherwise provided in the Plan, the Confirmation Order, or the Plan Supplement, and in accordance with Section 1123(b) of the Bankruptcy Code, on the Effective Date, each Debtor or Reorganized Debtor will retain all of their respective Litigation Rights that such Debtor or Reorganized Debtor may hold against any Person. Each Debtor or Reorganized Debtor will retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all such Litigation Rights.

Litigation Rights include potential avoidance or other bankruptcy causes of action. Such causes of action may exist as a result of "preferential" payments or other transfers made on account of antecedent debts within 90 days of the Debtors' filing, or one year in the case of insiders. A preference results in payment to a creditor that exceeds the amount the creditor would receive in bankruptcy. Because all holders of general unsecured claims in this Chapter 11 Case are entitled to be paid in full, there is no basis for any preference recovery.

In addition, Litigation Rights include non-bankruptcy claims, rights of action, suits, or proceedings that arise in the ordinary course of the Debtors' businesses. The most typical types of claims the Company brings are intellectual property infringement claims, breach of contract claims, and coverage claims against their insurers. The Company may also bring claims for fraud, breach of fiduciary duty, and negligence. The Debtors currently hold certain claims or rights of action against a number of parties. For example, current claims or proceedings pending include (i) a tariff classification suit by the Debtors against the United States; (ii) two trademark infringement claims brought by the Debtors; (iii) a coverage action and several coverage claims against various of the Debtors' insurers; (iv) a claim for wrongful/excessive draw on a letter of credit; (v) claims in connection with a fraudulent transfer; and (vi) a fraud and embezzlement claim. The Debtors or Reorganized Debtors intend to continue to prosecute all of these and their other pending actions, unless settled on terms acceptable to them. The Debtors also have claims against certain parties that may ripen into litigation. The Debtors do not anticipate that the pursuit of these and their other pending actions will yield recoveries that will materially impact or enhance the value of the New Common Stock.

The Debtors and the Reorganized Debtors reserve the right to pursue, settle, or otherwise not pursue any pending or potential claims, rights of action, suits, or proceedings against any of the parties described herein. Neither the listing nor the failure to list any party herein will prejudice the Debtors' or Reorganized Debtors' rights to pursue any claims, rights of action, suits, or proceedings that have arisen or may arise in the future in the ordinary course of the Debtors' or Reorganized Debtors' businesses.

L. Retention of Jurisdiction

The Plan provides that under Sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court, the Bankruptcy Court will retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including, without limitation, jurisdiction to:

- with respect to Required Filed Claims or to the extent necessary with respect to Optional Filed Claims or other Claims, allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim or Interest not otherwise Allowed under the Plan (other than personal injury or wrongful death Claims, unless agreed by the holder), including, without limitation, the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims or Interests;
- hear and determine all applications for Professional Fees and Substantial Contribution Claims; *provided, however,* that from and after the Effective Date, the payment of the fees and expenses of the retained Professionals of the Reorganized Debtors will be made in the ordinary course of business and will not be subject to the approval of the Bankruptcy Court;
- hear and determine all matters with respect to contracts or leases or the assumption or rejection of any contracts or leases to which a Debtor is a party or with respect to which a Debtor may be liable, including, if necessary and without limitation, the nature or amount of any required Cure or the liquidation or allowance of any Claims arising therefrom;
- effectuate performance of and payments under the provisions of the Plan;

- hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of, under, or related to, the Chapter 11 Case or the Litigation Rights;
- enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;
- hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan, including, without limitation, disputes arising under agreements, documents, or instruments executed in connection with the Plan, provided, however, that any dispute arising under or in connection with the New Securities, the Exit Facility, the Term Facility Loan Documents, the New Spectrum Governing Documents, the Reorganized Subsidiary Governing Documents, the New Equity Incentive Plan, the Registration Rights Agreement (New Notes), the Registration Rights Agreement (New Common Stock) or the Stockholders Agreement will be dealt with in accordance with the provisions of the applicable document;
- consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with the implementation, consummation, or enforcement of the Plan or the Confirmation Order;
- enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified, or vacated;
- hear and determine any matters arising in connection with or relating to the Plan, the Plan Supplement, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order;
- enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Case;
- except as otherwise limited herein, recover all assets of the Debtors and property of the Estates, wherever located;
- hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code;
- hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge;
- hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code; and
- enter a final decree closing the Chapter 11 Case.

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Case, including the matters set forth in Section 9.1 of the Plan, the provisions of Article IX of the Plan will have no effect upon and will not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

M. Amendment, Alteration and Revocation of Plan

The Debtors, subject to the consent of each of the Negotiating Noteholders, which consent will not be unreasonably withheld, may alter, amend, or modify the Plan under Section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of the Plan, as defined in Section 1101(2) of the Bankruptcy Code, the Debtors may, subject to the consent of each of the Negotiating Noteholders, which consent will not be unreasonably withheld, under Section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, *provided*, *however*, that prior notice of such proceedings will be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of any Debtor, will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or the Effective Date does not occur, then (a) the Plan will be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan will be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, will (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, any Debtor or any other Person, (ii) prejudice in any manner the rights of any Debtor or any Person, including any of the Negotiating Noteholders, in any further proceedings involving a Debtor, or (iii) constitute an admission of any sort by any Debtor or any other Person, including the Negotiating Noteholders.

N. Plan Implementing Documents

The documents necessary to implement the Plan include the following:

- the term sheet for the Exit Facility;
- the New Indenture;
- the Registration Rights Agreement (New Notes);
- the New Spectrum Governing Documents;
- the announcement of the New Board;
- the New Equity Incentive Plan;
- the Stockholders Agreement; and
- the Registration Rights Agreement (New Common Stock).

The Plan Supplement will include the term sheet for the Exit Facility, the announcement of the New Board, and the forms of the New Spectrum Governing Documents, the Stockholders Agreement, the Registration Rights Agreement (New Common Stock),

the New Indenture, the Registration Rights Agreement (New Notes), and the New Equity Incentive Plan. The Plan Supplement will be filed with the Clerk of the Bankruptcy Court at least five (5) Business Days prior to the date of the commencement of the Confirmation Hearing. Upon such filing, all documents included in the Plan Supplement may be inspected via the Bankruptcy Court's electronic filing system or at http://www.loganandco.com. Holders of Claims or Interests may obtain a copy of any document included in the Plan Supplement upon written request in accordance with Section 10.16 of the Plan.

O. Confirmation and/or Consummation

Described below are certain important considerations under the Bankruptcy Code in connection with confirmation of the Plan.

1. Requirements for Confirmation of the Plan

Before the Plan can be confirmed, the Bankruptcy Court must determine at the Confirmation Hearing that, among others, the following requirements for confirmation, set forth in Section 1129 of the Bankruptcy Code, have been satisfied:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised by the Debtors or by a Person issuing securities or acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.
- The Debtors have disclosed (a) the identity and affiliations of (i) any individual proposed to serve, after confirmation of the Plan, as a director, officer, or voting trustee of the Reorganized Debtors, (ii) any affiliate of the Debtors participating in a joint plan with the Debtors, or (iii) any successor to the Debtors under the Plan (and the appointment to, or continuance in, such office of such individual(s) is consistent with the interests of Claim and Interest holders and with public policy), and (b) the identity of any insider that will be employed or retained by the Debtors and the nature of any compensation for such insider.
- With respect to each Class of Claims or Interests, each Impaired Claim and Impaired Interest holder either has accepted the Plan or will receive or retain under the Plan, on account of the Claims or Interests held by such holder, property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on such date under Chapter 7 of the Bankruptcy Code. See Section X.D hereto.
- The Plan provides that DIP Facility Claims will be satisfied as required by the terms of the DIP Facility. Administrative Claims and Priority Claims other than Priority Tax Claims will be paid in full on the Effective Date and that Priority Tax Claims will receive on account of such Claims regular installment payments in cash, over a period not exceeding five (5) years after the Petition Date, of a total value, as of the Effective Date, equal to the Allowed Amount of such Claims, and in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the Plan, except to the extent that the holder of any such Claim has agreed to a different treatment. See Section VI.D.1 hereto.
- If a Class of Claims is Impaired under the Plan, at least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by insiders holding Claims in such Class.

- Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor to the Debtors under the Plan, unless such liquidation or reorganization is proposed in the Plan. See Section X.A hereto.
- The Plan provides for the continuation after the Effective Date of all retiree benefits, if any, at the level established pursuant to Section 1114(e)(1)(B) or 1114(g) of the Bankruptcy Code at any time prior to confirmation of the Plan, for the duration of the period the Debtors have obligated themselves to provide such benefits.

The Debtors believe that, upon receipt of the votes from Class 7 required to confirm the Plan, the Plan will satisfy all the statutory requirements of Chapter 11 of the Bankruptcy Code, that the Debtors have complied or will have complied with all of the requirements of Chapter 11, and that the Plan has been proposed and submitted to the Bankruptcy Court in good faith.

2. Conditions to Confirmation Date and Effective Date

The Plan specifies conditions precedent to the Confirmation Date and the Effective Date.

Under the Plan the conditions precedent to the occurrence of the Confirmation Date, which is the date of entry by the clerk of the Bankruptcy Court of the Confirmation Order, are that: (a) an order, in form and substance reasonably satisfactory to each of the Negotiating Noteholders, finding that the Disclosure Statement contains adequate information pursuant to Section 1125 of the Bankruptcy Code will have been entered; and (b) the proposed Confirmation Order will be in form and substance reasonably satisfactory to the Debtors, each of the Negotiating Noteholders, and the agent for the lenders under the Exit Facility.

The Plan further provides that the conditions that must be satisfied on or prior to the Effective Date, which is the Business Day upon which all conditions to the consummation of the Plan have been satisfied or waived, and is the date on which the Plan becomes effective, are that: (a) the Confirmation Order will have been entered in form and substance reasonably satisfactory to the Debtors, each of the Negotiating Noteholders, and the agent for the lenders under the Exit Facility, and will, among other things: (i) provide that the Debtors and the Reorganized Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan; (ii) approve the Exit Facility in form and substance reasonably satisfactory to each of the Negotiating Noteholders; (iii) authorize the issuance of the New Securities; and (iv) provide that notwithstanding Rule 3020(e) of the Bankruptcy Rules, the Confirmation Order will be immediately effective, subject to the terms and conditions of the Plan; (b) the Confirmation Order (in the form described in (a) above) will not then be stayed, vacated, or reversed; (c) the New Spectrum Governing Documents, the Reorganized Subsidiary Governing Documents, the Exit Facility, the New Equity Incentive Plan, the New Indenture, the Stockholders Agreement, the Registration Rights Agreement (New Common Stock), and the Registration Rights Agreement (New Notes) will be in form and substance reasonably satisfactory to the Debtors, each of the Negotiating Noteholders, and the agent for the lenders under the Exit Facility, and, to the extent any of such documents contemplates execution by one or more persons, any such document will have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of each such document will have been satisfied or waived, including, without limitation, and with respect to the New Indenture, the effectiveness of the application for qualification of the New Indenture under the Trust Indenture Act of 1939, as amended; (d) the Reorganized Debtors will have arranged for credit availability under the Exit Facility in amount, form, and substance reasonably satisfactory to the Debtors, each of the Negotiating Noteholders, and the agent for the lenders under the Exit Facility; (e) all material authorizations, consents, and regulatory approvals required, if any, in connection with consummation of the Plan will have been obtained; and (f) all other material actions, documents, and agreements necessary to implement the Plan will have been effected or executed.

Each of the conditions set forth in Sections 8.1 and 8.2 of the Plan, with the express exception of the conditions contained in Section 8.1(a) and Section 8.2(a)(i), (ii), and (iii), and (b), may be waived in whole or in part by the Debtors without any notice to parties in interest or the Bankruptcy Court and without a hearing, *provided*, *however*, that such waiver will not be effective without the consent of each of the Negotiating Noteholders, which consent will not be unreasonably withheld, and the agent for the lenders under the Exit Facility.

3. Anticipated Effective Date

The length of time between a confirmation date and an effective date varies from case to case and depends upon how long it takes to satisfy each of the conditions precedent to the occurrence of the effective date specified in the particular plan of reorganization. Under the Plan, as among the conditions precedent set forth above, the time necessary to satisfy the conditions relating to the Exit Facility is most likely to dictate the timing of the Debtors' Effective Date.

VII. CERTAIN RISK FACTORS TO BE CONSIDERED

The holders of Noteholder Claims in Class 7 and Term Facility Lender Claims in Class 2 should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the Plan and its implementation.

A. General Considerations

The Plan sets forth the means for satisfying the Claims against each of the Debtors. Certain Claims and Interests receive no distributions pursuant to the Plan. Nevertheless, reorganization of the Debtors' businesses and operations under the proposed Plan avoids the potentially adverse impact of a liquidation on the Debtors' customers, suppliers, employees and other stakeholders.

B. Certain Bankruptcy Considerations

1. Risk of Loss of Key Customers and Suppliers

A significant percentage of the Company's sales are attributable to a very limited group of retailer customers. Sales to one customer represented approximately 19% of the Company's consolidated net sales for its fiscal year ended September 30, 2008. The loss of any of the Company's retailer customers during the pendency of the Chapter 11 Case or otherwise could have an adverse effect on the Debtors' businesses, financial condition and results of operations. In addition, the Debtors may experience other adverse effects, including, without limitation, a loss of confidence by current and prospective suppliers. Any failure to timely obtain suitable supplies at competitive prices could materially adversely affect the Debtors' businesses, financial condition, and results of operations.

2. Risk of Insufficient liquidity

The Debtors expect to incur significant costs as a result of the Debtors' Chapter 11 Case and the transactions contemplated by the Plan. Assuming confirmation and consummation of the Plan in accordance with its terms, and assuming litigation with the Term Lenders and the Equity Committee, the Debtors expect that they will have incurred, during the process, costs which may exceed $65 million in the aggregate in professional fees and expenses for their professionals and the professionals of other parties in interest who are entitled to be paid from estate funds. The Debtors will also be required to make certain cure payments under the Plan to holders of Term Facility Claims. Some of these costs may be paid through borrowings under the Exit Facility.

The Debtors are dependent on access to the DIP Facility to fund working capital expenses as well as all other expenses incurred throughout the pendency of the Debtors' Chapter 11 Case. There can be no assurance that the lenders will fund their entire commitments under the DIP facility for the pendency of the cases. In order for the Debtors' to borrow under the DIP Facility, no default or event of default may exist at the time of such borrowing. In the event of an event of default under the DIP Facility, the Debtors would not be able to borrow additional amounts under the DIP Facility and, absent a waiver, the lenders under the DIP Facility could terminate their commitments and declare all amounts owing under the DIP Facility due and payable.

Furthermore, the DIP Facility may prevent the Debtors from raising additional capital they may need to expand their respective businesses during the pendency of the Debtors' Chapter 11 Case. Failure to obtain additional capital may preclude the Debtors from developing or enhancing their respective businesses, taking advantage of future opportunities or responding to competitive pressures.

3. Risk of Loss of Key Personnel

The Debtors are dependent on the continued services of their senior management team and other key personnel. The loss of such key personnel could have a material adverse effect on the Debtors' businesses, financial condition, and results of operations.

4. Risks of the Exit Facility

Consummation of the Plan is dependent upon the Debtors securing new financing through the Exit Facility. Although the Debtors intend to obtain a commitment letter for the Exit Facility by the Confirmation Hearing, there can be no assurances in that regard. Furthermore, even if a commitment letter is obtained, it may have conditions that must be met prior to closing and funding of the Exit Facility. The Debtors have no alternative financing secured at this time and would not be able to confirm the Plan in its present form absent such financing.

5. Litigation Risks

There can be no assurance that any parties in interest will not pursue litigation strategies to enforce any Claims in respect of alleged defaults on agreements with the Debtors. Litigation is by its nature uncertain and there can be no assurance of the ultimate resolution of such claims. Any litigation may be expensive, lengthy, and disruptive to the Debtors' normal business operations and the Plan confirmation process, and a resolution of any such strategies that is unfavorable to the Debtors could have a material adverse affect on the Plan confirmation process and/or their respective businesses, results of operations, financial condition, liquidity, or cash flow.

6. Risks of Plan Confirmation

Confirmation of the Plan is dependent upon acceptance of the Plan by holders of Noteholder Claims in Class 7, which is in the Debtors' view the sole Impaired Class of Claims entitled to vote on the Plan. The Bankruptcy Court has also allowed the holders of Term Facility Claims to vote provisionally, due to their allegation that they also are an Impaired Class of Claims. Section 1126(c) of the Bankruptcy Code defines acceptance of a plan as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of claims in a class who actually vote to accept or reject the Plan. If two-thirds (2/3) in dollar amount of the Noteholder Claims and a majority in number of the Noteholder Claims actually voting do not vote to accept the Plan, the Plan will not be able to be confirmed. Even if the voting Impaired Class of Noteholder Claims votes in favor of the Plan, and even if with respect to any Impaired Class deemed to have rejected the Plan the requirements for "cramdown" are met, the Bankruptcy Court, as a court of equity, may exercise substantial discretion, and may choose not to confirm the Plan. Section 1129 of the Bankruptcy Code requires, among other things, a showing that confirmation of the Plan will not be followed by liquidation or the need for further financial reorganization of the Debtors, see Section X.A hereto, and that the value of distributions to dissenting holders of Claims and Interests will not be less than the value such holders would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. See Section X.C hereto. Although the Debtors believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. See Section X.D for a liquidation analysis of the Debtors.

7. Risks of Confirmation Litigation

As previously stated, the Plan is strenuously opposed on separate grounds by the Term Lenders and the Equity Committee. The Debtors believe they will be able to overcome the opposition and demonstrate to the Bankruptcy Court that the Plan is confirmable on its current terms. However, the Debtors cannot guarantee that all objections will be overruled by the Bankruptcy Court. Neither can the Debtors guarantee that the disputes will not have an adverse impact on the Debtors' customers and vendors or that the costs and expenses of litigation will not adversely impact the Debtors' financings. If either the Term Lenders or the Equity Committee is successful, the Debtors may be required to propose a revised plan of reorganization and to file a revised disclosure statement. The plan process may need to essentially start over. The Negotiating Noteholders may not support the revised plan. The revised plan may itself be subject to strenuous opposition. The costs and expenses of a second plan process could be enormous, and the Debtors' business could suffer from the uncertainty of a lengthened process.

8. Cramdown

If the Term Lenders are determined to be impaired by the Bankruptcy Court, and the Term Lenders vote against the Plan, the Debtors will have the option of seeking to confirm their plan under Section 1129(b)(2)(A) of the Bankruptcy Code ("cramdown"). The interest rate necessary to satisfy the requirements of cramdown will be determined by the Bankruptcy Court and may be materially different, and may be materially higher, than the interest rate set forth in the Credit Agreement. The Term Lenders will challenge the feasibility of the Plan on this basis.

9. Risk of Long and Protracted Restructuring

If a liquidation or protracted reorganization were to occur, there is a significant risk that the value of the Debtors' enterprise would be substantially eroded to the detriment of all stakeholders.

The Debtors' future results are dependent upon the successful confirmation and implementation of a plan of reorganization. Failure to obtain this approval in a timely manner could adversely affect the Debtors' operating results, as the Debtors' ability to obtain financing to fund their operations and their relations with customers and suppliers may be harmed by protracted bankruptcy proceedings. Furthermore, the Debtors cannot predict the ultimate amount of all settlement terms for their liabilities that will be subject to a plan of reorganization. Once a plan of reorganization is approved and implemented, the Debtors' operating results may be adversely affected by the possible reluctance of prospective lenders, customers, and suppliers to do business with a company that recently emerged from bankruptcy proceedings.

C. Claims Estimations

With the exception of the Noteholder Claims and any Subordinated Claims, the Debtors intend to pay all Allowed Claims when, as and if due, in the ordinary course. The Debtors do not seek to impose a general proof of claim bar date. The Debtors reserve the right to dispute Claims outside of the Bankruptcy Court in the same manner they would have done prior to the Petition Date. The estimates of Claim amounts in this Disclosure Statement derive from the Debtors' books and records. There can be no assurance that any such estimated Claim amounts are correct. The actual Allowed amount of Claims likely will differ in some respect from the estimates. The estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should the underlying assumptions prove incorrect, the actual Allowed amount of Claims may vary from those estimated herein. With respect to Noteholder Claims, the value of the New Common Stock received by holders of such Claims will be diluted by additional share issuances.

D. Conditions Precedent to Consummation; Timing

The Plan provides for certain conditions that must be satisfied (or waived) prior to the Confirmation Date and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed.

E. Inherent Uncertainty of Financial Projections

The Projections set forth in the attached Appendix B cover the operations of the Reorganized Debtors through fiscal year 2013. These Projections are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; realization of the operating strategy of the Reorganized Debtors; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, or generally accepted accounting principles; no material adverse changes in general business and economic conditions; no material adverse changes in competition; the Reorganized Debtors' retention of key management and other key employees; adequate financing; the absence of material contingent or unliquidated litigation, indemnity, or other claims; and other matters, many of which will be beyond the control of the Reorganized Debtors and some or all of which may not materialize.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Debtors, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of the Reorganized Debtors. Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The Projections were not prepared in accordance with standards for projections promulgated by the American Institute of Certified Public Accountants or with a view to compliance with published guidelines of the SEC regarding projections or forecasts. The Projections have not been audited, reviewed, or compiled by the Debtors' independent public accountants. The projected financial information contained in this Disclosure Statement should not be regarded as a representation or warranty by the Debtors, the Debtors' advisors, or any other Person that the Projections can or will be achieved.

F. Certain Risk Factors Relating to New Common Stock to be Issued Under the Plan

1. No Current Public Market for Securities

The New Common Stock to be issued pursuant to the Plan are securities for which there is currently no market, and there can be no assurance as to the development or liquidity of any market for the New Common Stock. It is not intended that the Reorganized Debtors will apply to list the New Common Stock on any securities exchange. If a trading market does not develop or is not maintained, holders of the New Common Stock may experience difficulty in reselling such securities or may be unable to sell them at all. Even if such a market were to exist, such securities could trade at prices higher or lower than the estimated value set forth in this Disclosure Statement depending upon many factors, including, without limitation, prevailing interest rates, markets for similar securities, industry conditions and the performance of, and investor expectations for, Reorganized Spectrum.

Furthermore, Persons to whom the New Common Stock is issued pursuant to the Plan may prefer to liquidate their investments rather than hold such securities on a long-term basis. Accordingly, any market that does develop for such securities may be volatile. Other factors, such as the current intention of Reorganized Spectrum not to pay dividends for the foreseeable future (and any limitations thereon as contained in the Term Facility Loan Documents and the Exit Facility), may further depress any market for the New Common Stock.

2. Potential Dilution

The ownership percentage represented by New Common Stock distributed on the Effective Date under the Plan will be subject to dilution in the event that (a) New Common Stock is issued pursuant to the New Equity Incentive Plan, including issuances upon the exercise of options and (b) any other shares of New Common Stock are issued post-emergence.

In the future, similar to all companies, additional equity financings or other share issuances by Reorganized Spectrum could adversely affect the market price of the New Common Stock. Sales by existing holders of a large number of shares of the New Common Stock in the public market, or the perception that additional sales could occur, could cause the market price of the New Common Stock to decline.

3. Dividends

The Debtors do not anticipate that cash dividends or other distributions will be paid with respect to the New Common Stock in the foreseeable future. In addition, restrictive covenants in certain debt instruments to which Reorganized Spectrum will be a party, including the Term Facility Loan Documents and the Exit Facility, may limit the ability of Reorganized Spectrum to pay dividends.

4. Change of Control

The New Spectrum Governing Documents and the Exit Facility may contain, and the Term Facility Credit Agreement contains, provisions that may have the effect of delaying, deterring, or preventing a change in control of Reorganized Spectrum, which provisions could deprive holders of New Common Stock an opportunity to receive a premium and might adversely affect the trading price of the New Common Stock.

5. Limited Influence of Minority Holders of New Common Stock

Although the Debtors have no knowledge thereof, the Debtors would note that if holders of New Common Stock constituting a majority were to determine to act in concert with respect to any proposal or other item requiring a shareholder vote, other shareholders would then be unable to affect the outcome of such shareholder vote.

G. Certain Risk Factors Relating to New Notes to be Issued Under the Plan

1. Indebtedness under the Term Facility Credit Agreement and the Exit Facility will rank ahead of indebtedness under the New Notes. If any of the Reorganized Debtors default under the Term Facility Credit Agreement or the Exit Facility, then Reorganized Spectrum may not be able to pay principal and interest on the New Notes.

The New Notes will be junior in right of payment to all existing and future senior debt including amounts outstanding under any senior debt of Reorganized Spectrum. In addition, the guarantees of the New Notes will be junior to all senior debt of each of the respective guarantors, which will be the domestic subsidiaries of Reorganized Spectrum. Reorganized Spectrum and its subsidiaries may incur additional indebtedness, including senior debt, from time to time, subject to the terms of the New Indenture and Reorganized Spectrum and its subsidiaries' other outstanding indebtedness. If indebtedness is incurred by a subsidiary that is not a guarantor, the New Notes will be structurally subordinated to such indebtedness with respect to the assets of such subsidiary. In the event of another bankruptcy, liquidation or reorganization of the Reorganized Debtors, the assets of the Reorganized Debtors will be available to pay obligations under the New Notes only after all of Reorganized Debtors' senior debt has been paid in full. There may not be sufficient assets remaining to pay amounts due on any or all of the New Notes then outstanding. See Exhibit B to the Plan for a description of certain of the material terms of the New Notes.

2. The Debtors expect a limited trading market for the New Notes, which may make it difficult for you to sell the New Notes.

The New Notes will constitute a new issue of securities with no established market. No assurance can be given, however, that an active public or other market will develop for the New Notes or as to the liquidity of or the market for the New Notes. If a market does not develop or is not maintained, holders of the New Notes may experience difficulty in reselling the New Notes or may be unable to sell them at all. If a market for the New Notes develops, any such market may cease to continue at any time. If a public market develops for the New Notes, future prices of the New Notes will depend on many factors, including, among other things, prevailing interest rates, Reorganized Spectrum and its subsidiaries' results of operations and the markets for similar securities and other factors, including Reorganized Spectrum and its subsidiaries' financial condition. The New Notes may trade at a discount from their principal amount.

3. Reorganized Spectrum may be unable to repurchase the New Notes upon a change of control.

Upon the occurrence of specific change of control events, Reorganized Spectrum will be required to offer to repurchase New Notes at redemption premiums which vary based upon time to maturity of the New Notes. The lenders under the Term Facility Credit Agreement have, and the Debtors expect that the lenders under the Exit Facility will have the benefit of an event of default under the agreements governing their indebtedness upon a change of control. Any of Reorganized Debtors' future debt agreements also may contain similar provisions. Reorganized Spectrum's ability to pay cash to the holders of the New Notes in connection with such repurchase will be limited by Reorganized Spectrum's and its subsidiaries' then existing financial resources. Accordingly, it is possible that Reorganized Spectrum will not have sufficient funds at the time of the change of control to make the required repurchase of New Notes.

In addition, the terms of the Term Facility Credit Agreement limit, and the Debtors expect that the terms under the Exit Facility will limit, Reorganized Spectrum's ability to purchase New Notes until all debt under the Term Facility Credit Agreement and the Exit Facility is paid in full. Any of the Reorganized Debtors' future debt agreements may contain similar restrictions.

If Reorganized Spectrum fails to repurchase any New Notes submitted in a change of control offer, it would constitute an event of default under the New Indenture which would, in turn, constitute an event of default under the Term Facility Credit Agreement and could constitute an event of default under the Exit Facility and the Reorganized Debtors' other indebtedness, even if the change of control itself would not cause a default. This would allow some of the Reorganized Debtors' lenders to proceed against the Reorganized Debtors' respective assets.

H. Operational Risk Factors

The Debtors face a number of risks with respect to their continuing business operations, including but not limited to the following: (i) their ability to generate sufficient cash flow to fund their cash requirements; (ii) the impact of restrictions in their debt instruments on their ability to operate their businesses, finance their capital needs or to pursue or expand their business strategies; (iii) the impact of expenses resulting from the implementation of new business strategies, divestitures or current and proposed restructuring activities; (iv) the impact of the shutdown of the growing media portion of their Home and Garden Business; (v) the impact of fluctuations in commodity prices, costs or availability of raw materials or terms and conditions available from suppliers, including supplier's willingness to advance credit; (vi) interest rate and exchange rate fluctuations for foreign currencies; (vii) the loss of, or significant reduction in, sales to a significant retail customer; (viii) the effects of general economic conditions, including inflation, recession or fears of a recession, depression or fears of a depression, labor costs and stock market volatility or changes in trade, monetary or fiscal policies in the countries where they do business; (ix) changes in customer spending preferences and demand for their products; (x) their ability to develop and successfully introduce new products, protect their intellectual property and avoid infringing the intellectual property of third parties; (xi) their ability to successfully implement, achieve and sustain manufacturing and distribution cost efficiencies and improvements, and fully realize anticipated cost savings; (xii) the cost and effect of unanticipated legal, tax, or regulatory proceedings or new laws or regulations (including environmental, public health and consumer protection regulations); (xiii) public perception regarding the safety of their products, including the potential for environmental liabilities, product liability claims, litigation and other claims; (xiv) the seasonal nature of sales of certain of their products; (xv) the effects of climate change and unusual weather activity, including adverse weather conditions during their peak selling season for their lawn and garden and household insecticide and repellent products; (xvi) their ability to retain key personnel and to recruit additional qualified personnel; and (xvii) changes in accounting standards, taxation requirements and bankruptcy laws.

In addition, three collective bargaining agreements, under which approximately 9% of the Debtors' total labor force are covered, are scheduled to expire during fiscal year 2009. While the Debtors expect to negotiate continuations to the terms of these agreements, the Debtors cannot assure that they will be able to obtain terms under the agreements that are satisfactory to the Debtors or otherwise to reach an agreement at all with the applicable parties.

I. Competition

Like the Debtors, the Reorganized Debtors will face intense competition, which could harm their financial condition and results of operations. Principal competitors include: (i) Duracell, Energizer and Panasonic in the consumer battery market; (ii) Braun, Norelco, Vidal Sassoon and Revlon in the electric shaving and grooming and electric personal care products market; (iii) Mars Corporation, The Hartz Mountain Corporation and Central Garden & Pet Company in the pet supplies market; and (iv) Scotts Company, Central Garden & Pet Company and S.C. Johnson in the home and garden market.

The Debtors must compete based on brand name recognition, perceived product quality, price, performance, product packaging design innovation, as well as creative marketing, promotion and distribution strategies.

The Reorganized Debtors' ability to respond to the entry of new competitors into their markets, and the introduction of new product features and technological developments, thus represents an additional risk factor.

J. Environmental and Other Regulations

The Debtors are not aware of any environmental condition at any of their properties that, taking into account established accruals for estimated liabilities, they consider material. However, it is possible that the environmental investigations of its properties might not have revealed all potential environmental liabilities or might have underestimated certain potential environmental issues. It is also possible that future environmental laws and regulations, or new interpretations of existing environmental laws, will impose material environmental liabilities on the Debtors, or that current environmental conditions of properties that the Debtors own or operate will be adversely affected by hazardous substances associated with other nearby properties or the actions of unrelated third parties. The costs to defend any future environmental claims, perform any future environmental remediation, satisfy any environmental liabilities, or respond to changed environmental conditions could have a material adverse effect on the Debtors' financial condition and operating results.

K. Leverage

The Debtors believe that they will emerge from Chapter 11 with a reasonable level of debt that can be effectively serviced in accordance with their business plan. Circumstances, however, may arise which might cause the Debtors to conclude that they are overleveraged, which could have significant negative consequences, including:

- it may become more difficult for the Reorganized Debtors to satisfy their obligations with respect to all of their obligations;
- the Reorganized Debtors may be vulnerable to a downturn in the markets in which they operate or a downturn in the economy in general;
- the Reorganized Debtors may be required to dedicate a substantial portion of their cash flow from operations to fund working capital, capital expenditures, and other general corporate requirements;
- the Reorganized Debtors may be limited in their flexibility to plan for, or react to, changes in their businesses and the industry in which they operate or entry of new competitors into their markets;
- the Reorganized Debtors may be placed at a competitive disadvantage compared to their competitors that have less debt, including with respect to implementing effective pricing and promotional programs; and
- the Reorganized Debtors may be limited in borrowing additional funds.

Also, the covenants in the Exit Facility may, and the covenants in the Term Facility Loan Documents and the New Indenture do, restrict the Reorganized Debtors' flexibility. Such covenants may (or already do) place restrictions on the ability of the Reorganized Debtors to incur indebtedness; pay dividends on, redeem or repurchase our capital stock; make investments; issue or sell capital stock of restricted subsidiaries; transfer assets and dispose of proceeds of such sales; enter into agreements that restrict restricted subsidiaries from paying dividends, making loans or otherwise transferring assets to the Reorganized Debtors or to any of their other restricted subsidiaries; engage in transactions with affiliates; merge, consolidate, or sell all or substantially all of their assets; make capital expenditures; and refinance existing indebtedness.

Additionally, there may be factors beyond the control of the Reorganized Debtors that could impact their ability to meet debt service requirements. The ability of the Reorganized Debtors to meet debt service requirements will depend on their future performance, which, in turn, will depend on the Reorganized Debtors' ability to sustain sales conditions in the markets in which the Reorganized Debtors operate, the economy generally, and other factors that are beyond their control. The Debtors can provide no assurance that the businesses of the Reorganized Debtors will generate sufficient cash flow from operations or that future borrowings will be available in amounts sufficient to enable the Reorganized Debtors to pay their indebtedness or to fund their other liquidity needs. Moreover, the Reorganized Debtors may need to refinance all or a portion of their indebtedness on or before maturity. The Debtors cannot make assurances that the Reorganized Debtors will be able to refinance any of their indebtedness on commercially reasonable terms or at all. If the Reorganized Debtors are unable to make scheduled debt payments or comply with the other provisions of their debt instruments, their various lenders will be permitted under certain circumstances to accelerate the maturity of the indebtedness owing to them and exercise other remedies provided for in those instruments and under applicable law.

Furthermore, failure to secure necessary capital could restrict the Reorganized Debtors' ability to operate and further develop their respective businesses.

The Debtors expect that, post-consummation of the Plan, they will continue to require substantial funds for general corporate and other expenses and may require additional funds for working capital fluctuations. There can be no assurance that the Reorganized Debtors' capital resources will be sufficient to enable them to achieve operating profitability following consummation of the Plan. Failure to generate or raise sufficient funds may require the Reorganized Debtors to delay or abandon some of their expansion plans or expenditures, which could harm their respective business and competitive positions.

The Reorganized Debtors expect to meet their funding needs through various sources, including existing cash balances, existing lines of credit, prospective sales of selected assets, vendor financing and cash flow from future operations. The Term Facility Credit Agreement places, and it is expected that the Exit Facility will place, restrictions on the Reorganized Debtors' ability to make capital expenditures and engage in acquisitions.

The Reorganized Debtors might meet additional financial needs by issuing additional debt or equity securities or by borrowing funds under the Exit Facility. The addition of new debt post-consummation of the Plan could increase the leverage-related risks described above. There, however, can be no assurance that the Reorganized Debtors will have timely access to additional financing sources on acceptable terms, if at all. The Reorganized Debtors' ability to issue debt securities, borrow funds from additional lenders and participate in vendor financing programs is restricted under the terms of the Term Facility Credit Agreement and will be restricted under the terms of the Exit Facility, and there can be no assurance that the respective lenders will waive these restrictions if additional financing is needed beyond that permitted.

L. Litigation

The Reorganized Debtors will be subject to various claims and legal actions arising in the ordinary course of their businesses. The Debtors are not able to predict the nature and extent of any such claims and actions and cannot guarantee that the ultimate resolution of such claims and actions will not have a material adverse effect on the Reorganized Debtors.

M. Adverse Publicity

Adverse publicity or news coverage relating to the Reorganized Debtors, including but not limited to publicity or news coverage in connection with the Chapter 11 Case, may negatively impact the Debtors' efforts to establish and promote name recognition and a positive image after the Effective Date.

N. Certain Tax Considerations

There are a number of income tax considerations, risks, and uncertainties associated with consummation of the Plan. Interested parties should read carefully the discussions set forth in Article IX of this Disclosure Statement regarding certain U.S. federal income tax consequences of the transactions proposed by the Plan to the Debtors and the Reorganized Debtors and to holders of Noteholder Claims who are entitled to vote to accept or reject the Plan.

VIII. APPLICABILITY OF FEDERAL AND OTHER SECURITIES LAWS

The Debtors or Reorganized Debtors, as the case may be, intend to enter into the Registration Rights Agreement (New Common Stock) and Registration Rights Agreement (New Notes), which are expected to provide certain "shelf" and demand registration rights with respect to the New Common Stock and the New Notes respectively, and such other provisions as agreed to by each of the Negotiating Noteholders. The Debtors believe that, subject to certain exceptions described below, various provisions of the Securities Act, the Bankruptcy Code, and state securities laws exempt from federal and state securities registration requirements (a) the offer and the sale of securities pursuant to the Plan and (b) subsequent transfers of such securities.

A. Offer and Sale of New Securities: Bankruptcy Code Exemption

Holders of Allowed Noteholder Claims will receive shares of New Common Stock and New Notes pursuant to the Plan. The Supplemental DIP Facility Participants will also receive shares of New Common Stock under the Plan. Section 1145(a)(1) of the Bankruptcy Code exempts the offer or sale of securities under a plan of reorganization from registration under Section 5 of the Securities Act and state laws if three principal requirements are satisfied: (1) the securities must be issued "under a plan" of reorganization by the debtor or its successor under a plan or by an affiliate participating in a joint plan of reorganization with the debtor; (2) the recipients of the securities must hold a claim against, an interest in, or a claim for administrative expenses in the case concerning the debtor or such affiliate; and (3) the securities must be issued in exchange for the recipient's claim against or interest in the debtor, or such affiliate, or "principally" in such exchange and "partly" for cash or property. In reliance upon this exemption, the Debtors believe that the offer and sale of the New Common Stock and New Notes under the Plan will be exempt from registration under the Securities Act and state securities laws.

In addition, the Debtors will seek to obtain, as part of the Confirmation Order, a provision confirming such exemption. Accordingly, such securities generally may be resold without registration under the Securities Act or other federal securities laws pursuant to an exemption provided by Section 4(1) of the Securities Act, unless the holder is an "underwriter" (see discussion below) with respect to such securities, as that term is defined under the Bankruptcy Code. In addition, such securities generally may be resold without registration under state securities or "blue sky" laws pursuant to various exemptions provided by the respective laws of the several states. However, recipients of securities issued under the Plan are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirement or conditions to such availability.

B. Subsequent Transfers of New Securities

Section 1145(b) of the Bankruptcy Code defines the term "underwriter" for purposes of the Securities Act as one who, except with respect to "ordinary trading transactions" of an entity that is not an "issuer," (1) purchases a claim against, interest in, or claim for an administrative expense in the case concerning the debtor, if such purchase is with a view to distributing any security received in exchange for such a claim or interest; (2) offers to sell securities offered or sold under a plan for the holders of such securities; (3) offers to buy securities offered or sold under the plan from the holders of such securities, if the offer to buy is: (a) with a view to distribution of such securities and (b) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; or (4) is an "issuer" with respect to the securities, as the term "issuer" is defined in Section 2(a)(11) of the Securities Act.

The term "issuer" is defined in Section 2(a)(4) of the Securities Act; however, the reference contained in Section 1145(b)(1)(D) of the Bankruptcy Code to Section 2(11) of the Securities Act purports to include as statutory underwriters all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. "Control" (as such term is defined in Rule 405 of Regulation C under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the policies of a person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor (or its successor) under a plan of reorganization may be deemed to be a "control person," particularly if such management position is coupled with the ownership of a significant percentage of the debtor's (or successor's) voting securities. Ownership of a significant amount of voting securities of a reorganized debtor could also result in a person being considered to be a "control person."

To the extent that persons deemed to be "underwriters" receive New Common Stock or New Notes pursuant to the Plan, resales by such persons would not be exempted by Section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Such persons would not be permitted to resell such New Common Stock or New Notes, as the case may be, unless such securities were registered under the Securities Act or an exemption from such registration requirements were available. Entities deemed to be statutory underwriters for purposes of Section 1145 of the Bankruptcy Code may, however, be able, at a future time and under certain conditions, to sell securities without registration pursuant to the resale provisions of Rule 144 under the Securities Act or another available exemption under the Securities Act.

It is expected that, simultaneously with the Debtors' emergence from Chapter 11, a shelf registration statement with respect to the New Common Stock and the New Notes will be filed with the United States Securities and Exchange Commission, and

Reorganized Spectrum will use reasonable best efforts to have such registration statement declared effective as promptly as reasonably practicable, and to maintain such effectiveness for the periods specified under the Registration Rights Agreement (New Common Stock) and Registration Rights Agreement (New Notes), as applicable.

Whether or not any particular person would be deemed to be an "underwriter" with respect to the New Common Stock or New Notes to be issued pursuant to the Plan, or an "affiliate" of Reorganized Spectrum, would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any such person would be such an "underwriter" or "affiliate." PERSONS WHO RECEIVE NEW COMMON STOCK OR NEW NOTES UNDER THE PLAN ARE URGED TO CONSULT THEIR OWN LEGAL ADVISOR WITH RESPECT TO THE RESTRICTIONS APPLICABLE UNDER THE SECURITIES LAWS AND THE CIRCUMSTANCES UNDER WHICH SECURITIES MAY BE SOLD IN RELIANCE ON SUCH LAWS.

THE FOREGOING SUMMARY DISCUSSION IS GENERAL IN NATURE AND HAS BEEN INCLUDED IN THIS DISCLOSURE STATEMENT SOLELY FOR INFORMATIONAL PURPOSES. THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING, AND DO NOT PROVIDE, ANY OPINIONS OR ADVICE WITH RESPECT TO THE NEW COMMON STOCK OR NEW NOTES OR THE BANKRUPTCY MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT. IN LIGHT OF THE UNCERTAINTY CONCERNING THE AVAILABILITY OF EXEMPTIONS FROM THE RELEVANT PROVISIONS OF FEDERAL AND STATE SECURITIES LAWS, THE DEBTORS ENCOURAGE EACH NOTEHOLDER AND PARTY-IN-INTEREST TO CONSIDER CAREFULLY AND CONSULT WITH ITS OWN LEGAL ADVISORS WITH RESPECT TO ALL SUCH MATTERS. BECAUSE OF THE COMPLEX, SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR HOLDER MAY BE AN UNDERWRITER, THE DEBTORS MAKE NO REPRESENTATION CONCERNING THE ABILITY OF A PERSON TO DISPOSE OF THE NEW COMMON STOCK OR NEW NOTES.

IX. CERTAIN U.S. FEDERAL TAX CONSEQUENCES OF THE PLAN

A summary description of certain United States federal income tax consequences of the Plan is provided below. This description is for informational purposes only and, due to a lack of definitive judicial or administrative authority or interpretation, substantial uncertainties exist with respect to various tax consequences of the Plan as discussed herein. Only the principal United States federal income tax consequences of the Plan to the Debtors and to holders of Noteholder Claims who are entitled to vote to accept or reject the Plan are described below. No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan or with respect to the disclosure set forth below. No rulings or determinations of the United States Internal Revenue Service (the "IRS") or any other tax authorities have been sought or obtained with respect to any tax consequences of the Plan, and the discussion below is not binding upon the IRS or such other authorities. In addition, a substantial amount of time may elapse between the date of this Disclosure Statement and the receipt of a final distribution under the Plan. Events occurring after the date of this Disclosure Statement, including changes in law and changes in administrative positions, could affect the United States federal income tax consequences of the Plan. No representations are being made regarding the particular tax consequences of the confirmation and consummation of the Plan to the Debtors or any holder of Noteholder Claims. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein.

The discussion of United States federal income tax consequences below is based on the Internal Revenue Code of 1986, as amended (the "IRC"), Treasury Regulations promulgated thereunder, judicial authorities, published positions of the IRS and other applicable authorities, all as in effect on the date of this document and all of which are subject to change or differing interpretations (possibly with retroactive effect).

The following discussion does not address foreign, state or local tax consequences of the Plan, nor does it purport to address the United States federal income tax consequences of the Plan to special classes of taxpayers (e.g., banks and certain other financial institutions, insurance companies, tax-exempt organizations, governmental entities, persons that are, or hold their Noteholder Claims through, pass-through entities, persons whose functional currency is not the United States dollar, persons or groups that may be entitled to receive or acquire 5% or more of the stock of the Reorganized Debtor, foreign persons, United States individuals who are expatriates, dealers in securities or foreign currency, employees, persons who received their Noteholder Claims as compensation and persons holding Noteholder Claims that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale or conversion transaction). Furthermore, the following discussion does not address United States federal taxes other than income taxes, and does not address the United States federal income tax consequences of the Plan to holders that own Claims or Interests in more than one Class.

Each holder is strongly urged to consult its own tax advisor regarding the United States federal, state, and local and any foreign tax consequences of the transactions described herein and in the Plan.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS OR INTERESTS ARE HEREBY NOTIFIED THAT: (I) ANY DISCUSSION OF UNITED STATES FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY HOLDERS OF CLAIMS OR INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE IRC, (II) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS DISCUSSED HEREIN, AND (III) HOLDERS OF CLAIMS OR INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. U.S. Federal Income Tax Consequences to the Debtors

1. Cancellation of Indebtedness Income

It is anticipated that the exchange of certain debt securities for New Notes and New Common Stock will result in the cancellation of a portion of the Debtors' outstanding indebtedness. In general, the discharge of a debt obligation in exchange for an amount of cash and other property having a fair market value less than the "adjusted issue price" of the debt that is discharged gives rise to cancellation of indebtedness ("COD") income to the debtor. However, COD income is not taxable to the debtor if the debt discharge occurs pursuant to a Title 11 bankruptcy proceeding. The IRC generally permits a debtor in bankruptcy to exclude its COD income from gross income, but requires the debtor to reduce its tax attributes – such as net operating losses ("NOLs"), tax credits, and tax basis in assets – by the amount of the excluded COD income. The reduction in tax attributes occurs at the beginning of the taxable year following the taxable year in which the discharge occurs. Any excess COD income over the amount of available tax attributes is not subject to United States federal income tax.

Spectrum will not be required to include any COD income in its gross income because the discharge of its indebtedness will occur pursuant to a Title 11 bankruptcy proceeding. Because all of the Spectrum Notes will be satisfied in exchange for New Notes and New Common Stock, the amount of COD income, and accordingly the amount of the Debtors' tax attributes required to be reduced, will depend in part on the issue price of the New Notes and the fair market value of the New Common Stock. The issue price of the New Notes and the fair market value of the New Common Stock cannot be known with certainty until after the Effective Date.

2. Net Operating Losses-Section 382

IRC Section 382 limits a corporate taxpayer's utilization of NOLs following an ownership change. Under IRC Section 382, an ownership change occurs when the percentage of stock (determined on the basis of value) owned by one or more holders of at least 5 percent of such stock increases by more than 50 percentage points (in relationship to the corporation's total stock considered to be outstanding for this purpose) from the lowest percentage of stock that was owned by such 5-percent shareholders at any time during the applicable "testing period." The testing period is generally the shorter of (i) the three-year period preceding the date of testing or (ii) the period of time since the most recent ownership change of the corporation. The annual limitation generally is equal to the product of (i) the "long-term tax-exempt rate" (for example, 5.27% for the month of April 2009) and (ii) the fair market value of the stock of the corporation immediately before the ownership change occurs.

The Debtors anticipate that they will experience an ownership change on the Effective Date as a result of the issuance of New Common Stock to holders of Spectrum Notes pursuant to the Plan and to the Supplemental DIP Facility Participants with respect to the Equity Fee. As a result, the Debtors' ability to use pre-Effective Date NOLs that are not already subject to limitation under IRC Section 382 and other tax attributes to offset their income in any post-Effective Date taxable year (and in the portion of the taxable year of the ownership change following the Effective Date) to which such a carryforward is made generally (subject to various exceptions and adjustments, some of which are described below) will be limited to the sum of (a) a regular annual limitation (prorated for the portion of the taxable year of the ownership change following the Effective Date), and (b) any carryforward of

unused amounts described in (a) from prior years. IRC Section 382 may also limit the Debtors' ability to use "net unrealized built-in losses" (i.e., losses and deductions that have economically accrued prior to, but remain unrecognized as of, the date of the ownership change) to offset future taxable income. Moreover, the Debtors' NOLs will be subject to further limitations if the Debtors experience additional future ownership changes or if they do not continue their business enterprise for at least two years following the Effective Date. On the other hand, if the Debtors have a net unrealized built-in gain at the time of an ownership change, any built-in gains recognized during the following five-years generally will increase the annual limitation in the year recognized (but only up to the amount of the net unrealized built-in gain at the time of the ownership change), such that the Debtors would be permitted to use their pre-change losses against such built-in gain income in addition to its regular annual allowance.

The application of IRC Section 382 will be materially different from that just described if the Debtors are subject to the special rules for corporations in bankruptcy provided in IRC Section 382(l)(5). In that case, the Debtors' ability to utilize their pre-Effective Date NOLs would not be limited as described in the preceding paragraph. IRC Section 382(l)(5) will not apply unless existing stockholders and qualified creditors of a debtor (generally trade creditors and those who held the debt for at least 18 months prior to the bankruptcy filing) receive, in exchange for their stock and debt claims, at least 50% of the vote and value of the stock of the reorganized debtor pursuant to a confirmed Title 11 plan. However, several other limitations would apply to the Debtors under IRC Section 382(l)(5), including (a) the Debtors' NOLs would be calculated without taking into account deductions for interest paid or accrued in the portion of the current tax year ending on the Effective Date and all other tax years ending during the three-year period prior to the current tax year with respect to the Spectrum Notes that are exchanged pursuant to the Plan, and (b) if the Debtors undergo another ownership change within two years after the Effective Date, the Debtors' IRC Section 382 limitation with respect to that ownership change will be zero. It is uncertain whether the provisions of IRC Section 382(l)(5) would be available in the case of the ownership change that is expected to occur as a result of the confirmation of the Plan. If the Debtors qualify for the special rule under IRC Section 382(l)(5), the use of the Debtors' NOLs will be subject to IRC Section 382(l)(5) unless the Debtors affirmatively elect for the provisions not to apply. The Debtors have not yet determined whether they would seek to have the IRC Section 382(l)(5) rules apply to the ownership change arising from the consummation of the Plan (assuming IRC Section 382(l)(5) would otherwise apply).

If the Debtors do not qualify for, or elect not to apply, the special rule under IRC Section 382(l)(5) for corporations in bankruptcy described above, a different rule under IRC Section 382 applicable to corporations under the jurisdiction of a bankruptcy court will apply in calculating the annual IRC Section 382 limitation. Under IRC Section 382(l)(6), the limitation will be calculated by reference to the lesser of the value of the company's new stock (with certain adjustments) immediately after the ownership change or the value of such company's assets (determined without regard to liabilities) immediately before the ownership change. Although such calculation may substantially increase the annual IRC Section 382 limitation, the Debtors' use of any NOLs or other tax attributes remaining after implementation of the Plan may still be substantially limited after an ownership change.

Because a small number of holders of Spectrum Notes will hold a significant equity position in the Reorganized Debtors following the consummation of the Plan, if such persons or entities dispose of all or a significant amount of this position after the Effective Date, it could cause the Reorganized Debtors to undergo an ownership change. This would generally limit (or possibly eliminate) the Reorganized Debtors' ability to use NOLs and other tax attributes.

3. Reincorporation of Spectrum

No gain or loss will be recognized by Spectrum as a result of its reincorporation as described in Section VI.I.1 above.

4. Applicable High Yield Discount Obligations

In general, an applicable high yield discount obligation ("AHYDO") is any debt instrument with "significant original issue discount," a maturity date that is more than five years from the issue date, and a yield to maturity that is at least five percentage points higher than the applicable federal rate on its issue date. If a note is treated as AHYDO, the issuer may permanently be denied a deduction for a portion of the original issue discount on such notes and may claim an interest deduction as to the remainder of the original issue discount only when such portion is paid as cash. The AHYDO rules may be avoided if there is no significant original issue discount at the end of each accrual period after the fifth anniversary of the original issuance of the debt instrument.

The New Notes include an AHYDO savings clause requiring that Spectrum pay at the end of each accrual period ending after the fifth anniversary of the issuance date the minimum amount of principal plus accrued interest on the New Notes necessary to prevent any of the accrued and unpaid interest and original issue discount on the New Notes from being limited as a deduction under the AHYDO rules. Accordingly, it is not anticipated that the New Notes will be subject to the AHYDO rules.

B. United States Federal Income Tax Consequences to Holders of Spectrum Notes

The following discusses certain United States federal income tax consequences of the transactions contemplated by the Plan to holders of Spectrum Notes that are "United States holders" as defined below and that, except as otherwise provided below, hold such Spectrum Notes as capital assets within the meaning of IRC Section 1221 (generally, assets held for investment purposes). The United States federal income tax consequences of the transactions contemplated by the Plan to holders of Spectrum Notes (including the character, timing and amount of income, gain or loss recognized) will depend upon, among other things, (1) whether the Spectrum Notes are "securities" for United States federal income tax purposes; (2) the manner in which a holder acquired Spectrum Notes; (3) the length of time the Spectrum Notes have been held; (4) whether the Spectrum Notes were acquired at a discount; (5) whether the holder has taken a bad debt deduction with respect to the Spectrum Notes (or any portion thereof) in the current or prior years; (6) whether the holder has previously included in its taxable income accrued but unpaid interest with respect to the Spectrum Notes; (7) the holder's method of tax accounting; and (8) whether the Spectrum Notes are installment obligations for United States federal income tax purposes. Therefore, holders of Spectrum Notes should consult their own tax advisors for information that may be relevant based on their particular situations and circumstances regarding the particular tax consequences to them of the transactions contemplated by the Plan. This discussion is written on the basis that the holder has not taken a bad debt deduction with respect to its Spectrum Notes (or any portion thereof) in the current or any prior year and such Spectrum Notes did not become completely or partially worthless in a prior taxable year.

For purposes of the following discussion, a "United States holder" is a holder of Spectrum Notes that is (1) a citizen or individual resident of the United States, (2) a corporation created or organized in the United States or under the laws of the United States or any political subdivision thereof, (3) an estate the income of which is subject to United States federal income taxation regardless of its source, or (4) a trust if (i) a court within the United States is able to exercise primary supervision over the administration of the trust and one or more United States fiduciaries have the authority to control all substantial decisions of the trust or (ii) the trust was in existence on August 20, 1996 and properly elected to be treated as a United States person.

1. Holders of Spectrum Notes

Pursuant to the Plan, the Debtors will issue New Notes and New Common Stock to holders of Spectrum Notes to discharge Noteholder Claims. The United States federal income tax consequences arising from the Plan to holders of Spectrum Notes will vary depending upon, among other things, whether such Spectrum Notes and New Notes constitute "securities" for United States federal income tax purposes. Neither the IRC nor the Treasury Regulations promulgated thereunder define the term security. The determination of whether a debt instrument constitutes a "security" depends upon an evaluation of the nature of the debt instrument, but most authorities have held that the length of the term of a debt instrument is an important factor in determining whether such instrument is a security for United States federal income tax purposes. Generally, corporate debt instruments with maturities when issued of less than five years are not considered securities, and corporate debt instruments with maturities when issued of ten years or more are considered securities. Each holder is urged to consult its own tax advisor regarding the status of its Spectrum Notes and New Notes.

If such Spectrum Notes and New Notes constitute "securities" for United States federal income tax purposes, the exchange of Spectrum Notes for New Notes and New Common Stock should constitute a "recapitalization" for United States federal income tax purposes. As a result, except as discussed below with respect to Claims for accrued interest and accrued market discount, a holder of Spectrum Notes should not recognize gain or loss on the exchange of its Spectrum Notes for New Notes and New Common Stock (other than with respect to any Claim for accrued interest). A holder's adjusted tax basis in its Spectrum Notes should be allocated among the New Notes and New Common Stock based upon the relative fair market values thereof. The holding period for the New Notes and New Common Stock will include the holder's holding period for the Spectrum Notes exchanged therefor.

Pursuant to the Plan, the Debtors will allocate for United States federal income tax purposes all distributions in respect of any Claim first to the principal amount of such Claim, and thereafter to accrued but unpaid interest. Certain legislative history indicates that an allocation of consideration between principal and interest provided for in a bankruptcy plan of reorganization is binding for United States federal income tax purposes. However, no assurance can be given that the IRS will not challenge such allocation. If a distribution with respect to a Noteholder Claim is entirely allocated to the principal amount of such Claim, a holder may be entitled to claim a loss to the extent of any accrued but unpaid interest on the Spectrum Notes that was previously included in the holder's gross income. Holders of Noteholder Claims are urged to consult their own tax advisors regarding the particular United States federal income tax consequences to them of the treatment of accrued but unpaid interest, as well as the character of any loss claimed with respect to accrued but unpaid interest previously included in gross income.

The market discount provisions of the IRC may apply to holders of Spectrum Notes (other than with respect to the Toggle Notes (as defined below), to which the market discount rules described herein do not apply). In general, a debt obligation other than a debt obligation with a fixed maturity of one year or less that is acquired by a holder in the secondary market (or, in certain circumstances, upon original issuance) is a "market discount bond" as to that holder if its stated redemption price at maturity (or, in the case of a debt obligation having original issue discount, the revised issue price) exceeds the adjusted tax basis of the bond in the holder's hands immediately after its acquisition. However, a debt obligation will not be a "market discount bond" if such excess is less than a statutory de minimis amount. A holder should not be required to recognize any accrued but unrecognized market discount upon the disposition of its Spectrum Notes for New Notes and New Common Stock pursuant to the Plan if such disposition is treated as a recapitalization for United States federal income tax purposes, although it may be required to recognize any accrued but unrecognized market discount as ordinary income upon a subsequent taxable disposition of its New Notes and/or New Common Stock.

If such Spectrum Notes do not constitute "securities" for United States federal income tax purposes, the exchange of Spectrum Notes for New Notes and New Common Stock should constitute a taxable exchange for United States federal income tax purposes. As a result, a holder of Spectrum Notes would generally recognize income, gain or loss for United States federal income tax purposes in an amount equal to the difference between (1) the "issue price" of the New Notes and the fair market value of the New Common Stock on the Effective Date received in exchange for Spectrum Notes, and (2) the holder's adjusted tax basis in its Spectrum Notes. For this purpose, the issue price of the New Notes will equal their fair market value if the New Notes are considered to be "publicly traded" for United States federal income tax purposes, and if the Spectrum Notes but not the New Notes are considered to be publicly traded, then the issue price of the New Notes will be the fair market value of the Spectrum Notes. If neither the Spectrum Notes nor the New Notes are considered to be publicly traded, then the issue price of the New Notes will be their principal amount. Except as otherwise provided below with respect to the holders of Variable Rate Toggle Senior Subordinated Notes due 2013 (the "Toggle Notes"), the character of such gain or loss as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the holder, the nature of the Spectrum Notes in such holder's hands, whether the Spectrum Notes constitute a capital asset in the hands of the holder, whether the Spectrum Notes were purchased at a discount, and whether and to what extent the holder has previously claimed a bad debt deduction with respect to its Spectrum Notes. Any such gain recognized would generally be treated as ordinary income to the extent that the New Notes and New Common Stock are received in respect of accrued but unpaid interest or accrued market discount that, in either case, have not been previously taken into account under the holder's method of accounting as discussed above in this Section IX.B.1. A holder of Spectrum Notes recognizing a loss as a result of the Plan may be entitled to a bad debt deduction, either in the taxable year of the Effective Date or a prior taxable year. A holder's aggregate tax basis in the New Notes and New Common Stock received in exchange for its Spectrum Notes would generally be equal to the aggregate fair market value of such New Notes and New Common Stock on the Effective Date. The holding period for the New Notes and New Common Stock received pursuant to the Plan would begin on the day after the Effective Date.

Under the terms of the indentures governing the Toggle Notes, the Debtors agreed to treat the Toggle Notes for United States federal income tax purposes as indebtedness that is subject to the Treasury Regulations governing contingent payment debt instruments (the "CPDI Regulations"). In accordance with the CPDI Regulations, if the exchange of Toggle Notes for New Notes and New Common Stock is a taxable exchange for United States federal income tax purposes, any gain recognized in such exchange will generally be treated as ordinary interest income, and any loss will be treated as an ordinary loss to the extent of the excess of previous interest inclusions over the total net negative adjustments previously taken into account as ordinary loss, and thereafter as capital loss (which will be long-term if the holder's holding period for its Toggle Notes is more than one year at the time of disposition). The deductibility of capital losses is subject to limitations. Holders are urged to consult their own tax advisors regarding such limitations.

2. Ownership and Disposition of New Common Stock

(a) Distributions on New Common Stock

The gross amount of any distribution of cash or property made to a holder with respect to New Common Stock generally will be includible in gross income by a holder as dividend income to the extent such distributions are paid out of the current or accumulated earnings and profits of Spectrum as determined under United States federal income tax principles. A distribution which is treated as a dividend for United States federal income tax purposes may qualify for the 70% dividends-received deduction if such amount is distributed to a holder that is a corporation and certain holding period and taxable income requirements are satisfied. Any dividend received by a holder that is a corporation may be subject to the "extraordinary dividend" provisions of the IRC.

A distribution in excess of Spectrum's current and accumulated earnings and profits will first be treated as a return of capital to the extent of the holder's adjusted tax basis in its New Common Stock and will be applied against and reduce such basis dollar-for-dollar (thereby increasing the amount of gain and decreasing the amount of loss recognized on a subsequent taxable disposition of the New Common Stock). To the extent that such distribution exceeds the holder's adjusted tax basis in its New Common Stock, the distribution will be treated as capital gain, which will be treated as long-term capital gain if such holder's holding period in its New Common Stock exceeds one year as of the date of the distribution. Dividends received by non-corporate holders in taxable years beginning before January 1, 2011 may qualify for a reduced rate of taxation if certain holding period and other requirements are met.

(b) Sale, Exchange, or Other Taxable Disposition of New Common Stock

Except to the extent of any accrued market discount attributable to the Spectrum Notes as described in Section IX.B.1 above, for United States federal income tax purposes, a holder generally will recognize capital gain or loss on the sale, exchange or other taxable disposition of any of its New Common Stock in an amount equal to the difference, if any, between the amount realized for the New Common Stock and the holder's adjusted tax basis in the New Common Stock. Capital gains of non-corporate holders derived with respect to a sale, exchange or other disposition of New Common Stock held for more than one year may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations. Holders are urged to consult their own tax advisors regarding such limitations.

C. Ownership and Disposition of New Notes

1. Original Issue Discount

It is expected that the New Notes will be issued with original issue discount ("OID") for United States federal income tax purposes. In general, a note with a term that exceeds one year will be treated as issued with OID if its "stated redemption price at maturity" (the sum of all payments to be made on the note other than "qualified stated interest") exceeds its "issue price" by more than a de minimis amount (0.25% of the stated redemption price at maturity multiplied by the number of complete years from the issue date to the maturity date). The issue price of the New Notes will be determined in the manner as discussed above under "United States Federal Income Tax Consequences to Holders of Spectrum Notes — Holders of Spectrum Notes." The term "qualified stated interest" means stated interest that is unconditionally payable in cash or in property (other than debt instruments of the issuer) at least annually at a single fixed rate. Because none of the interest payments on the New Notes meets this description, it is expected that none of the payments on the New Notes will be qualified stated interest.

Under the rules governing OID, holders of the New Notes, regardless of their method of accounting, will be required to include OID in ordinary income over the period that they hold the New Notes in accordance with a constant yield to maturity method whether or not they receive a cash payment of interest on the New Notes on the scheduled interest payment dates. The amount of OID that a holder is required to include in income with respect to a taxable year is the sum of the "daily portions" of OID on the New Notes for all days during such taxable year in which the holder owns such New Notes. The daily portions are determined by

allocating to each day in an accrual period a ratable portion of the OID allocable to that accrual period. The accrual period for a New Note may be of any length and may vary in length over the term of the New Notes, provided that no accrual period is longer than one year and each scheduled payment of principal or interest occurs on the first or final day of an accrual period. The amount of OID on a New Note allocable to each accrual period other than the final accrual period is an amount equal to the product of the New Note's adjusted issue price at the beginning of such accrual period and its yield to maturity (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period). OID allocable to a final accrual period is the difference between the amount payable at maturity and the adjusted issue price at the beginning of the final accrual period. The "adjusted issue price" of a New Note at the beginning of an accrual period is equal to its issue price increased by the accrued OID for each prior accrual period and reduced by any cash payments previously made on such New Note. Under these rules, a holder generally will have to include in income increasingly greater amounts of OID in successive accrual periods. The "yield to maturity" of a New Note is the discount rate that causes the present value of all principal and interest payments on such New Note as of its issue date to equal the issue price of such New Note.

The New Notes will provide that Spectrum will, at its option, pay interest on the New Notes either entirely in cash or entirely by increasing the principal amount of the outstanding New Notes ("PIK Interest"). Under the OID rules, for purposes of determining the yield to maturity, Spectrum will be required to assume that it will or will not exercise the option to pay PIK Interest in a manner that minimizes the yield on the New Notes. This assumption is solely for United States federal income tax purposes and does not constitute a representation by us regarding the actual amounts, or timing of amounts, that will be paid on the New Notes.

If Spectrum is assumed not to exercise its option to pay PIK Interest, with respect to any interest payment period for which that option is not in fact exercised, a holder will not be required to adjust its OID calculation. If, contrary to the original assumption, Spectrum elects to pay PIK Interest with respect to an interest period, solely for purposes of determining the amount of OID, the New Notes will be treated as retired and then reissued for an amount equal to their adjusted issue price at the end of such interest period and the yield to maturity of the New Notes will be redetermined by treating the amount of interest that has been paid in the form of PIK Interest as a payment that will be made on the maturity date of such reissued New Notes.

If Spectrum is assumed to exercise its option to pay PIK Interest, with respect to any interest payment period for which that option is in fact exercised, a holder will not be required to adjust its OID calculation. Such an assumption may be required if the "issue price" of the New Notes is less than their stated principal amount. If, contrary to the original assumption, Spectrum elects to pay that interest in cash, such cash payment will not be treated as a payment of accrued interest, but instead as a pro rata prepayment in retirement of a portion of the New Notes which may result in gain or loss to the holders. The gain or loss is generally calculated by assuming that a New Note consists of two instruments, one that is retired on the date of payment and one that remains outstanding. The adjusted issue price, a holder's adjusted basis and accrued but unpaid OID of the New Note, determined immediately before the pro rata prepayment, are allocated between those two instruments based on the portion of the New Note treated as retired.

Other than a pro rata prepayment discussed above, each payment made in cash under the New Notes will be treated first as a payment of accrued OID that has not been allocated to prior payments and second as a payment of principal. A holder generally will not be required to include separately in income cash payments received on the New Notes to the extent such payments constitute payments of previously accrued OID. The payment of PIK Interest generally is not treated as a payment of interest for United States federal income tax purposes. Instead, the PIK Interest will be aggregated with the New Notes for purposes of calculating OID.

If a holder's initial tax basis in the New Notes is greater than the issue price of the New Notes but less than the stated redemption price at maturity, such holder generally will be considered to have "acquisition premium" with respect to the New Notes, which may reduce the amount of OID that the holder is required to include in taxable income. The stated redemption price at maturity generally will include all payments of principal and interest under the New Notes, other than payments of qualified stated interest. Furthermore, if, immediately after the Effective Date, a holder's initial tax basis in its New Notes exceeds the stated redemption price at maturity, the New Notes would be treated as issued with bond premium, and no OID would be required to be included in the gross income of the holder in respect of the New Notes. In addition, a holder may elect to amortize the bond premium. Any election to amortize bond premium applies to all taxable debt obligations held at the beginning of the first taxable year to which the election applies or acquired thereafter, and may not be revoked without the consent of the IRS.

Spectrum will report annually to the IRS and to record holders information with respect to the amount of OID accruing during the calendar year.

2. Sale, Exchange, or Other Taxable Disposition of New Notes

A holder will generally recognize capital gain or loss upon the sale, exchange, or other taxable disposition of New Notes in an amount equal to the difference between (x) the amount realized by such holder (less any amount attributable to accrued and unpaid interest not previously included in income, which will be treated as ordinary interest income) and (y) such holder's adjusted tax basis in the New Notes. Any such gain or loss will be long-term if the New Notes have been held for more than one year. The deductibility of capital losses is subject to limitations.

A holder should be aware that a subsequent sale or other taxable disposition of New Notes may be affected by the market discount provisions of the IRC. These rules generally provide that if a holder of Spectrum Notes purchased such Spectrum Notes at a market discount in excess of a statutorily-defined de minimis amount, and exchanges Spectrum Notes for New Notes in a tax-free recapitalization, as described in Section IX.B.1 above, and thereafter recognizes gain upon a disposition (including a partial redemption) of New Notes received in exchange for such Spectrum Notes, the lesser of such gain or the portion of the market discount that accrued while Spectrum Notes and New Notes were held by such holder will be treated as ordinary interest income at the time of disposition. In addition, deductions for interest expense on indebtedness incurred or continued to purchase or carry such Spectrum Notes could be deferred, in whole or in part, until the market discount is recognized as income unless the holder made an election to report market discount as gross income as it accrues. Therefore, if a holder of the Spectrum Notes did not elect to include market discount in income as it accrued and thus, under the market discount rules, was required to defer all or a portion of any deductions for interest on debt incurred or maintained to purchase or carry its Spectrum Notes, such deferred amounts would become deductible at the time the New Notes are disposed of in a taxable disposition, up to the amount of gain that the holder recognizes in such disposition.

D. Information Reporting and Backup Withholding

Certain payments, including payments in respect of accrued interest, are generally subject to information reporting by the payor to the IRS. Moreover, such reportable payments are subject to backup withholding (currently at a rate of 28%) under certain circumstances. Under the IRC's backup withholding rules, a United States holder may be subject to backup withholding at the applicable rate with respect to certain distributions or payments pursuant to the Plan, unless the holder (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (b) provides a correct United States taxpayer identification number and certifies under penalty of perjury that the holder is a United States person, that the taxpayer identification number is correct and that the holder is not subject to backup withholding because of a failure to report all dividend and interest income.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a holder's United States federal income tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS.

E. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE STRONGLY URGED TO CONSULT THEIR OWN TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE, LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN, INCLUDING WITH RESPECT TO TAX REPORTING AND RECORD KEEPING REQUIREMENTS.

X. FEASIBILITY OF THE PLAN AND BEST INTERESTS OF CREDITORS

A. Feasibility of the Plan

In connection with confirmation of the Plan, the Bankruptcy Court will be required to determine that the Plan is feasible pursuant to Section 1129(a)(11) of the Bankruptcy Code, which means that the confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors.

To support their belief in the feasibility of the Plan, the Debtors have relied upon the Projections, which are annexed to this Disclosure Statement as Appendix B.

The Projections indicate that the Reorganized Debtors should have sufficient cash flow to pay and service their debt obligations, comply with any covenants in the agreements governing their indebtedness, and to fund their operations. Accordingly, the Debtors believe that the Plan complies with the financial feasibility standard of Section 1129(a)(11) of the Bankruptcy Code.

The Projections are based on numerous assumptions, including confirmation and consummation of the Plan in accordance with its terms; realization of the operating strategy of the Reorganized Debtors; industry performance; no material adverse changes in applicable legislation or regulations, or the administration thereof, or generally accepted accounting principles; no material adverse changes in general business and economic conditions; no material adverse changes in competition; the Reorganized Debtors' retention of key management and other key employees; adequate financing; the absence of material contingent or unliquidated litigation, indemnity, or other claims; and other matters, many of which will be beyond the control of the Reorganized Debtors and some or all of which may not materialize.

To the extent that the assumptions inherent in the Projections are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and are based on assumptions considered reasonable by the Debtors, the assumptions and estimates underlying the Projections are subject to significant business, economic, and competitive uncertainties and contingencies, many of which will be beyond the control of the Reorganized Debtors. Accordingly, the Projections are only estimates and are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and are likely to increase over time. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The Projections were not prepared in accordance with standards for projections promulgated by the American Institute of Certified Public Accountants or with a view to compliance with published guidelines of the SEC regarding projections or forecasts. The Projections have not been audited, reviewed, or compiled by the Debtors' independent public accountants. The Debtors will be required to adopt "fresh start" accounting upon their emergence from Chapter 11. The actual adjustments for "fresh start" accounting that the Debtors may be required to adopt upon emergence, may differ substantially from those "fresh start" adjustments in the Projections. The projected financial information contained in this Disclosure Statement should not be regarded as a representation or warranty by the Debtors, the Debtors' advisors, or any other Person that the Projections can or will be achieved.

The Projections should be read together with the information in Article VII of this Disclosure Statement entitled "Certain Risk Factors to be Considered," which sets forth important factors that could cause actual results to differ from those in the Projections.

Spectrum is currently subject to the informational requirements of the Exchange Act, and in accordance therewith files periodic reports and other information with the SEC relating to its businesses, financial statements, and other matters. Such filings do not and will not include projected financial information. The Debtors do not intend to update or otherwise revise the Projections, including any revisions to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Debtors do not intend to update or revise the Projections to reflect changes in general economic or industry conditions.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: Certain statements made in this Disclosure Statement and the Projections contained in this Disclosure Statement, and other written or oral

statements made by the Debtors or on the Debtors' behalf, may constitute "forward-looking statements" within the meaning of the federal securities laws. Statements regarding future events and developments and the Debtors' future performance, as well as management's expectations, beliefs, plans, estimates, or projections related to the future, are forward-looking statements within the meaning of these laws. These forward-looking statements include and may be indicated by words or phrases such as "anticipate," "estimate," "plans," "expects," "projects," "should," "will," "believes," or "intends" and similar words and phrases.

All forward-looking statements, as well as the Debtors' business and strategic initiatives, are subject to risks and uncertainties that could cause actual results to differ materially from expected results after the Effective Date. Management believes that these forward-looking statements are reasonable. However, you should not place undue reliance on such statements. These statements are based on current expectations and speak only as of the date of such statements. The Debtors undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of future events, new information or otherwise. Additional information concerning the risks and uncertainties listed below, and other factors that you may wish to consider, are contained in this Disclosure Statement, in Spectrum's Annual Report on Form 10-K for the fiscal year ended September 30, 2008 and its Quarterly Report on Form 10-Q for the quarter ended December 31, 2008 and Spectrum's other filings with the Securities and Exchange Commission. A number of factors could cause the Debtors' actual results to differ materially from the expected results described in the Debtors' forward-looking statements after the Effective Date.

The Debtors will face a number of risks with respect to their continuing business operations upon emergence from Chapter 11, including but not limited to the following: the Debtors ability to generate sufficient cash flow to fund their cash requirements; the impact of restrictions in the Debtors' debt instruments on their ability to operate their business, finance their capital needs or to pursue or expand their business strategies; the impact of expenses resulting from the implementation of new business strategies, divestitures or current and proposed restructuring activities; the impact of the Company's shutdown of the growing media portion of their Home and Garden Business; the impact of fluctuations in commodity prices, costs or availability of raw materials or terms and conditions available from suppliers, including supplier's willingness to advance credit; interest rate and exchange rate fluctuations for foreign currencies; the potential loss of, or significant reduction in, sales to a significant retail customer; the effects of general economic conditions, including inflation, recession or fears of a recession, depression or fears of a depression, labor costs and stock market volatility or changes in trade, monetary or fiscal policies in the countries where they do business; changes in customer spending preferences and demand for the Debtors' products; the Debtors' ability to develop and successfully introduce new products, protect their intellectual property and avoid infringing the intellectual property of third parties; the Debtors' ability to successfully implement, achieve and sustain manufacturing and distribution cost efficiencies and improvements, and fully realize anticipated cost savings; the cost and effect of unanticipated legal, tax, or regulatory proceedings or new laws or regulations (including environmental, public health and consumer protection regulations); public perception regarding the safety of the Debtors' products, including the potential for environmental liabilities, product liability claims, litigation and other claims; the seasonal nature of sales of certain of the Debtors' products; the effects of climate change and unusual weather activity, including adverse weather conditions during the peak selling season for the Debtors' lawn and garden and household insecticide and repellent products; the Debtors' ability to retain key personnel and to recruit additional qualified personnel; and changes in accounting standards, taxation requirements and bankruptcy laws.

B. Acceptance of the Plan

As a condition to Confirmation, the Bankruptcy Code requires that each Class of Impaired Claims vote to accept the Plan, except under certain circumstances.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds ($^2/_3$) in dollar amount and more than one-half ($^1/_2$) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the Plan. Thus, holders of Noteholder Claims in Class 7 or, provisionally, holders of Term Facility Claims in Class 2, will have voted to accept the Plan only if two-thirds ($^2/_3$) in amount and a majority in number of the Claims actually voting cast their ballots in favor of acceptance. Holders of Noteholder Claims or Term Facility Claims who fail to vote are not counted as either accepting or rejecting a plan.

C. Best Interests Test

As noted above, even if a plan is accepted by each class of claims and interests, the Bankruptcy Code requires a bankruptcy court to determine that the plan is in the best interests of all holders of claims or interests that are impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in Section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under Chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if the debtor were liquidated under Chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from the debtor's assets if its Chapter 11 Case were converted to a Chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtor's assets by a Chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of their collateral and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the Chapter 7 case and the Chapter 11 Case. Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtors in its Chapter 11 Case (such as compensation of attorneys, financial advisors, and accountants) that are allowed in the Chapter 7 cases, litigation costs, and claims arising from the operations of the debtor during the pendency of the Chapter 11 Case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity security interests. The liquidation would also prompt the rejection of a large number of executory contracts and unexpired leases and thereby significantly enlarge the total pool of unsecured claims by reason of resulting rejection damages claims.

Once the bankruptcy court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under the plan, then the plan is not in the best interests of creditors and equity security holders.

D. Liquidation Analysis

For purposes of the Best Interests Test, in order to determine the amount of liquidation value available to Creditors, the Debtors, with the assistance of their financial advisors, Perella Weinberg, prepared a liquidation analysis (the "Liquidation Analysis"), which concludes that in a Chapter 7 liquidation, holders of pre-petition unsecured Claims, including the Noteholders, would receive less of a recovery than the recovery they would receive under the Plan. This conclusion is premised upon the assumptions set forth in the Liquidation Analysis, which the Debtors and Perella Weinberg believe are reasonable. The Liquidation Analysis is attached hereto as Appendix C.

Notwithstanding the foregoing, the Debtors believe that any liquidation analysis with respect to the Debtors is inherently speculative. The Liquidation Analysis for the Debtors necessarily contains estimates of the net proceeds that would be received from a forced sale of assets and/or business units, as well as the amount of Claims that would ultimately become Allowed Claims. Claims estimates are based solely upon the Debtors' review of the Debtors' books and records. The Debtors have not sought to establish a general bar date for filing proofs of claim. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. In preparing the Liquidation Analysis, the Debtors have projected an amount of Allowed Claims that represents their best estimate of the Chapter 7 liquidation dividend to holders of Allowed Claims. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan.

E. Valuation of the Reorganized Debtors

Perella Weinberg, the Debtors' financial advisor, has determined the estimated range of reorganization value of the Reorganized Debtors, excluding cash on hand, to be approximately $2.2 billion to $2.4 billion (with a mid-point estimate of approximately $2.3 billion) as of an assumed Effective Date of July 15, 2009.

The foregoing estimate of the reorganization value of the Reorganized Debtors is based on a number of assumptions, including a successful reorganization of the Debtors' business and finances in a timely manner, the implementation of the Reorganized Debtors' Business Plan, the achievement of the forecasts reflected in the Business Plan, access to adequate exit financing, continuity of a qualified management team, market conditions through the period covered by the projections, and the Plan becoming effective in accordance with the estimates and other assumptions discussed herein. The valuation is supported by the analysis (the "Valuation Analysis") attached hereto as Appendix D and will be further supported by the Debtors' presentation at the Confirmation Hearing.

The valuation assumptions are not a prediction or reflection of post-Confirmation trading prices of the New Common Stock. Such securities may trade at substantially lower or higher prices because of a number of factors, including, but not limited to, those discussed in Article VII above. The trading prices of securities issued under a plan of reorganization are subject to many unforeseeable circumstances and therefore cannot be predicted.

F. Application of the "Best Interests" of Creditors Test to the Liquidation Analysis and the Valuation

It is impossible to determine with any specificity the value each holder of a Noteholder Claim will receive as a percentage of its Allowed Claim. The difficulty in estimating the value of recoveries for such holders is due to, among other things, the lack of any public market for the New Common Stock.

Notwithstanding the difficulty in quantifying recoveries with precision, the Debtors believe that the financial disclosures and projections contained in this Disclosure Statement imply a greater or equal recovery to holders of Noteholder Claims than the recovery available in a Chapter 7 liquidation. Accordingly, the Debtors believe that the "best interests" test of Section 1129 of the Bankruptcy Code is satisfied.

G. Confirmation Without Acceptance of All Impaired Classes: The "Cramdown" Alternative

In view of the deemed rejection by holders of Claims in Class 8 and Interests in Class 9, the Debtors will seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code. Specifically, Section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan at the request of the debtors if the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the plan. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

The Debtors believe the Plan does not discriminate unfairly with respect to the Claims in Class 8 and Interests in Class 9. Class 8 includes Claims that are subordinated to other Claims under Section 510(b) or (c) of the Bankruptcy Code or Section 726(a)(2)(C), (a)(3), (a)(4), or (a)(5) of the Bankruptcy Code as incorporated into Section 1129(a)(7) of the Bankruptcy Code. Class 9 includes Interests that are not entitled to payment under the absolute priority rule until all other Creditors have been paid in full. Because all holders of Claims in Class 8 and Interests in Class 9 are similarly treated, there is no unfair discrimination with respect to such holders or Claims and Interests.

A plan is fair and equitable as to a class of unsecured claims that rejects a plan if the plan provides (i) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim or (ii) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (i) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest or (ii) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property at all.

The Debtors believe that they will meet the "fair and equitable" requirements of Section 1129(b) of the Bankruptcy Code with respect to holders of Claims in Class 8 and Interests in Class 9 in that no holders of junior claims or interests will receive distributions under the Plan.

The Bankruptcy Court has ordered that holders of Term Facility Claims in Class 2 be allowed to vote provisional ballots. Because the Term Lenders currently oppose the reinstatement of their Claims as proposed by the Plan, such holders are expected to vote against the Plan. If the Court determines that the holders of Term Facility Claims are Impaired, rather than Unimpaired as asserted by the Debtors, the Debtors will be required to establish at the Confirmation Hearing that the treatment of Term Facility Claims satisfies the requirements of Section 1129(b)(2)(A) of the Bankruptcy Code. The Debtors (with the consent of each of the Negotiating Noteholders) may elect to alter, amend, or modify the treatment of Term Facility Claims at or prior to the Confirmation Hearing as may be necessary, if at all, to satisfy the requirements of Section 1129(b)(2)(A) of the Bankruptcy Code.

XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords holders of Noteholder Claims in Class 7 the potential for the greatest realization on the Debtors' assets and, therefore, is in the best interests of such holders. If, however, the requisite acceptances are not received or the Plan is not confirmed and consummated, the theoretical alternatives include (a) formulation of an alternative plan or plans of reorganization or (b) liquidation of the Debtors under Chapter 7 or Chapter 11 of the Bankruptcy Code.

A. Alternative Plan(s) of Reorganization

If the requisite acceptances are not received or if the Plan is not confirmed, the Debtors or any other party in interest could attempt to formulate and propose a different plan or plans of reorganization. Such a plan or plans might involve either a reorganization and continuation of the Debtors' businesses or an orderly liquidation of assets.

The Debtors believe that the Plan enables all Creditors to realize the greatest possible value under the circumstances and has the greatest chance to be confirmed and consummated.

B. Liquidation under Chapter 7 or Chapter 11

If no plan is confirmed, the Debtors' cases may be converted to cases under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Debtors' assets for distribution in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective holders of Claims against or Interests in the Debtors.

The Debtors believe that in a liquidation under Chapter 7, additional administrative expenses involved in the appointment of a trustee or trustees and attorneys, accountants, and other professionals to assist such trustees would cause a substantial diminution in the value of the Debtors' Estates. The assets available for distribution to Creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, arising by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtors' assets. More importantly, conversion to Chapter 7 liquidation would likely result in the immediate cessation of the Debtors' businesses, as most Chapter 7 trustees are disinclined to continue operations.

The Debtors could also be liquidated pursuant to the provisions of a Chapter 11 plan of reorganization. In a liquidation under Chapter 11, the Debtors' assets theoretically could be sold in an orderly fashion over a more extended period of time than in a liquidation under Chapter 7, thus resulting in a potentially greater recovery. Conversely, to the extent the Debtors' businesses incur operating losses, the Debtors' efforts to liquidate their assets over a longer period of time theoretically could result in a lower net

distribution to Creditors than they would receive through Chapter 7 liquidation. Nevertheless, because there would be no need to appoint a Chapter 7 trustee and to hire new professionals, Chapter 11 liquidation might be less costly than Chapter 7 liquidation and thus provide larger net distributions to Creditors than in Chapter 7 liquidation. Any recovery in a Chapter 11 liquidation, while potentially greater than in a Chapter 7 liquidation, would also be highly uncertain.

Although preferable to a Chapter 7 liquidation, the Debtors believe that any alternative liquidation under Chapter 11 is a much less attractive alternative to Creditors than the Plan because of the greater return anticipated by the Plan.

XII. THE SOLICITATION; VOTING PROCEDURES

A. Parties in Interest Entitled to Vote

In general, a holder of a claim or interest may vote to accept or to reject a plan if (a) the claim or interest is "allowed," which means generally that no party in interest has objected to such claim or interest, and (b) the claim or interest is "impaired" by the plan.

Under Section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under a plan unless (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan and, accordingly, holders of such claims and interests do not actually vote on the plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the plan.

B. Classes Entitled to Vote to Accept or Reject the Plan

Holders of Noteholder Claims in Class 7 are entitled to vote to accept or reject the Plan. By operation of law, each unimpaired Class of Claims or Interests is deemed to have accepted the Plan and each impaired Class of Claims or Interests that will receive nothing under the Plan is deemed to have rejected the Plan and, therefore, the holders of Claims or Interests in such Classes are not entitled to vote to accept or reject the Plan. Consequently, Classes 1, 3, 4, 5, and 6 are deemed to have accepted the Plan and Classes 8 and 9 are deemed to have rejected the Plan; and, therefore, none of the holders of Claims or Interests in such Classes are entitled to vote to accept or reject the Plan. As to Term Facility Claims in Class 2, it is the Debtors' position that such Claims are unimpaired. The Term Lenders disagree. Therefore, the Bankruptcy Court has determined that such holders may vote provisional ballots, which will be counted only if the Bankruptcy Court rules at the Confirmation Hearing that such holders are in fact impaired by the treatment proposed under the Plan.

C. Solicitation Order

On April 17, 2009, the Bankruptcy Court entered an order that, among other things, determines the dates, procedures, and forms applicable to the process of soliciting votes on the Plan and establishes certain procedures with respect to the tabulation of such votes (the "Solicitation Order"). A copy of the Solicitation Order is attached hereto as Appendix F.

D. Waivers of Defects, Irregularities, Etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of ballots will be determined by the Class 7 Voting Agent or the Class 2 Voting Agent, as applicable, and the Debtors in their sole discretion, which determination will be final and binding. As indicated below under "Withdrawal of Ballots; Revocation," effective withdrawals of ballots must be delivered to the Class 7 Voting Agent or the Class 2 Voting Agent, as applicable, prior to the Voting Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal. The Debtors also reserve the right to reject any and all ballots not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve the right to waive any defects or irregularities or

conditions of delivery as to any particular ballot. The interpretation (including the ballot and the respective instructions thereto) by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine. Neither the Debtors nor any other Person will be under any duty to provide notification of defects or irregularities with respect to deliveries of ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

E. Withdrawal of Ballots; Revocation

Any party who has delivered a valid ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Class 7 Voting Agent or the Class 2 Voting Agent, as applicable, at any time prior to the Voting Deadline. To be valid, a notice of withdrawal must (i) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (ii) be signed by the withdrawing party in the same manner as the ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn, and (iv) be received, if a Class 7 ballot, by the Class 7 Voting Agent in a timely manner at Financial Balloting Group, LLC, Attention: Spectrum Jungle Labs Corporation, 757 Third Avenue, 3rd Floor, New York, New York, 10017, or if a Class 2 ballot, by the Class 2 Voting Agent in a timely manner at Logan & Company, Inc., Attention: Spectrum Jungle Labs Corporation, Logan And Company, Inc., 546 Valley Road, Upper Montclair, New Jersey 07043. The Debtors intend to consult with the Class 7 Voting Agent or the Class 2 Voting Agent, as applicable, to determine whether any withdrawals of ballots were received and whether the requisite acceptances of the Plan have been received. As stated above, the Debtors expressly reserve the absolute right to contest the validity of any such withdrawals of ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of ballots which is not received in a timely manner by the Class 7 Voting Agent or the Class 2 Voting Agent, as applicable, will not be effective to withdraw a previously cast ballot.

Any Class 7 voter who has previously submitted to the Class 7 Voting Agent prior to the Voting Deadline a properly completed ballot, or any Class 2 voter who has previously submitted to the Class 2 Voting Agent prior to the Voting Deadline a properly completed ballot, may revoke such ballot and change his or its vote by submitting to the Class 7 Voting Agent or the Class 2 Voting Agent, as applicable, prior to the Voting Deadline a subsequent properly completed ballot for acceptance or rejection of the Plan. In the case where more than one timely, properly completed ballot is received, only the ballot which bears the latest date will be counted for purposes of determining whether the requisite acceptances have been received.

F. Special Instructions for Holders of Noteholder Claims

If you are the holder of any Noteholder Claim, or if you are acting on behalf of the holder of any of such Claims, please carefully review the special instructions that accompany your ballot. If you have any questions, please contact the Class 7 Voting Agent.

The Voting Record Date for determining which holders of Spectrum Notes are entitled to vote on the Plan is April 9, 2009. The Indenture Trustee for the Spectrum Notes will not vote on behalf of the holders of such notes. Holders must submit their own ballots.

1. Beneficial Owners

A beneficial owner holding Spectrum Notes as record holder in its own name may vote using either a master ballot or a beneficial owner ballot. The ballot must be completed, signed, and returned to the Class 7 Voting Agent on or before the Voting Deadline using the self-addressed, postage-paid envelope provided.

A beneficial owner holding Spectrum Notes in "street name" through a nominee may vote on the Plan by one of the following two methods (as selected by such beneficial owner's nominee). See Section XII.F.2.

(a) Complete and sign the beneficial owner ballot provided by the nominee. Return the ballot to the nominee as promptly as possible and in sufficient time to allow such nominee to process the ballot and return it to the Class 7 Voting Agent by the Voting Deadline. If no self-addressed, postage-paid envelope was provided by the nominee, contact the nominee for instructions; or

(b) If the nominee provides a pre-validated beneficial owner ballot (as described below), complete the pre-validated ballot, and return it to the Class 7 Voting Agent by the Voting Deadline using the return envelope provided in the Solicitation Package.

Any beneficial owner ballot returned to a nominee by a beneficial owner will not be counted for purposes of acceptance or rejection of the Plan unless such nominee properly completes and delivers to the Class 7 Voting Agent either the beneficial owner ballot or a master ballot that reflects the vote of such beneficial owner.

If any beneficial owner owns Spectrum Notes through more than one nominee, such beneficial owner may receive multiple mailings containing beneficial owner ballots. The beneficial owner should execute a separate ballot for each block of Spectrum Notes that it holds through any particular nominee and return each ballot to the respective nominee in the envelope provided therewith. Beneficial owners who execute multiple ballots with respect to Spectrum Notes held through more than one nominee must indicate on each ballot the names of ALL such other nominees and the additional amounts of such Spectrum Notes so held and voted. If a beneficial owner holds a portion of the Spectrum Notes through a nominee and another portion as a record holder, the beneficial owner should follow the procedures described in subparagraph (1) (a) above to vote the portion held of record and the procedures described in subparagraph (1) (b) above to vote the portion held through a nominee.

2. Nominees

A nominee that on the Voting Record Date is the registered holder of Spectrum Notes for a beneficial owner can obtain the votes of the beneficial owners of such Spectrum Notes, consistent with customary practices for obtaining the votes of securities held in "street name," in one of the following two ways:

(a) The nominee may "pre-validate" a beneficial owner ballot by (i) signing the ballot; (ii) indicating on the ballot the name of the registered holder, the amount of Spectrum Notes held by the nominee for the beneficial owner, and the account numbers for the accounts in which such Spectrum Notes are held by the nominee; and (iii) forwarding such ballot, together with the Disclosure Statement, return envelope and other materials requested to be forwarded, to the beneficial owner for voting. The beneficial owner must then complete the information requested in the ballot and return the ballot directly to the Class 7 Voting Agent in the pre-addressed, postage-paid envelope so that it is RECEIVED by the Class 7 Voting Agent before the Voting Deadline. A list of the beneficial owners to whom "pre-validated" beneficial owner ballots were delivered should be maintained by nominees for inspection for at least one year from the Voting Deadline; or

(b) If the nominee elects not to pre-validate the beneficial owner ballot, the nominee may obtain the votes of beneficial owners by forwarding to the beneficial owners the unsigned beneficial owner ballot, together with the Disclosure Statement, a return envelope provided by, and addressed to, the nominee, and other materials requested to be forwarded. Each such beneficial owner must then indicate his/her or its vote on the ballot, complete the information requested in the ballot, review the certifications contained in the ballot, execute the ballot, and return the ballot to the nominee. After collecting the beneficial owner ballot, the nominee should, in turn, complete a master ballot compiling the votes and other information from the beneficial owner ballot, execute the master ballot, and deliver the master ballot to the Class 7 Voting Agent so that it is RECEIVED by the Class 7 Voting Agent before the Voting Deadline. All beneficial owner ballots returned by beneficial owners should either be forwarded to the Class 7 Voting Agent (along with the master ballot) or retained by nominees for inspection for at least one year from the Voting Deadline. **EACH NOMINEE SHOULD ADVISE ITS BENEFICIAL OWNERS TO RETURN THEIR**

BENEFICIAL OWNER BALLOTS TO THE NOMINEE BY A DATE CALCULATED BY THE NOMINEE TO ALLOW IT TO PREPARE AND RETURN THE MASTER BALLOT TO THE CLASS 7 VOTING AGENT SO THAT IT IS RECEIVED BY THE CLASS 7 VOTING AGENT BEFORE THE VOTING DEADLINE.

3. Delivery of Spectrum Notes

The Debtors are not at this time requesting the delivery of, and neither the Debtors nor the Class 7 Voting Agent will accept, certificates representing any Spectrum Notes.

UNLESS THE MASTER BALLOT OR PRE-VALIDATED BENEFICIAL OWNER BALLOT BEING FURNISHED IS TIMELY SUBMITTED TO THE CLASS 7 VOTING AGENT ON OR PRIOR TO THE VOTING DEADLINE, SUCH BALLOT WILL BE REJECTED AS INVALID AND WILL NOT BE COUNTED AS AN ACCEPTANCE OR REJECTION OF THE PLAN; *PROVIDED, HOWEVER*, THAT THE DEBTORS RESERVE THE RIGHT, IN THEIR SOLE DISCRETION, TO REQUEST OF THE BANKRUPTCY COURT THAT ANY SUCH BENEFICIAL OWNER BALLOT OR MASTER BALLOT BE COUNTED. **IN NO CASE SHOULD A BENEFICIAL OWNER BALLOT OR MASTER BALLOT BE DELIVERED TO ANY ENTITY OTHER THAN THE NOMINEE OR THE CLASS 7 VOTING AGENT, AND IN NO CASE SHOULD ANY SPECTRUM NOTES BE DELIVERED TO THE DEBTORS, ANY OF THEIR ADVISORS, OR THE CLASS 7 VOTING AGENT.**

G. Further Information; Additional Copies

If you have any questions or require further information about the voting procedures for voting your Noteholder Claim or Term Facility Claim or about the packet of material you received, or if you wish to obtain an additional copy of the Plan, this Disclosure Statement, or any exhibits or appendices to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d) or the Solicitation Order), please contact:

If you hold a Noteholder Claim:

Financial Balloting Group LLC
757 Third Avenue, 3rd Floor
New York, New York 10017
Telephone: (646) 282-1800
Attention: Spectrum Jungle Labs Corporation

If you hold a Term Facility Claim or any other type of Claim or an Interest:

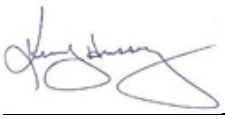
Logan and Company, Inc.
546 Valley Road
Upper Montclair
New Jersey 07043
Telephone: (973) 509-3190
Email: Spectrum@loganandco.com

RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that confirmation and consummation of the Plan is preferable to all other alternatives and is in the best interest of the Debtors, their creditors, and all of their stakeholders. Consequently, the Debtors urge all holders of Noteholder Claims in Class 7 and holders of Term Lender Claims to vote to ACCEPT the Plan, and to complete and return their ballots so that they will be RECEIVED on or before 4:00 p.m. Central Time on the Voting Deadline.

Dated: April 28, 2009

Spectrum Jungle Labs Corporation
Spectrum Brands, Inc.
ROVCAL, Inc.
ROV Holding, Inc.
Tetra Holding (US), Inc.
United Industries Corporation
Schultz Company
Spectrum Neptune US Holdco Corporation
United Pet Group, Inc.
DB Online, LLC
Aquaria, Inc.
Perfecto Manufacturing, Inc.
Aquarium Systems, Inc.
Southern California Foam, Inc.

By: 

Kent J. Hussey
Chief Executive Officer
Spectrum Brands, Inc.

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raquelle.kaye@skadden.com

Counsel for Debtors and Debtors in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

In re:	)	
SPECTRUM JUNGLE LABS CORPORATION, et al.,	)	Case No. 09-50455 (RBK)
	)	
	)	*Chapter 11*
Debtors.	)	Jointly Administered
	)	

JOINT PLAN OF REORGANIZATION
OF SPECTRUM JUNGLE LABS CORPORATION, ET AL., DEBTORS

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Counsel for Debtors and Debtors in Possession

Dated: April 28, 2009

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JOINT PLAN OF REORGANIZATION OF
SPECTRUM JUNGLE LABS CORPORATION, ET AL., DEBTORS

INTRODUCTION

Spectrum Jungle Labs Corporation, Spectrum Brands, Inc., ROVCAL, Inc., ROV Holding, Inc., Tetra Holding (US), Inc., United Industries Corporation, Schultz Company, Spectrum Neptune US Holdco Corporation, United Pet Group, Inc., DB Online, LLC, Aquaria, Inc., Perfecto Manufacturing, Inc., Aquarium Systems, Inc. and Southern California Foam, Inc. hereby propose this joint plan of reorganization for the resolution of their outstanding Claims (as defined herein) and Interests (as defined herein). Reference is made to the Disclosure Statement (as defined herein) distributed contemporaneously herewith for a discussion of the Debtors' (as defined herein) history, businesses, properties, results of operations, projections for future operations and risk factors, and a summary and analysis of the Plan (as defined herein) and certain related matters, including distributions to be made under the Plan. The Debtors are the proponents of the Plan within the meaning of Section 1129 of the Bankruptcy Code (as defined herein).

All holders of Claims who are entitled to vote on the Plan are encouraged to read each of the Plan and the Disclosure Statement in its entirety before voting to accept or reject the Plan. Subject to certain restrictions and requirements set forth in Section 1127 of the Bankruptcy Code, Rule 3019 of the Bankruptcy Rules (as defined herein), and Article X of the Plan, the Debtors reserve the right to alter, amend, modify, revoke, or withdraw the Plan prior to its substantial consummation.

ARTICLE I

RULES OF CONSTRUCTION AND DEFINITIONS

1.1 Rules of Construction

(a) For purposes of the Plan, except as expressly provided or unless the context otherwise requires, all capitalized terms used in the Plan and not otherwise defined in the Plan shall have the meanings ascribed to them in Section 1.2 of the Plan. Any capitalized term used in the Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules.

(b) Whenever the context requires, terms shall include the plural as well as the singular number, the masculine gender shall include the feminine, and the feminine gender shall include the masculine.

(c) Any reference in the Plan to (i) a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, and (ii) an existing document, exhibit, or other agreement means such document, exhibit or other agreement as it may be amended, modified, or supplemented from time to time.

(d) Unless otherwise specified, all references in the Plan to sections, articles, schedules, and exhibits are references to sections, articles, schedules, and exhibits of or to the Plan.

(e) The words "herein," "hereof," and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan.

(f) Captions and headings to articles and sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan.

(g) The rules of construction set forth in Section 102 of the Bankruptcy Code and in the Bankruptcy Rules shall apply.

(h) References to a specific article, section, or subsection of any statute, rule, or regulation expressly referenced herein shall, unless otherwise specified, include any amendments to or successor provisions of such article, section, or subsection.

1.2 Definitions

(a) "**Administrative Claim**" means a Claim for payment of an administrative expense of a kind specified in Sections 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority pursuant to Section 507(a)(2) of the Bankruptcy Code, including, but not limited to, (i) the actual, necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors, including, without limitation, wages, salaries, or commissions for services rendered after the commencement of the Chapter 11 Case, (ii) Professional Fee Claims, (iii) Substantial Contribution Claims, (iv) all fees and charges assessed against the Estates under Section 1930 of Title 28 of the United States Code, and (v) Cure payments for contracts and leases that are assumed under Section 365 of the Bankruptcy Code.

(b) "**Allowed**" means a Claim (i) that is a Required Filed Claim and as to which either (x) no objection to its allowance has been filed in the Bankruptcy Court by the applicable Claim Objection Deadline or (y) any objection to its allowance has been settled or

withdrawn by the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, or has been denied by a Final Order; (ii) that is either an Optional Filed Claim or an Unfiled Claim and as to which either (x) any dispute has been settled, determined, resolved or adjudicated, as the case may be, in the procedural manner in which such Claim would have been settled, determined, resolved or adjudicated if the Chapter 11 Case had not been commenced, or (y) if such Claim is an Optional Filed Claim as to which the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, have elected, in their sole discretion, to file an objection to its allowance in the Bankruptcy Court by the applicable Claim Objection Deadline, such objection has been settled or withdrawn by the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, or has been denied by a Final Order; (iii) that is not or has not been Disputed; (iv) that has been expressly allowed in the Plan; or (v) that has been adjudicated before the Bankruptcy Court and is allowed by a Final Order; *provided*, *however*, that all Allowed Claims shall remain subject to all limitations set forth in the Bankruptcy Code, including, in particular, Sections 502 and 510.

(c) "**Allowed Rejection Damages Claim Amount**" means an amount no greater than (i) the amount calculated in accordance with Section 502(b)(6) of the Bankruptcy Code, and (ii) if applicable, any such other amount that may be Allowed.

(d) "**Avenue**" means, collectively, Avenue International Master L.P., Avenue Investments, L.P., Avenue Special Situations Fund V, L.P., Avenue Special Situations Fund IV, L.P., and Avenue-CDP Global Opportunities Fund, L.P.

(e) "**Bankruptcy Code**" means Sections 101 *et seq.*, of title 11 of the United States Code, as now in effect or hereafter amended.

(f) "**Bankruptcy Court**" means the United States Bankruptcy Court for the Western District of Texas or such other court as may have jurisdiction over the Chapter 11 Case or any aspect thereof.

(g) "**Bankruptcy Rules**" means the Federal Rules of Bankruptcy Procedure.

(h) "**Business Day**" means any day, excluding Saturdays, Sundays, or "legal holidays" (as defined in Rule 9006(a) of the Bankruptcy Rules), on which commercial banks are open for business in New York, New York.

(i) "**Cash**" means legal tender of the United States or equivalents thereof.

(j) "**Chapter 11 Case**" means the jointly administered Chapter 11 cases of the Debtors.

(k) "**Claim**" means (i) the right to payment against any of the Debtors, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured, or unsecured, or (ii) the right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured.

(l) "**Claim Objection Deadline**" means (i) as to Required Filed Claims, the last day for filing objections in the Bankruptcy Court to Required Filed Claims, which day shall be the latest of (x) sixty (60) days after the Effective Date, (y) sixty (60) days after the date on which the applicable Proof of Claim is filed, or (z) such other later date as is established by order of the Bankruptcy Court upon motion of the Debtors, the Reorganized Debtors, as applicable, or any other party; or (ii) as to Optional Filed Claims, but only if the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, have elected to file an objection in the Bankruptcy Court, the last day for filing objections in the Bankruptcy Court to Optional Filed Claims, which day shall be the latest of (x) one hundred twenty (120) days after the Effective Date, (y) one hundred twenty (120) days after the date on which the applicable Proof of Claim is filed, or (z) such other later date as is established by order of the Bankruptcy Court upon motion of the Reorganized Debtors or any other party. There shall be no deadline for disputing any Unfiled Claim or Optional Filed Claim as to which the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, have not elected to file an objection in the Bankruptcy Court.

(m) "**Class**" means a category of holders of Claims or Interests, as described in Article II of the Plan.

(n) "**Confirmation**" means confirmation of the Plan by the Bankruptcy Court pursuant to Section 1129 of the Bankruptcy Code.

(o) "**Confirmation Date**" means the date of entry by the clerk of the Bankruptcy Court of the Confirmation Order.

(p) "**Confirmation Hearing**" means the hearing to consider Confirmation of the Plan under Section 1128 of the Bankruptcy Code.

(q) "**Confirmation Order**" means the order entered by the Bankruptcy Court confirming the Plan.

(r) "**Creditor**" means any Person who holds a Claim against any of the Debtors.

(s) "**Cure**" means, with respect to the assumption of a contract or lease pursuant to Section 365(b) of the Bankruptcy Code, (i) the distribution of Cash, or the distribution of such other property as may be agreed upon by the parties or ordered by the Bankruptcy Court, in an amount equal to all unpaid monetary obligations, without interest, or such other amount as may be agreed upon by the parties under a contract or lease, to the extent such obligations are enforceable under the Bankruptcy Code and applicable bankruptcy law, or (ii) the taking of such other actions as may be agreed upon by the parties or ordered by the Bankruptcy Court.

(t) "**Debtor(s)**" means, individually or collectively as the context requires, and including in their capacity as debtors in possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code, Spectrum Jungle Labs Corporation, Spectrum Brands, Inc., ROVCAL, Inc., ROV Holding, Inc., Tetra Holding (US), Inc., United Industries Corporation, Schultz Company, Spectrum Neptune US Holdco Corporation, United Pet Group, Inc., DB Online, LLC, Aquaria, Inc., Perfecto Manufacturing, Inc., Aquarium Systems, Inc. or Southern California Foam, Inc. and collectively, Spectrum Jungle Labs Corporation, Spectrum Brands, Inc., ROVCAL, Inc., ROV Holding, Inc., Tetra Holding (US), Inc., United Industries Corporation, Schultz Company, Spectrum Neptune US Holdco Corporation, United Pet Group, Inc., DB Online, LLC, Aquaria, Inc., Perfecto Manufacturing, Inc., Aquarium Systems, Inc. and Southern California Foam, Inc.

(u) "**D. E. Shaw**" means D. E. Shaw Laminar Portfolios, L.L.C.

(v) "**DIP Facility**" means the postpetition debtor in possession credit facilities provided under the (i) Existing Credit Agreement as amended by the Ratification and Amendment Agreement dated February 5, 2009, among Spectrum as Borrower, the Subsidiary Debtors as Guarantors, Wachovia Bank, National Association as Administrative and Collateral Agent, and the other parties thereto; and (ii) related loan and security documents.

(w) "**DIP Facility Agent**" means Wachovia Bank, National Association, as agent for itself and the other DIP Facility Lenders.

(x) **"DIP Facility Claims"** means the Claims existing under the DIP Facility including, without limitation, the Claims for the Equity Fee and the Secured Hedge Claims of DIP Facility Lenders.

(y) "**DIP Facility Lenders**" means the lenders and the participants under the DIP Facility.

(z) "**Disbursing Agent**" means Reorganized Spectrum or any other Person designated by the Debtors in their sole discretion on or before the Effective Date to serve as disbursing agent under the Plan, or, with respect to the Noteholder Claims, the Indenture Trustee or such other Person as the Indenture Trustee designates.

(aa) "**Disclosure Statement**" means the written disclosure statement that relates to the Plan, as amended, supplemented, or otherwise modified from time to time, that is reasonably satisfactory to each of the Negotiating Noteholders, and that is prepared, approved and distributed in accordance with Section 1125 of the Bankruptcy Code and Rule 3018 of the Bankruptcy Rules.

(bb) "**Disputed**" means, with respect to a Claim, (i) if such Claim is a Required Filed Claim, (x) a Claim as to which a Proof of Claim has not been timely filed, (y) a Claim as to which the applicable Claim Objection Deadline has not expired, or (z) a Claim as to which an objection has been timely filed in the Bankruptcy Court but the objection has not been settled or withdrawn by the Debtors (with the consent of each of the Negotiating Noteholders) or by the Reorganized Debtors, or has not been determined, resolved, or adjudicated by Final Order; (ii) if such Claim is either an Optional Filed Claim or an Unfiled Claim, (x) a Claim as to which (A) the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, dispute their liability in any manner that would have been available to them had the Chapter 11 Case not been commenced (including, without limitation, by declining to pay the Claim), and (B) the liability of the Debtors has not been settled by the Debtors (with the consent of each of the Negotiating Noteholders) or by the Reorganized Debtors, or has not been determined, resolved, or adjudicated by final order of a court of competent jurisdiction, or (y) as an alternative to the foregoing, an Optional Filed Claim as to which the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, have elected to file an objection in the Bankruptcy Court by the applicable Claim Objection Deadline and such objection has not been settled or withdrawn by the Debtors (with the consent of each of the Negotiating Noteholders) or by the Reorganized Debtors, or has not been determined, resolved, or adjudicated by Final Order; (iii) that has been expressly disputed in the Plan; or (iv) that has been adjudicated before the Bankruptcy Court and has not been allowed by a Final Order.

(cc) "**Distribution Date**" means, (i) for any Claim that is an Allowed Claim on the Effective Date, (x) for any portion that was due prior to the Effective Date on or as soon as practicable after the Effective Date but not later than the first (1st) Business Day that is twenty (20) days after the Effective Date or (y) for any portion that is due after the Effective Date, at such time as such portion becomes due in the ordinary course of business and/or in accordance with its terms; (ii) for any Claim that is not an Allowed Claim on the Effective Date, the later of (a) the date on which the Debtors become legally obligated to pay such Claim; and (b) the date on which the Claim becomes an Allowed Claim; *provided*, *however*, that a later date may be established by order of the Bankruptcy Court upon motion of the Debtors, the Reorganized Debtors, or any other party.

(dd) "**Effective Date**" means the Business Day upon which all conditions to the consummation of the Plan as set forth in Section 8.2 of the Plan have been satisfied or waived as provided in Section 8.3 of the Plan, and is the date on which the Plan becomes effective.

(ee) "**Employee Programs**" means all of the Debtors' employee-related programs, plans, policies, and agreements, including, without limitation, (i) all health and welfare plans, pension plans within the meaning of Title IV of the Employee Retirement Income Security Act of 1974, as amended, (ii) all retiree programs subject to Sections 1114 and 1129(a)(13) of the Bankruptcy Code, (iii) all employment, retention, incentive, severance, compensation, and other similar agreements, and (iv) all other employee compensation, benefit, and reimbursement programs, plans, policies, and agreements, but excluding any equity incentive plans, equity ownership plans, or any equity-based plans of any kind of the Debtors.

(ff) "**Equity Committee**" means the official committee of equity security holders appointed by the United States Trustee on March 6, 2009.

(gg) "**Equity Fee**" means the fee payable under the Plan in New Common Stock pursuant to and in accordance with the terms of the DIP Facility.

(hh) "**Estate(s)**" means, individually, the estate of each Debtor in the Chapter 11 Case and, collectively, the estates of all Debtors in the Chapter 11 Case, created pursuant to Section 541 of the Bankruptcy Code.

(ii) "**Exercised Secured Hedge Claim**" means a Secured Hedge Claim as to which the holder exercised a contractual right to liquidate, terminate, accelerate, setoff or net out, to the extent such right was validly exercised under applicable sections of the Bankruptcy Code and such exercise did not result in full satisfaction of such Claim prior to the Effective Date. An Exercised Secured Hedge Claim shall be treated under the Plan either as (i) a DIP Facility Claim if held by a DIP Facility Lender or (ii) an Other Secured Claim if held by a party who is not a DIP Facility Lender.

(jj) "**Existing Credit Agreement**" means the Credit Agreement dated as of September 28, 2007, among, *inter alia*, Spectrum as Borrower, the Subsidiary Debtors as Guarantors, Wachovia Bank, National Association as the Administrative Agent, the Collateral Agent and an LC Issuer, Goldman Sachs Credit Partners L.P. as the Syndication Agent, and the Lenders thereunder.

(kk) "**Existing Credit Facility Loan Documents**" means the Existing Credit Agreement and the other "Loan Documents" as defined therein.

(ll) "**Exit Facility**" means the credit facilities provided under that certain credit agreement (and any related documents, agreements, and instruments) to be entered into by the Reorganized Debtors as of the Effective Date as a condition to consummation of the Plan, having terms substantially in accordance with the term sheet included in the Plan Supplement, and subject to the consent of each of the Negotiating Noteholders, which consent shall not be unreasonably withheld, to provide a portion of the funds necessary to make payments required to be made on the Effective Date, as well as funds for working capital and other general corporate purposes after the Effective Date.

(mm) "**Final Order**" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in the Chapter 11 Case, or the docket of any such other court, the operation or effect of which has not been stayed, reversed, or amended, and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing or leave to appeal has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending; *provided*, *however*, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or any analogous rule under the Bankruptcy Rules may be filed with respect to such order shall not cause such order not to be a Final Order.

(nn) "**General Unsecured Claim**" means a Claim that is not an Administrative Claim, a Priority Tax Claim, an Other Priority Claim, a Term Facility Claim, an Other Secured Claim, an Intercompany Claim, a Noteholder Claim, or a Subordinated Claim. This definition specifically includes, without limitation, Rejection Damages Claims.

(oo) "**Harbinger**" means, collectively, Harbinger Capital Partners Master Fund I, LTD. and Harbinger Capital Partners Special Situations Fund, L.P.

(pp) "**Impaired**" means, with respect to any Claim or Interest, that such Claim or Interest is impaired within the meaning of Section 1124 of the Bankruptcy Code.

(qq) "**Indemnification Obligation**" means any obligation of any of the Debtors to indemnify, reimburse, or provide contribution pursuant to by-laws, articles or certificates of incorporation, contracts, or otherwise.

(rr) "**Indentures**" means, collectively, (i) that certain Indenture dated as of September 30, 2003, among Spectrum, the guarantors named therein and U.S. Bank National Association, as trustee, which Indenture governs all obligations arising under or in connection with the 8 1/2% Senior Subordinated Notes due 2013; (ii) that certain Indenture dated as of February 7, 2005, among Spectrum, the guarantors named therein,

and U.S. Bank National Association, as trustee, which Indenture governs all obligations arising under or in connection with the 7 3/8% Senior Subordinated Notes due 2015; and (iii) that certain Indenture dated as of March 30, 2007, among Spectrum, the guarantors named therein and U.S. Bank National Association, as trustee (as successor trustee to Wells Fargo Bank, N.A.), which Indenture governs all obligations arising under or in connection with the Variable Rate Toggle Senior Subordinated Notes due 2013.

(ss) "**Indenture Trustee**" means U.S. Bank National Association, or its successor, in any case in its capacity as an indenture trustee for the Spectrum Notes.

(tt) "**Indenture Trustee Expenses**" means any reasonable, unpaid fees of the Indenture Trustee, and reasonable, unpaid out-of-pocket costs and expenses, including reasonable fees and expenses of counsel, incurred by the Indenture Trustee through the Effective Date, except any such costs and expenses as may be attributable to the Indenture Trustee's negligence or willful misconduct.

(uu) "**Intercompany Claim**" means any Claim arising prior to the Petition Date against any of the Debtors by another Debtor. The term does not include Claims against any of the Debtors by a non-Debtor subsidiary or affiliate of a Debtor, which Claims shall be treated as General Unsecured Claims.

(vv) "**Interest**" means the legal, equitable, contractual, or other rights of any Person (i) with respect to Spectrum Interests, (ii) with respect to Subsidiary Interests, or (iii) to acquire or receive either of the foregoing.

(ww) "**Lease Rejection Motion**" means any motion filed by the Debtors in the Bankruptcy Court wherein the Debtors seek to reject certain of their leases of nonresidential real property.

(xx) "**Lien**" means a charge against or interest in property to secure payment of a debt or performance of an obligation.

(yy) "**Litigation Rights**" means the claims, rights of action, suits, or proceedings, whether in law or in equity, whether known or unknown, that the Debtors or their Estates may hold against any Person, which are to be retained by the Reorganized Debtors pursuant to Section 5.11 of the Plan, including, without limitation, claims or causes of action arising under or pursuant to Chapter 5 of the Bankruptcy Code.

(zz) "**Negotiating Noteholders**" means each of Harbinger, Avenue, and D. E. Shaw.

(aaa) "**New Board**" means the Board of Directors of Reorganized Spectrum.

(bbb) "**New Common Stock**" means the new common shares of Reorganized Spectrum, to be authorized and/or issued under Section 5.5 of the Plan, with the rights of the holders thereof to be as provided for in the New Spectrum Governing Documents, the Stockholders Agreement, and the Registration Rights Agreement (New Common Stock).

(ccc) "**New Equity Incentive Plan**" means the new equity incentive plan to be adopted by the New Board pursuant to Section 5.6 of the Plan.

(ddd) "**New Indenture**" means the indenture under which Reorganized Spectrum will issue the New Notes.

(eee) "**New Notes**" means a new series of senior subordinated toggle notes to be issued by Reorganized Spectrum under the New Indenture, with the Reorganized Subsidiaries as guarantors and an indenture trustee to be determined, all as more specifically described in Exhibit B hereto.

(fff) "**New Securities**" means, collectively, the New Common Stock and the New Notes.

(ggg) "**New Spectrum By-laws**" means the by-laws of Reorganized Spectrum to be included in the Plan Supplement.

(hhh) "**New Spectrum Charter**" means the Certificate of Incorporation of Reorganized Spectrum to be included in the Plan Supplement.

(iii) "**New Spectrum Governing Documents**" means the New Spectrum Charter and the New Spectrum By-laws.

(jjj) "**Noteholder**" means any holder of a Spectrum Note.

(kkk) "**Noteholder Claim**" means any Claim arising or existing under or related to the Spectrum Notes, other than any Indenture Trustee Expenses.

(lll) "**Old Securities**" mean, collectively, the Spectrum Interests, the Spectrum Notes, and any other note, bond, or indenture evidencing or creating any public indebtedness or obligation of any Debtor.

(mmm) "**Optional Filed Claim**" means a Claim evidenced by a Proof of Claim for which no Proof of Claim bar date has been established pursuant to a Final Order.

(nnn) "**Other Priority Claim**" means a Claim against any of the Debtors entitled to priority pursuant to Section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim or an Administrative Claim.

(ooo) "**Other Secured Claim**" means a Secured Claim arising prior to the Petition Date against any of the Debtors, other than a Term Facility Claim, and specifically including a Secured Hedge Claim held by a party who is not a DIP Facility Lender.

(ppp) "**Person**" means any person, individual, firm, partnership, corporation, trust, association, company, limited liability company, joint stock company, joint venture, governmental unit, or other entity or enterprise.

(qqq) "**Petition Date**" means February 3, 2009, the date on which the Debtors filed their petitions for relief commencing the cases that are being administered as the Chapter 11 Case.

(rrr) "**Plan**" means this joint plan of reorganization under Chapter 11 of the Bankruptcy Code and all exhibits annexed hereto or referenced herein, as the same may be amended, modified, or supplemented from time to time.

(sss) "**Plan Supplement**" means the supplement to the Plan containing, without limitation, the term sheet for the Exit Facility, the members of the New Board, and the forms of the New Spectrum Governing Documents, the Stockholders Agreement, the Registration Rights Agreement (New Common Stock), the New Indenture, the Registration Rights Agreement (New Notes), and the New Equity Incentive Plan.

(ttt) "**Priority Tax Claim**" means a Claim that is entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code.

(uuu) "**Professional**" means any professional employed in the Chapter 11 Case by order of the Bankruptcy Court, excluding any of the Debtors' ordinary course professionals.

(vvv) "**Professional Fee Claim**" means a Claim of a Professional for compensation or reimbursement of costs and expenses relating to services rendered after the Petition Date and prior to and including the Effective Date, subject to any limitations imposed by order of the Bankruptcy Court.

(www) "**Pro Rata**" means, at any time, the proportion that the amount of a Claim in a particular Class or Classes (or portions thereof, as applicable) bears to the aggregate amount of all Claims (including Disputed Claims) in such Class or Classes, unless the Plan provides otherwise.

(xxx) "**Proof of Claim**" means a Proof of Claim filed with the Bankruptcy Court in connection with the Chapter 11 Case.

(yyy) "**Registration Rights Agreement (New Common Stock)**" means the registration rights agreement to be entered into with certain holders of the New Common Stock in connection with the issuance of the New Common Stock, which shall contain certain material terms as described on Exhibit A-2.

(zzz) "**Registration Rights Agreement (New Notes)**" means the registration rights agreement to be entered into with certain holders of the New Notes in connection with the issuance of the New Notes, which shall contain the material terms substantially as described on Exhibit A-2 with respect to the Registration Rights Agreement (New Common Stock) as made applicable to the New Notes (with such additional differences as are customarily included in agreements relating to registration of debt securities).

(aaaa) "**Reinstated**" means (i) leaving unaltered the legal, equitable, and contractual rights to which the holder of a Claim or Interest is entitled so as to leave such Claim unimpaired in accordance with Section 1124 of the Bankruptcy Code; or (ii) notwithstanding any contractual provision or applicable law that entitles the holder of such Claim or Interest to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default, (A) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in Section 365(b)(2) of the Bankruptcy Code, or of a kind that Section 365(b)(2) does not require to be cured, (B) reinstating the maturity of such Claim or Interest as such maturity existed before such default, (C) compensating the holder of such Claim or Interest for any damages incurred as a result of any reasonable reliance by such holder on such contractual provision or such applicable law, (D) if such Claim or Interest arises from any failure to perform a nonmonetary obligation, other than a default arising from failure to operate a nonresidential real property lease subject to Section 365(b)(1)(A) of the Bankruptcy Code, compensating the holder of such Claim or Interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure, and (E) not otherwise altering the legal, equitable, or contractual rights to which the holder of such Claim or Interest is entitled; *provided*, *however*, that any Claim that is Reinstated under the Plan shall be subject to all limitations set forth in the Bankruptcy Code, including, in particular, Sections 502 and 510.

(bbbb) "**Rejection Damages Claim**" means a Claim arising from the Debtors' rejection of a contract or lease, which Claim is subject to the terms and conditions set forth in the Plan.

(cccc) "**Reorganized Debtor(s)**" means, individually, any reorganized Debtor or its successor and, collectively, all reorganized Debtors and their successors, on or after the Effective Date.

(dddd) "**Reorganized Spectrum**" means reorganized Spectrum and its successor, on and after the Effective Date.

(eeee) "**Reorganized Subsidiary**" means, individually, a reorganized Subsidiary Debtor or its successor and, collectively, both reorganized Subsidiary Debtors or their successors, on or after the Effective Date.

(ffff) "**Reorganized Subsidiary Governing Documents**" means certificates of incorporation, by-laws, articles of organization, operating agreements, or any other governing corporate document with respect to a Reorganized Subsidiary, as amended pursuant to the Plan or the Plan Supplement.

(gggg) "**Required Filed Claim**" means a Claim for which a Proof of Claim bar date has been established pursuant to a Final Order. A Required Filed Claim includes, without limitation, a Rejection Damages Claim required to be asserted by a Proof of Claim filed by the specific bar date established in the order approving the applicable rejection.

(hhhh) "**Secured Claim**" means a Claim (i) that is secured by a Lien on property in which an Estate has an interest, which lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law, or a Claim that is subject to a valid right of setoff; (ii) to the extent of the value of the holder's interest in the Estate's interest in such property or to the extent of the amount subject to a valid right of setoff, as applicable; and (iii) the amount of which is agreed upon in writing by the Debtors or the Reorganized Debtors and the holder of such Claim or determined, resolved, or adjudicated by final, nonappealable order of a court or other tribunal of competent jurisdiction.

(iiii) "**Secured Hedge Claim**" means (i) a Claim arising from, and in accordance with, a "Swap Contract" as defined in the Existing Credit Facility Loan Documents and/or the Term Facility Loan Documents, which Claim is secured by the collateral under the Existing Credit Facility Loan Documents and/or the Term Facility Loan Documents or (ii) a Secured Claim arising from any hedging arrangement other than a "Swap Contract" as defined in the Existing Credit Facility Loan Documents and/or the Term Facility Loan Documents (specifically including, without limitation, commodity swaps and other hedging arrangements). A Secured Hedge Claim shall be treated under the Plan either as (x) a DIP Facility Claim if held by a DIP Facility Lender or (y) an Other Secured Claim if held by a party who is not a DIP Facility Lender.

(jjjj) "**Spectrum**" means Spectrum Brands, Inc., a Wisconsin corporation, which is the parent company of the Subsidiary Debtors and which, along with the Subsidiary Debtors, is a Debtor in the Chapter 11 Case.

(kkkk) "**Spectrum Interest**" means, collectively, all equity interests in Spectrum outstanding prior to the Effective Date, including, without limitation, any preferred stock, common stock, stock options or other right to purchase the stock of Spectrum, together with any warrants, conversion rights, rights of first refusal, subscriptions, commitments, agreements, or other rights to acquire or receive any stock or other equity ownership interests in Spectrum prior to the Effective Date.

(llll) "**Spectrum Notes**" means, collectively, the (i) 8 1/2% Senior Subordinated Notes due 2013; (ii) 7 3/8% Senior Subordinated Notes due 2015; and (iii) Variable Rate Toggle Senior Subordinated Notes due 2013, all of which were issued by Spectrum and guaranteed by all or some combination of the Subsidiary Debtors.

(mmmm) "**Stockholders Agreement**" means the stockholders agreement to be entered into with holders of the New Common Stock in connection with the issuance of the New Common Stock, which shall contain certain material terms as described on Exhibit A-1.

(nnnn) "**Subordinated Claim**" means (i) any Claim against any of the Debtors that is subordinated pursuant to either Section 510(b) or 510(c) of the Bankruptcy Code, which shall include any Claim arising from the rescission of a purchase or sale of any Old Security, any Claim for damages arising from the purchase or sale of an Old Security, or any Claim for reimbursement, contribution, or indemnification on account of any such Claim; or (ii) any Claim for any fine, penalty, or forfeiture, or multiple, exemplary, or punitive damages, to the extent that such fine, penalty, forfeiture, or damage is not compensation for actual pecuniary loss suffered by the holder of such Claim, including, without limitation, any such Claim based upon, arising from, or relating to any cause of action whatsoever (including, without limitation, violation of law, personal injury, or wrongful death, whether secured or unsecured, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising in law, equity or otherwise), and any such Claim asserted by a governmental unit in connection with a tax or other obligation owing to such unit.

(oooo) "**Subsidiary Debtors**" means, collectively, Spectrum Jungle Labs Corporation, ROVCAL, Inc., ROV Holding, Inc., Tetra Holding (US), Inc., United Industries Corporation, Schultz Company, Spectrum Neptune US Holdco Corporation, United Pet Group, Inc., DB Online, LLC, Aquaria, Inc., Southern California Foam, Inc., Perfecto Manufacturing, Inc., and Aquarium Systems, Inc., each of which is a Debtor in the Chapter 11 Case.

(pppp) "**Subsidiary Interest**" means, collectively, all of the issued and outstanding shares of stock or membership interests of the Subsidiary Debtors, existing prior to the Effective Date, which stock and interests are owned, directly or indirectly, by Spectrum.

(qqqq) "**Substantial Contribution Claim**" means a claim for compensation or reimbursement of costs and expenses relating to services rendered in making a substantial contribution in the Chapter 11 Case pursuant to Sections 503(b)(3), (4), or (5) of the Bankruptcy Code.

(rrrr) **"Supplemental DIP Facility Participants"** means those supplemental loan participants identified under the DIP Facility as entitled to receipt of the Equity Fee.

(ssss) "**Term Facility Claim**" means any Claim arising or existing under or related to the Term Facility Loan Documents; provided, however, that such term shall not include any Secured Hedge Claim.

(tttt) "**Term Facility Loan Documents**" means, collectively, the (i) Credit Agreement dated as of March 30, 2007, among, *inter alia*, Spectrum as the Borrower, the Subsidiary Debtors as Guarantors, Goldman Sachs Credit Partners, L.P. as the Administrative Agent, the Collateral Agent and the Syndication Agent, Wachovia Bank, National Association as the Deposit Agent, Bank of America N.A. as an LC Issuer, and the Lenders thereunder; and (ii) the other "Loan Documents" as defined therein.

(uuuu) "**Unfiled Claim**" means a Claim as to which (i) no Proof of Claim is required to be filed; and (ii) no Proof of Claim has been filed.

(vvvv) "**Unimpaired**" means, with respect to any Claim, that such Claim is not impaired within the meaning of Section 1124 of the Bankruptcy Code.

ARTICLE II

CLASSIFICATION OF CLAIMS AND INTERESTS

2.1 Introduction

A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class and such Claim or Interest has not been paid, released, or otherwise settled prior to the Effective Date. A Claim or Interest may be and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes.

2.2 Unclassified Claims

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, DIP Facility Claims, and Priority Tax Claims have not been classified.

2.3 Unimpaired Classes of Claims and Interests

The following Classes contain Claims and Interests that are not Impaired by the Plan, are deemed to accept the Plan, and are not entitled to vote on the Plan, except that Term Lender Claims in Class 2 shall be entitled to vote on a provisional basis pending a determination of the impairment issue at the Confirmation Hearing.

Class 1: Other Priority Claims

Class 1 consists of all Other Priority Claims.

Class 2: Term Facility Claims

Class 2 consists of the Term Facility Claims.

Class 3: Other Secured Claims

Class 3 consists of all Other Secured Claims.

Class 4: General Unsecured Claims

Class 4 consists of all General Unsecured Claims.

Class 5: Intercompany Claims

Class 5 consists of all Intercompany Claims.

Class 6: Subsidiary Interests

Class 6 consists of all Subsidiary Interests.

2.4 Impaired Voting Class of Claims

The following Class contains Claims that are Impaired by the Plan and are entitled to vote on the Plan.

Class 7: Noteholder Claims

Class 7 consists of all Noteholder Claims.

2.5 Impaired Non-Voting Classes of Claims and Interests

The following Classes contain Claims and Interests that are Impaired by the Plan, are not receiving any distribution under the Plan, are deemed to reject the Plan, and are not entitled to vote on the Plan.

Class 8: Subordinated Claims

Class 8 consists of all Subordinated Claims.

Class 9: Spectrum Interests

Class 9 consists of all Spectrum Interests.

ARTICLE III

TREATMENT OF CLAIMS AND INTERESTS

3.1 Unclassified Claims

(a) Administrative Claims

With respect to each Allowed Administrative Claim, except as otherwise provided for in Section 10.1 of the Plan, on, or as soon as reasonably practicable after, the latest of (i) the Effective Date, (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, or (iii) the date such Administrative Claim becomes payable pursuant to any agreement between the holder of such Administrative Claim and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, the holder of each such Allowed Administrative Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim, (A) Cash equal to the unpaid portion of such Allowed Administrative Claim or (B) such different treatment as to which such holder and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, shall have agreed upon in writing; *provided*, *however*, that Allowed Administrative Claims with respect to liabilities incurred by a Debtor in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

(b) DIP Facility Claims

The DIP Facility Claims shall be deemed Allowed in their entirety for all purposes of the Plan and the Chapter 11 Case. The holders of the Allowed DIP Facility Claims shall receive, on the later of the Effective Date or the date on which such DIP Facility Claims become payable pursuant to any agreement between such holders and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed DIP Facility Claims, (i) such treatment as required under the DIP Facility, including, without limitation, the issuance of shares of New Common Stock on account of the Equity Fee, as provided below; or (ii) such different treatment as to which such holders and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, shall have agreed upon in writing; *provided*, *however*, that in respect of any letters of credit issued and undrawn under the DIP Facility, unless the issuing bank is a lender under the Exit Facility and permits such letters of credit to be rolled over and treated as letters of credit issued under the Exit Facility, the Debtors or the Reorganized Debtors shall be required to either, with the consent of such issuing bank: (A) cash collateralize such letters of credit in an amount equal to 105% of the undrawn amount of any such letters of credit, (B) return any such letters of credit to the issuing bank undrawn and marked “cancelled,” or (C) provide a “back-to-back” letter of credit to the issuing bank in a form and issued by an institution reasonably satisfactory to such issuing bank, in an amount equal to 105% of the then undrawn amount of such letters of credit.

With respect to the Equity Fee, the Supplemental DIP Facility Participants shall receive, on the Effective Date and in full satisfaction, settlement, release, discharge of, in exchange for, and on account of such Equity Fee, its allocated share, as determined by Schedule 9.2(a) of the DIP Facility, of 2,970,000 shares of New Common Stock.

(c) Priority Tax Claims

Each holder of an Allowed Priority Tax Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Tax Claim, as shall have been determined by the Debtors (with the consent of each of the Negotiating Noteholders) or by the Reorganized Debtors, either (i) on, or as soon as reasonably practicable after, the later of the Effective Date or the date on which such Claim becomes an Allowed Claim, Cash equal to the due and unpaid portion of such Allowed Priority Tax Claim, (ii) treatment in a manner consistent with Section 1129(a)(9)(C) of the Bankruptcy Code, or (iii) such different treatment as to which such holder and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, shall have agreed upon in writing.

3.2 Unimpaired Classes of Claims and Interests

(a) Class 1: Other Priority Claims

On, or as soon as reasonably practicable after, the latest of (i) the Distribution Date, (ii) the date on which such Other Priority Claim becomes an Allowed Other Priority Claim, or (iii) the date on which such Allowed Other Priority Claim becomes payable pursuant to any agreement between the holder of such Other Priority Claim and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, each holder of an Allowed Other Priority Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Priority Claim, either (A) Cash equal to the unpaid portion of such Allowed Other Priority Claim or (B) such different treatment as to which such holder and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable shall have agreed upon in writing.

(b) Class 2: Term Facility Claims

The Term Facility Claims are hereby Allowed in the amount determined pursuant to the terms of the Term Facility Loan Documents and shall not be subject to defense, avoidance, recharacterization, disgorgement, subordination, setoff, recoupment, or other contest (whether legal or equitable), for all purposes of the Plan and the Chapter 11 Case. Each holder of a Term Facility Claim as of the Effective Date shall continue to hold its Pro Rata share of the Term Facility Claims after the Effective Date in accordance with the Term Facility Loan Documents.

The Allowed Term Facility Claims shall be Reinstated.

Notwithstanding Section 1141(c) or any other provision of the Bankruptcy Code or the Plan, all Liens on property of the Debtor held with respect to the Term Facility Claims shall survive confirmation of the Plan and the occurrence of the Effective Date and continue in full force and effect in accordance with the terms of the Term Facility Loan Documents.

All principal, non-default interest, fees, expenses, costs, charges or other amounts due and payable on or before the Effective Date under the Term Facility Loan Documents that were not paid by the Debtors prior to or during the Chapter 11 Case shall be paid in immediately available funds on the Effective Date in accordance with the Term Facility Loan Documents, and any principal, non-default interest, fee, expense, cost, charge or other amount that accrued during the Chapter 11 Case but is not payable until after the Effective Date shall be paid as and when due in accordance with the Term Facility Loan Documents as if the Chapter 11 Case had not been filed. Any principal, interest, fee, expense, cost, charge or other amount due after the Effective Date shall be paid in accordance with the terms and conditions of the Term Facility Loan Documents.

Pursuant to Section 4.5 of the Plan, in the event the Bankruptcy Court determines that the Term Facility Claims are Impaired, and the holders of Term Facility Claims vote provisional ballots to reject the Plan, the Debtors (with the consent of each of the Negotiating Noteholders) may elect to alter, amend, or modify the treatment of Term Facility Claims at or prior to the Confirmation Hearing as may be necessary, if at all, to satisfy the requirements of Section 1129(b)(2)(A) of the Bankruptcy Code.

(c) Class 3: Other Secured Claims

As to all Allowed Other Secured Claims that are not Exercised Secured Hedge Claims, on the Effective Date, the legal, equitable, and contractual rights of each holder of such an Allowed Other Secured Claim shall be Reinstated. On, or as soon as reasonably practicable after, the Distribution Date, each holder of such an Allowed Other Secured Claim shall receive, in full satisfaction, settlement of and in exchange for, such Allowed Other Secured Claim, such payment on such terms as would otherwise apply to such Claim had the Chapter 11 Case not been filed, consistent with the relevant underlying documents, if any.

As to all Allowed Other Secured Claims that are Exercised Secured Hedge Claims, on, or as soon as reasonably practicable after, the Distribution Date, each holder of such an Allowed Other Secured Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Other Secured Claim, (i) Cash equal to the full remaining amount of such Allowed Other Secured Claim, or (ii) such different treatment as to which the Debtors (with the consent of each of the Negotiating Noteholders) and such holder, or the Reorganized Debtors and such holder, shall have agreed upon in writing.

Notwithstanding Section 1141(c) or any other provision of the Bankruptcy Code, all pre-petition Liens on property of any Debtor held with respect to an Allowed Other Secured Claim shall survive the Effective Date and continue in accordance with the contractual terms or statutory provisions governing such Allowed Other Secured Claim until such Allowed Other Secured Claim is satisfied, at which time such Liens shall be released, shall be deemed null and void, and shall be unenforceable for all purposes. Nothing in the Plan shall preclude the Debtors or the Reorganized Debtors from challenging the validity of any alleged Lien on any asset of a Debtor or the value of the property that secures any alleged Lien.

(d) Class 4: General Unsecured Claims

The legal, equitable and contractual rights of each holder of a General Unsecured Claims shall be unimpaired. On, or as soon as reasonably practicable after, the Distribution Date, each holder of an Allowed General Unsecured Claim shall receive, in full satisfaction, settlement of and in exchange for, such Allowed General Unsecured Claim, such payment on such terms as would otherwise apply to such Claim had the Chapter 11 Case not been filed, without post-petition interest; *provided however*, that each Rejection Damages Claim shall be limited to the Allowed Rejection Damages Claim Amount.

(e) Class 5: Intercompany Claims

With respect to each Intercompany Claim, at the election of the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, either (i) the legal, equitable and contractual rights of the holder of the Intercompany Claim shall be Reinstated; or (ii) the Intercompany Claim shall be adjusted, continued, or capitalized, either directly or indirectly or in whole or part, and no such disposition shall require stockholder consent.

(f) Class 6: Subsidiary Interests

For the deemed benefit of the holders of the New Common Stock, Spectrum shall retain its Subsidiary Interests, subject to any applicable restrictions arising under the Exit Facility.

3.3 Impaired Voting Class of Claims

(a) Class 7: Noteholder Claims

The Noteholder Claims are hereby Allowed in the amount of $1,090,382,024, which amount includes principal and accrued interest as of the Petition Date and shall not be subject to defense, avoidance, recharacterization, disgorgement, subordination, setoff, recoupment, or other contest (whether legal or equitable), for all purposes of the Plan and the Chapter 11 Case.

Subject to the terms and conditions of Sections 5.5 and 7.4 of the Plan, each holder of an Allowed Noteholder Claim shall receive, on the Effective Date and in full satisfaction, settlement, release, discharge of, in exchange for, and on account of such Allowed Noteholder Claim, its Pro Rata share of (i) 27,030,000 shares of the New Common Stock; and (ii) $218,076,405 in principal amount of the New Notes, which amount represents 20% of the Allowed Noteholder Claims.

3.4 Impaired Nonvoting Classes of Claims and Interests

(a) Class 8: Subordinated Claims

The holders of Subordinated Claims shall not receive or retain any property under the Plan on account of such Claims. All Subordinated Claims shall be discharged as of the Effective Date.

(b) Class 9: Spectrum Interests

All Spectrum Interests of any kind, including, without limitation, stock options or any warrants or other agreements to acquire the same (whether or not arising under or in connection with any employment agreement), shall be cancelled as of the Effective Date and the holders thereof shall not receive or retain any property under the Plan on account of such Interests.

3.5 Reservation of Rights Regarding Claims

Except as otherwise explicitly provided in the Plan, nothing shall affect the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Claims, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment.

ARTICLE IV

ACCEPTANCE OR REJECTION OF THE PLAN

4.1 Impaired Classes of Claims and Interests Entitled to Vote

Holders of Claims in the Impaired Class of Noteholder Claims are entitled to vote as a Class to accept or reject the Plan. Accordingly, the votes of holders of Claims in Class 7 shall be solicited with respect to the Plan. A vote of a holder of a Claim in Class 7 is deemed to be a vote with respect to each of the Debtors. See Section 4.3 of the Plan with respect to provisional voting by holders of Claims in the Unimpaired Class of Term Facility Claims.

4.2 Acceptance by an Impaired Class

In accordance with Section 1126(c) of the Bankruptcy Code, and except as provided in Section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if the Plan is accepted by the holders of at least two-thirds ($^{2}/_{3}$) in dollar amount and more than one-half ($^{1}/_{2}$) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject the Plan.

4.3 Presumed Acceptances by Unimpaired Classes; Provisional Voting by Class 2

Claims and Interests in Classes 1, 2, 3, 4, 5, and 6 are Unimpaired under the Plan. Under Section 1126(f) of the Bankruptcy Code, holders of such Unimpaired Claims and Interests are conclusively presumed to have accepted the Plan, and the votes of such Unimpaired Claim and Interest holders shall not be solicited. However, holders of Term Facility Claims in Class 2 shall be entitled to cast provisional ballots on the Plan and the votes of such holders shall be solicited. A provisional vote of a holder of a Claim in Class 2 is deemed to be a vote with respect to each of the Debtors. Any such provisional votes shall be counted only if the Bankruptcy Court determines that the Term Facility Claims in Class 2 are Impaired.

4.4 Classes Deemed to Reject Plan

Holders of Claims and Interests in Classes 8 and 9 are not entitled to receive or retain any property under the Plan. Under Section 1126(g) of the Bankruptcy Code, such holders are deemed to have rejected the Plan, and the votes of such holders shall not be solicited.

4.5 Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code

In view of the deemed rejection of the Plan by Classes 8 and 9, the Debtors request Confirmation of the Plan, as it may be modified from time to time, under Section 1129(b) of the Bankruptcy Code.

The Debtors reserve the right to alter, amend, or modify the Plan, the Plan Supplement, or any exhibit, in accordance with the provisions of the Plan, including, without limitation, Section 10.13, as necessary to satisfy the requirements of Section 1129(b) of the Bankruptcy Code.

ARTICLE V

MEANS FOR IMPLEMENTATION OF THE PLAN

5.1 Continued Corporate Existence; Reincorporation

(a) The Reorganized Debtors shall continue to exist after the Effective Date as separate legal entities, in accordance with the applicable laws in the respective jurisdictions in which they are incorporated or reincorporated as of the Effective Date, and pursuant to the New Spectrum Governing Documents in the case of Reorganized Spectrum and the Reorganized Subsidiary Governing Documents in the case of the Reorganized Subsidiaries.

(b) Spectrum shall reincorporate as of the Effective Date as a corporation organized and existing under the laws of the State of Delaware. The Confirmation Order shall provide the authority for Spectrum to take all steps necessary to effect such reincorporation by conversion, merger, or any other means or transactions available under applicable law.

5.2 Certificates of Incorporation and By-laws

The certificate or articles of incorporation, by-laws, articles of organization, or operating agreement, as applicable, of each Debtor shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code and shall include, among other things, pursuant to Section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by Section 1123(a)(6) of the Bankruptcy Code; and, as amended, shall constitute the New Spectrum Governing Documents and the Reorganized Subsidiary Governing Documents. The New Spectrum Governing Documents and the Reorganized Subsidiary Governing Documents shall be in substantially the forms of such documents included in the Plan Supplement.

5.3 Exit Funding

Subject to any limitations under the Term Facility Loan Documents, the Reorganized Debtors shall be authorized to (a) enter into the Exit Facility, (b) grant any liens and security interests and incur or guaranty the indebtedness as required under the Exit Facility, and (c) issue, execute and deliver all documents, instruments and agreements necessary or appropriate to implement and effectuate all obligations under the Exit Facility and to take all other actions necessary to implement and effectuate borrowings under the Exit Facility.

On the Effective Date, the Exit Facility, together with new promissory notes and guarantees, if any, evidencing obligations of the Reorganized Debtors thereunder, and all other documents, instruments, and agreements to be entered into, delivered, or confirmed thereunder on the Effective Date, shall become effective. The new promissory notes issued pursuant to the Exit Facility and all obligations under the Exit Facility and related documents shall be paid as set forth in the Exit Facility and related documents.

5.4 Cancellation of Old Securities and Agreements

(a) On the Effective Date, except as otherwise provided for herein, (i) the Old Securities shall be deemed extinguished, cancelled and of no further force or effect, (ii) the Spectrum Notes shall be deemed surrendered in accordance with Section 7.4 of the Plan, and (iii) the obligations of the Debtors (and the Reorganized Debtors) under any agreements, indentures, or certificates of designations governing the Old Securities and any other note, bond, or indenture evidencing or creating any indebtedness or obligation with respect to the Old Securities shall be discharged in each case without further act or action under any applicable agreement, law, regulation, order, or rule and without any action on the part of the Bankruptcy Court or any Person; *provided*, *however*, that the Spectrum Notes and the Indentures shall continue in effect solely for the purposes of (x) allowing the holders of the Spectrum Notes to receive the distributions provided for Noteholder Claims hereunder, (y) allowing the Disbursing Agent to make distributions on account of the Noteholder Claims, and (z) preserving the rights of the Indenture Trustee with respect to the Indenture Trustee Expenses, including, without limitation, any indemnification rights provided by the Indentures.

(b) Subsequent to the performance by the Indenture Trustee or its agents of any duties that are required under the Plan, the Confirmation Order and/or under the terms of the Indentures, the Indenture Trustee and its agents shall be relieved of, and released from, all obligations associated with the Spectrum Notes arising under the Indentures or under other applicable agreements or law and the Indentures shall be deemed to be discharged.

5.5 Authorization and Issuance of the New Securities

(a) Reorganized Spectrum shall (i) provide for authorized capital on the Effective Date equal to 150,000,000 shares of New Common Stock; (ii) issue on the Effective Date 2,970,000 shares of New Common Stock for distribution to Supplemental DIP Facility Participants on account of the Equity Fee earned under the DIP Facility; (iii) issue on the Effective Date 27,030,000 shares of New Common Stock for distribution to holders of Allowed Noteholder Claims; and (iv) reserve for issuance the number of shares of New Common Stock necessary (excluding shares that may be issuable as a result of the antidilution provisions thereof) to satisfy the required distributions of stock options, stock appreciation rights, restricted stock, and other forms of equity-based awards granted under the New Equity Incentive Plan (excluding shares that may be issuable as a result of the antidilution provisions).

(b) The New Common Stock issued under the Plan shall be subject to dilution based upon (i) such shares of the New Common Stock as may be issued pursuant to the New Equity Incentive Plan as set forth in Section 5.6 of the Plan and (ii) any other shares of New Common Stock issued post-emergence.

(c) The issuance and distribution of the New Common Stock pursuant to the Plan to holders of Allowed Noteholder Claims and to the Supplemental DIP Facility Participants with respect to the Equity Fee shall be authorized under Section 1145 of the Bankruptcy Code as of the Effective Date without further act or action by any Person, except as may be required by the New Spectrum Governing Documents or applicable law, regulation, order or rule; and all documents evidencing same shall be executed and delivered as provided for in the Plan or the Plan Supplement.

(d) The rights of the holders of New Common Stock shall be as provided for in the New Spectrum Governing Documents, the Stockholders Agreement, and, as to certain holders, the Registration Rights Agreement (New Common Stock).

(e) On the Effective Date, Reorganized Spectrum shall authorize the New Notes in the aggregate principal amount of $218,076,405, which amount represents 20% of the Allowed Noteholder Claims. The New Notes shall be governed by the New Indenture.

(f) The issuance and distribution of the New Notes pursuant to the Plan to holders of Allowed Noteholder Claims shall be authorized under Section 1145 of the Bankruptcy Code as of the Effective Date without further act or action by any Person, except as may be required by the New Indenture or applicable law, regulation, order or rule, including, without limitation, the Trust Indenture Act of 1939, as amended; and all documents evidencing the same shall be executed and delivered as provided for in the Plan or the Plan Supplement.

(g) The rights of the holders of New Notes shall be as provided for in the New Notes, the New Indenture, and the Registration Rights Agreement (New Notes).

(h) Spectrum shall file with the Securities and Exchange Commission a "shelf" registration statement pursuant to Rule 415 covering the New Securities issued to certain Noteholders in respect of the Noteholder Claims and the New Common Stock issued to the Supplemental DIP Facility Participants on account of the Equity Fee under the DIP Facility on or immediately after the Effective Date of the Plan. Reorganized Spectrum shall use reasonable best efforts to cause the shelf registration statement to be declared effective by the Securities and Exchange Commission as promptly as reasonably practicable and keep it continuously effective until all of the securities have been sold pursuant to the "shelf" registration statement or until such securities may be sold by such Noteholders under Rule 144 of the Securities Act without the volume or manner of sale restrictions under such rule.

(i) Each holder of an Allowed Noteholder Claim receiving New Common Stock and New Notes under the Plan shall, as of the Effective Date, be deemed to (i) have consented to the terms of the Registration Rights Agreement (New Common Stock) and Registration Rights Agreement (New Notes), each as applicable; and (ii) have consented to the terms of and to be a party to the Stockholders Agreement. Each Supplemental DIP Facility Participant receiving the Equity Fee under the Plan shall, as of the Effective Date, be deemed to (i) have consented to the terms of the Registration Rights Agreement (New Common Stock); and (ii) have consented to the terms of and be a party to the Stockholders Agreement.

(j) As of the Effective Date, Reorganized Spectrum shall continue to make periodic filings pursuant to the Securities Exchange Act of 1934.

5.6 New Equity Incentive Plan; Further Participation in Incentive Plans

(a) On the Effective Date, Reorganized Spectrum shall be authorized and directed to establish and implement the New Equity Incentive Plan on the Effective Date for up to 10% (approximately 3,333,333 shares) of the total amount of New Common Stock issued or reserved for issuance on the Effective Date. Awards granted thereunder may be in the form of stock options, stock appreciation rights, restricted stock, and other forms of equity-based awards. The New Equity Incentive Plan shall be promulgated by the New Board, or a committee designated by the New Board, for the benefit of such members of management, employees, and directors of the Reorganized Debtors and any of Reorganized Spectrum's subsidiaries as are designated by the New Board, or a committee designated by the New Board, in its sole and absolute discretion, on such terms as to timing of issuance, manner and timing of vesting, duration, individual entitlement and all other terms, as such terms are determined by the New Board, in its sole and absolute discretion. The New Equity Incentive Plan may be amended or modified from time to time by the New Board. No members of management, employees, or directors of Reorganized Spectrum and its subsidiaries who are entitled to receive awards pursuant to the New Equity Incentive Plan shall be obligated to participate in such plan.

(b) Any pre-existing understandings, either oral or written, between the Debtors and any member of management, any employee, or any other Person as to entitlement to (i) any pre-existing equity or equity-based awards or (ii) participate in any pre-existing equity incentive plan, equity ownership plan or any other equity-based plan shall be null and void as of the Effective Date and shall not be binding on Reorganized Spectrum on or following the Effective Date. All decisions as to entitlement to participate after the Effective Date in any equity or equity-based plans shall be within the sole and absolute discretion of the New Board or a committee designated by the New Board.

5.7 Directors and Officers of Reorganized Debtors

(a) The New Board shall consist of individuals nominated by each of the Debtors and the Negotiating Noteholders and announced in the Plan Supplement. The election of those individuals to the New Board shall be approved by Spectrum's current board of directors and the Bankruptcy Court. Thereafter, the New Board shall serve in accordance with the New Spectrum Governing Documents.

(b) The officers of Spectrum shall continue to serve in their same respective capacities after the Effective Date for Reorganized Spectrum until replaced or removed in accordance with the New Spectrum Governing Documents.

(c) The existing directors and officers of the Subsidiary Debtors shall continue to serve in their same respective capacities after the Effective Date for the Reorganized Subsidiaries until replaced or removed in accordance with the Reorganized Subsidiary Governing Documents.

5.8 Revesting of Assets

Except as otherwise provided herein, the property of each Debtor's Estate, together with any property of each Debtor that is not property of its Estate and that is not specifically disposed of pursuant to the Plan, shall revest in the applicable Reorganized Debtor on the Effective Date. Thereafter, each Reorganized Debtor may operate its business and may use, acquire, and dispose of such property

free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, and the Bankruptcy Court. Except as specifically provided in the Plan or the Confirmation Order, as of the Effective Date, all property of each Reorganized Debtor shall be free and clear of all Claims and Interests.

5.9 Restructuring Transactions

(a) On, as of, or after the Effective Date, with the consent of its Board of Directors, each of the Reorganized Debtors may take such actions as may be necessary or appropriate to effect a corporate or operational restructuring of their respective businesses, to otherwise simplify the overall corporate or operational structure of the Reorganized Debtors, to achieve corporate or operational efficiencies, or to otherwise improve financial results; provided, however, that such actions are not otherwise inconsistent with the Plan, the distributions to be made under the Plan, the Term Facility Loan Documents, or the Exit Facility. Such actions (i) may include such mergers, consolidations, restructurings, dispositions, liquidations, closures, or dissolutions, as may be determined by the Reorganized Debtors to be necessary or appropriate, and (ii) shall be in accordance with any applicable state law, except to the extent the Bankruptcy Code, the Plan, or any document in the Plan Supplement exempts such transactions from applicable state law including, without limitation, as specified in Sections 5.1(b), 5.13 and 5.14 of the Plan.

(b) The Reorganized Debtors shall be authorized (but not required) to implement, in whole or in part, at their sole discretion, a corporate restructuring or rationalization of certain entities or intercompany obligations. Such restructuring or rationalization may include taking one or more of the following actions on or after the Effective Date: (i) the restructuring of the ownership of United Pet Group, Inc., with the result that Spectrum Brands Inc. may become the direct owner of United Pet Group, Inc.; (ii) the restructuring of the ownership of Tetra Holding (US), Inc. and United Pet Group, Inc. to create a combined U.S. Global Pet Supplies business group; (iii) the merger, liquidation or consolidation of certain companies now or hereafter owned directly or indirectly by United Pet Group, Inc., including Southern California Foam, Inc., Aquarium Systems, Inc., Perfecto Manufacturing, Inc. and Aquaria, Inc. and, in the event that clause (ii) is implemented and results in United Pet Group, Inc. directly owning it, Tetra Holding (US), Inc; and (iv) certain restructuring of existing intercompany loans between the Debtors and their foreign subsidiaries, including certain existing intercompany loans between ROV Holding, Inc. and Spectrum Brands Holding B.V.; *provided*, *however*, that such actions are not otherwise inconsistent with the Plan, the distributions to be made under the Plan, the Term Facility Loan Documents, or the Exit Facility. Any such actions shall be in accordance with any applicable state law, except to the extent the Bankruptcy Code, the Plan, or any document in the Plan Supplement exempts such transactions from applicable state law including, without limitation, as specified in Sections 5.1(b), 5.13 and 5.14 of the Plan. Upon entry of the Confirmation Order, the Debtors (with the consent of each of the Negotiating Noteholders prior to the Effective Date) shall be authorized to take such steps as may be necessary prior to the Effective Date to prepare to implement any or all of such actions on or after the Effective Date.

5.10 Indemnification of Debtors' Directors, Officers, and Employees; Insurance

(a) Upon the Effective Date, the New Spectrum Governing Documents and the Reorganized Subsidiary Governing Documents shall contain provisions which, to the fullest extent permitted by applicable law, (i) eliminate the personal liability of the Debtors' directors, officers, and key employees serving before, on, and after the Petition Date and the Reorganized Debtors' directors, officers, and key employees serving on and after the Effective Date for monetary damages; and (ii) require such Reorganized Debtor, subject to appropriate procedures, to indemnify those of the Debtors' directors, officers, and key employees serving prior to, on, or after the Effective Date for all claims and actions, including, without limitation, for pre-Effective Date acts and occurrences.

(b) The Debtors or the Reorganized Debtors, as the case may be, shall purchase and maintain director and officer insurance coverage in the amount of $65,000,000, and for a tail period of six (6) years, for those Persons covered by any such policies in effect during the pendency of the Chapter 11 Case, continuing after the Effective Date, insuring such Persons in respect of any claims, demands, suits, causes of action, or proceedings against such Persons based upon any act or omission related to such Person's service with, for, or on behalf of the Debtors (whether occurring before or after the Petition Date). Such policy shall be fully paid and noncancellable.

5.11 Preservation of Rights of Action; Resulting Claim Treatment

Except as otherwise provided in the Plan, the Confirmation Order, or the Plan Supplement, and in accordance with Section 1123(b) of the Bankruptcy Code, on the Effective Date, each Debtor or Reorganized Debtor shall retain all of their respective Litigation Rights that such Debtor or Reorganized Debtor may hold against any Person. Each Debtor or Reorganized Debtor shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) all such Litigation Rights.

5.12 Effectuating Documents; Further Transactions

Any chief executive officer, president, chief financial officer, general counsel or any other appropriate officer of Reorganized Spectrum, or of any applicable Reorganized Subsidiary, as the case may be, shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Any secretary or assistant secretary of Reorganized Spectrum, or any applicable Reorganized Subsidiary, as the case may be, shall be authorized to certify or attest to any of the foregoing actions.

5.13 Exemption From Certain Transfer Taxes

Pursuant to Section 1146(a) of the Bankruptcy Code, any transfers from a Debtor to a Reorganized Debtor or any other Person pursuant to the Plan in the United States, including any Liens granted by a Debtor or a Reorganized Debtor to secure the Exit Facility, shall not be taxed under any law imposing a stamp tax, real estate transfer tax, sales or use tax, or other similar tax. Such exemption specifically applies, without limitation, to all documents necessary to evidence and implement distributions under the Plan, including the documents contained in the Plan Supplement and all documents necessary to evidence and implement any of the transactions and actions described in the Plan or the Plan Supplement including, without limitation, those described in Sections 5.1 and 5.9 of the Plan.

5.14 Corporate Action

On the Effective Date, the adoption and filing of the New Spectrum Governing Documents and all actions contemplated by the Plan shall be authorized and approved in all respects pursuant to the Plan. All matters provided for herein involving the corporate structure of the Debtors or Reorganized Debtors, and any corporate action required by the Debtors or Reorganized Debtors in connection with the Plan, shall be deemed to have occurred and shall be in effect, without any requirement of further action by the stockholders of the Debtors or Reorganized Debtors. On the Effective Date, the appropriate chief executive officer, president, chief financial officer, general counsel, or any other appropriate officer or director of the Reorganized Debtors are authorized and directed to issue, execute and deliver the agreements, documents, securities, and instruments contemplated by the Plan in the name of and on behalf of the Reorganized Debtors without the need for any required approvals, authorizations, or consents except for express consents required under the Plan.

5.15 Plan Supplement

The Plan Supplement shall be filed with the Clerk of the Bankruptcy Court at least five (5) Business Days prior to the date of the commencement of the Confirmation Hearing. Upon such filing, all documents included in the Plan Supplement may be inspected via the Bankruptcy Court's electronic filing system or at http://www.loganandco.com. Holders of Claims or Interests may obtain a copy of any document included in the Plan Supplement upon written request in accordance with Section 10.16 of the Plan.

5.16 Rights of Negotiating Noteholders

Whenever the Plan requires the consent or approval of any of the Negotiating Noteholders, or grants any of the Negotiating Noteholders a right to be satisfied, each Negotiating Noteholder having such rights of consent, approval or satisfaction shall be determined, and such rights shall be construed, as set forth in that certain Restructuring Support Agreement (as amended from time to time in accordance with the terms thereunder) entered into by and among each of the Negotiating Noteholders and the Debtors.

ARTICLE VI

TREATMENT OF CONTRACTS AND LEASES

6.1 Assumed Contracts and Leases

(a) Except as otherwise provided in the Plan (including, without limitation, Section 6.4), the Confirmation Order, or the Plan Supplement, as of the Effective Date, (i) any contract or lease to which a Debtor is a party as of the Petition Date shall be deemed to be and treated as though it is an executory contract or unexpired lease, as applicable, subject to Section 365 of the Bankruptcy Code; and (ii) each Debtor shall be deemed to have assumed such contracts and leases to which it is a party unless such contract or lease (x) was previously assumed or rejected upon motion by a Final Order, including, without limitation, the Final Order entered granting any Lease Rejection Motion, (y) previously expired or terminated pursuant to its own terms, or (z) is the subject of any pending motion, including to assume, to assume on modified terms, to reject or to make any other disposition filed by a Debtor on or before the Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court under Section 365(a) of the Bankruptcy Code approving the contract and lease assumptions described above, as of the Effective Date.

(b) Each contract and lease that is assumed shall include (i) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affects such contract or lease and (ii) all contracts or leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements, vaults, tunnel or bridge agreements or franchises, and any other interests in real estate or rights *in rem* related to such premises, unless any of the foregoing agreements has been rejected pursuant to an order of the Bankruptcy Court.

6.2 Payments Related to Assumption of Contracts and Leases

Any monetary amounts by which each contract and lease to be assumed pursuant to the Plan is in default shall be satisfied, under Section 365(b)(1) of the Bankruptcy Code by Cure. If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of any Reorganized Debtor to provide "adequate assurance of future performance" (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order resolving the dispute and approving the assumption; *provided*, *however*, that the Reorganized Debtors shall be authorized to reject any contract or lease to the extent the Reorganized Debtors, in the exercise of their sound business judgment, conclude that the amount of the Cure obligation as determined by such Final Order, renders assumption of such contract or lease unfavorable to the Reorganized Debtors. In the event the Reorganized Debtors so reject any previously assumed contract or lease, and such rejection gives rise to a Rejection Damages Claim, such Rejection Damages Claim arising out of such rejection shall be limited to the Allowed Rejection Damage Claim Amount.

6.3 Rejected Contracts and Leases

The Debtors reserve the right, at any time prior to the Effective Date, except as otherwise specifically provided herein, and with the consent of each of the Negotiating Noteholders, to seek to reject any contract or lease to which any Debtor is a party and to file a motion requesting authorization for the rejection of any such contract or lease. Any contracts or leases that expire by their terms prior to the Effective Date are deemed to be rejected, unless previously assumed or otherwise disposed of by the Debtors.

6.4 Compensation and Benefit Programs

(a) Except to the extent (i) otherwise provided for in the Plan, (ii) previously assumed or rejected by an order of the Bankruptcy Court entered on or before the Confirmation Date, (iii) the subject of a pending motion to reject filed by a Debtor on or before the Confirmation Date, or (iv) previously terminated, all Employee Programs in effect before the Effective Date, shall be deemed to be, and shall be treated as though they are, contracts that are assumed under the Plan. Nothing contained herein shall be deemed to modify the existing terms of Employee Programs, including, without limitation, the Debtors' and the Reorganized Debtors' rights of termination and amendment thereunder.

(b) To the extent any change of control provision contained in any Employee Program would be triggered solely as a result of the transactions contemplated by the Plan, such Employee Program shall not be assumed to the extent a waiver of the change of control provision is not executed by the employee having the benefit of such change of control provision, but otherwise shall remain in full force and effect and may be triggered as a result of any transactions occurring after the Effective Date.

(c) As of the Effective Date, any and all equity incentive plans, equity ownership plans, or any other equity-based plans entered into before the Effective Date, including Claims arising from any change of control provision therein, shall be deemed to be, and shall be treated as though they are, contracts that are rejected pursuant to Section 365 of the Bankruptcy Code under the Plan pursuant to the Confirmation Order. Any Claims resulting from such rejection shall constitute Subordinated Claims and shall be treated in accordance with Section 3.4(a) of the Plan. For the avoidance of doubt, subject to Section 6.4(b), in no event shall this Section 6.4(c) be held to impair any Employee Program.

(d) The Reorganized Debtors affirm and agree that (i) they are and will continue to be the contributing sponsor of the Rayovac Corporation Madison Hourly Retirement Plan No. 23, the Rayovac Corporation Madison Hourly Retirement Plan No. 24, the Rayovac Corporation Portage Hourly Retirement Plan No. 28, the Rayovac Corporation Fennimore Hourly Retirement Plan No. 34 and the Tetra Holding US, Inc. Retirement Plan (collectively, the "Pension Plans"), defined benefit pension plans insured by the Pension Benefit Guaranty Corporation under Title IV of the Employee Retirement Income Security Act of 1974 ("ERISA"), 29 U.S.C. §§ 1301-1461, et seq; (ii) the Pension Plans are subject to minimum funding requirements of ERISA and § 412 of the Internal Revenue Code; (iii) no provision of the Plan, the Confirmation Order, or Section 1141 of the Bankruptcy Code, shall, or shall be construed to, discharge, release, or relieve the Debtors, the Reorganized Debtors, or any other party, in any capacity, from any liability with respect to the Pension Plans under any law, governmental policy, or regulatory provision; and (iv) neither the PBGC nor the Pension Plans shall be enjoined from enforcing such liability as a result of the Plan's provisions for satisfaction, release and discharge of Claims.

6.5 Certain Indemnification Obligations

(a) Indemnification Obligations owed to those of the Debtors' directors, officers, and employees serving prior to, on, and after the Petition Date shall be deemed to be, and shall be treated as though they are, contracts that are assumed pursuant to Section 365 of the Bankruptcy Code under the Plan, and such Indemnification Obligations (subject to any defenses thereto) shall survive the Effective Date of the Plan and remain unaffected by the Plan, irrespective of whether obligations are owed in connection with a pre-Petition Date or post-Petition Date occurrence.

(b) Indemnification Obligations owed to any of the Debtors' Professionals pursuant to Sections 327 or 328 of the Bankruptcy Code and order of the Bankruptcy Court, whether such Indemnification Obligations relate to the period before or after the Petition Date, shall be deemed to be, and shall be treated as though they are, contracts that are assumed pursuant to Section 365 of the Bankruptcy Code under the Plan.

6.6 Extension of Time to Assume or Reject

Notwithstanding anything set forth in Article VI of the Plan, in the event of a dispute as to whether a contract is executory or a lease is unexpired, the right of the Reorganized Debtors to move to assume or reject such contract or lease shall be extended until the date that is thirty (30) days after entry of a Final Order by the Bankruptcy Court determining that the contract is executory or the lease is unexpired. The deemed assumption provided for in Section 6.1(a) of the Plan shall not apply to any such contract or lease, and any such contract or lease shall be assumed or rejected only upon motion of the Reorganized Debtors following the Bankruptcy Court's determination that the contract is executory or the lease is unexpired.

6.7 Claims Arising from Assumption or Rejection

(a) Except as otherwise provided in the Plan or by Final Order of the Bankruptcy Court, all (i) Allowed Claims arising from the assumption of any contract or lease shall be treated as Administrative Claims pursuant to Section 3.1(a) of the Plan; and (ii) Allowed Rejection Damages Claims shall be treated as General Unsecured Claims pursuant to and in accordance with the terms of Section 3.2(d) of the Plan.

(b) If the rejection by a Debtor, pursuant to the Plan or otherwise, of a contract or lease results in a Rejection Damages Claim, then such Rejection Damages Claim shall be forever barred and shall not be enforceable against any Debtor or Reorganized Debtor or the properties of any of them unless a Proof of Claim is filed with the clerk of the Bankruptcy Court and served upon counsel to the Reorganized Debtors and the respective counsel of each of the Negotiating Noteholders on the later of (i) thirty (30) days after entry of the order authorizing the rejection of such contract or lease and (ii) fifteen (15) days after the date designated as the rejection date in the order authorizing the rejection of such contract or lease. The Debtors reserve their rights to object to any Rejection Damages Claim.

ARTICLE VII

PROVISIONS GOVERNING DISTRIBUTIONS

7.1 Distributions for Claims Allowed as of Effective Date

Except as otherwise provided herein or as ordered by the Bankruptcy Court, all distributions to holders of Allowed Claims as of the applicable Distribution Date shall be made on or as soon as practicable after the applicable Distribution Date. The Reorganized Debtors shall have the right, in their discretion, to accelerate any Distribution Date occurring after the Effective Date if the facts and circumstances so warrant.

7.2 Distribution to Holders of Allowed Claims

(a) Except with respect to the Noteholder Claims and unless otherwise agreed to between the holder of an Allowed Claim and the Debtors (with the consent of each of the Negotiating Noteholders) or the Reorganized Debtors, as applicable, the Reorganized Debtors shall make distributions to the holders of the Allowed Claims in the same manner and to the same addresses as such payments are made in the ordinary course of the Debtors' businesses.

(b) No distributions shall be made on Disputed Claims until and unless such Disputed Claims become Allowed Claims.

(c) No reserve shall be required with respect to any Disputed Claim.

(d) On the Effective Date, distributions to holders of Allowed Noteholder Claims shall be delivered to the Indenture Trustee or, if directed by the Indenture Trustee, shall be delivered to the Disbursing Agent for distribution to the holders. Distributions of New Common Stock to Supplemental DIP Facility Participants shall be delivered to the Disbursing Agent for distribution to such participants.

(e) On or before the Effective Date, the Debtors shall, with the consent of each of the Negotiating Noteholders, designate the Person (whether Reorganized Spectrum or an independent third party) to serve as the Disbursing Agent under the Plan on mutually agreeable terms and conditions. If the Disbursing Agent is an independent third party designated to serve in such capacity, such Disbursing Agent shall receive, without further Bankruptcy Court approval, reasonable compensation for distribution services rendered pursuant to the Plan and reimbursement of reasonable out of pocket expenses incurred in connection with such services from Reorganized Spectrum. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

7.3 Calculation of Distribution Amounts of New Securities

No fractional shares of New Securities shall be issued or distributed under the Plan. Each Person entitled to receive New Securities shall receive the total number of whole shares of New Common Stock or their pro rata share in principal amount of New Notes, whichever is relevant, to which such Person is entitled. Whenever any distribution to a particular Person would otherwise call for distribution of a fraction of New Securities, the actual distribution of such New Securities shall be rounded to the next higher or lower whole number as follows: (a) fractions one-half (1/2) or greater shall be rounded to the next higher whole number and (b) fractions of less than one-half (1/2) shall be rounded to the next lower whole number. Notwithstanding the foregoing, (a) if the Person is entitled to New Common Stock and rounding to the next lower whole number would result in such Person receiving zero shares of New Common Stock, such Person shall receive one (1) share of New Common Stock; and (b) if the Person is entitled to a pro rata share in principal amount of New Notes and rounding to the next lower whole number would result in such Person receiving zero dollars worth of New Notes, such Person shall receive a New Note in the principal amount of one $1.00 (One Dollar). If two or more Persons are entitled to fractional entitlements and the aggregate amount of New Securities that would otherwise be issued to such Persons with respect to such fractional entitlements as a result of such rounding exceeds the number of whole New Securities which remain to be allocated, the Disbursing Agent shall allocate the remaining whole New Securities to such holders by random lot or such other impartial method as the Disbursing Agent deems fair. Upon the allocation of all of the whole New Securities authorized under the Plan, all remaining fractional portions of the entitlements shall be cancelled and shall be of no further force and effect. The Disbursing Agent shall have the right to carry forward to subsequent distributions any applicable credits or debits arising from the rounding described in this paragraph.

7.4 Surrender of Cancelled Spectrum Notes

As a condition precedent to receiving any distribution on account of its Allowed Claim, each record Noteholder shall be deemed to have surrendered the notes or other documentation underlying each Noteholder Claim, and all such surrendered notes and other documentation shall be deemed to be cancelled pursuant to Section 5.4 of the Plan, except to the extent otherwise provided herein.

7.5 Withholding and Reporting Requirements

In connection with the Plan and all distributions hereunder, the Disbursing Agent shall, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Disbursing Agent shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of the Plan, (a) each holder of an Allowed Claim that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution, and (b) no distribution shall be made to or on behalf of such holder pursuant to the Plan unless and until such holder has made arrangements satisfactory to the Disbursing Agent for the payment and satisfaction of such withholding tax obligations. Any property to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an undeliverable distribution to be held by the Indenture Trustee or the Disbursing Agent, as the case may be, until such time as the Disbursing Agent is satisfied with the holder's arrangements for any withholding tax obligations.

7.6 Setoffs

The Reorganized Debtors may, but shall not be required to, set off against any Claim, and the payments or other distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the holder of such Claim; *provided*, *however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such claim that the Debtors or the Reorganized Debtors may have against such holder.

7.7 Prepayment

Except as otherwise provided in the Plan, any ancillary documents entered into in connection herewith, or the Confirmation Order, the Reorganized Debtors shall have the right to prepay, without penalty, all or any portion of an Allowed Claim at any time; *provided*, *however*, that any such prepayment shall not be violative of, or otherwise prejudice, the relative priorities and parities among the Classes of Claims.

7.8 Allocation of Distributions

All distributions received under the Plan by holders of Claims shall be deemed to be allocated first to the principal amount of such Claim as determined for United States federal income tax purposes and then to accrued interest, if any, with respect to such Claim.

ARTICLE VIII

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

8.1 Conditions to Confirmation

The following are conditions precedent to the occurrence of the Confirmation Date, each of which must be satisfied or waived in accordance with Section 8.3 of the Plan:

(a) an order, in form and substance reasonably satisfactory to each of the Negotiating Noteholders, finding that the Disclosure Statement contains adequate information pursuant to Section 1125 of the Bankruptcy Code shall have been entered; and

(b) the proposed Confirmation Order shall be in form and substance reasonably satisfactory to the Debtors, each of the Negotiating Noteholders, and the agent for the lenders under the Exit Facility.

8.2 Conditions to Effective Date

The following conditions precedent must be satisfied or waived on or prior to the Effective Date in accordance with Section 8.3 of the Plan:

(a) the Confirmation Order shall have been entered in form and substance reasonably satisfactory to the Debtors, each of the Negotiating Noteholders, and the agent for the lenders under the Exit Facility, and shall, among other things:

(i) provide that the Debtors and the Reorganized Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement, and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created under or in connection with the Plan;

(ii) approve the Exit Facility in form and substance reasonably satisfactory to each of the Negotiating Noteholders;

(iii) authorize the issuance of the New Securities; and

(iv) provide that, notwithstanding Rule 3020(e) of the Bankruptcy Rules, the Confirmation Order shall be immediately effective, subject to the terms and conditions of the Plan;

(b) the Confirmation Order (in the form described in (a) above) shall not then be stayed, vacated, or reversed;

(c) the New Spectrum Governing Documents, the Reorganized Subsidiary Governing Documents, the Exit Facility, the New Equity Incentive Plan, the New Indenture, the Stockholders Agreement, the Registration Rights Agreement (New Common Stock), and the Registration Rights Agreement (New Notes) shall be in form and substance reasonably satisfactory to the Debtors, each of the Negotiating Noteholders, and the agent for the lenders under the Exit Facility, and, to the extent any of such documents contemplates execution by one or more persons, any such document shall have been executed and delivered by the respective parties thereto, and all conditions precedent to the effectiveness of each such document shall have been satisfied or waived, including, without limitation, and with respect to the New Indenture, the effectiveness of the application for qualification of the New Indenture under the Trust Indenture Act of 1939, as amended.

(d) the Reorganized Debtors shall have arranged for credit availability under the Exit Facility in amount, form, and substance reasonably satisfactory to the Debtors, each of the Negotiating Noteholders, and the agent for the lenders under the Exit Facility;

(e) all material authorizations, consents, and regulatory approvals required, if any, in connection with consummation of the Plan shall have been obtained; and

(f) all material actions, documents, and agreements necessary to implement the Plan shall have been effected or executed.

8.3 Waiver of Conditions

Each of the conditions set forth in Sections 8.1 and 8.2, with the express exception of the conditions contained in Section 8.1(a) and Sections 8.2(a)(i), (ii), and (iii), and (b), may be waived in whole or in part by the Debtors without any notice to parties in interest or the Bankruptcy Court and without a hearing, *provided*, *however*, that such waiver shall not be effective without the consent of each of the Negotiating Noteholders, which consent shall not be unreasonably withheld, and the agent for the lenders under the Exit Facility.

ARTICLE IX

RETENTION OF JURISDICTION

9.1 Scope of Retention of Jurisdiction

Under Sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order and occurrence of the Effective Date, and except as otherwise ordered by the Bankruptcy Court, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including, without limitation, jurisdiction to:

(a) with respect to Required Filed Claims or to the extent necessary with respect to Optional Filed Claims or Unfiled Claims, allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim or Interest not otherwise Allowed under the Plan (other than personal injury or wrongful death Claims, unless agreed by the holder), including, without limitation, the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims or Interests;

(b) hear and determine all applications for Professional Fees and Substantial Contribution Claims; *provided*, *however*, that from and after the Effective Date, the payment of the fees and expenses of the retained Professionals of the Reorganized Debtors shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(c) hear and determine all matters with respect to contracts or leases or the assumption or rejection of any contracts or leases to which a Debtor is a party or with respect to which a Debtor may be liable, including, if necessary and without limitation, the nature or amount of any required Cure or the liquidation or allowance of any Claims arising therefrom;

(d) effectuate performance of and payments under the provisions of the Plan;

(e) hear and determine any and all adversary proceedings, motions, applications, and contested or litigated matters arising out of, under, or related to, the Chapter 11 Case or the Litigation Rights;

(f) enter such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;

(g) hear and determine disputes arising in connection with the interpretation, implementation, consummation, or enforcement of the Plan, including, without limitation, disputes arising under agreements, documents, or instruments executed in connection with the Plan, *provided*, *however*, that any dispute arising under or in connection with the New Securities, the Exit Facility, the Term Facility Loan Documents, the New Spectrum Governing Documents, the Reorganized Subsidiary Governing Documents, the New Equity Incentive Plan, the Registration Rights Agreement (New Common Stock), the Registration Rights Agreement (New Notes), or the Stockholders Agreement shall be dealt with in accordance with the provisions of the applicable document;

(h) consider any modifications of the Plan, cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(i) issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with the implementation, consummation, or enforcement of the Plan or the Confirmation Order;

(j) enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified, or vacated;

(k) hear and determine any matters arising in connection with or relating to the Plan, the Plan Supplement, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Plan Supplement, the Disclosure Statement, or the Confirmation Order;

(l) enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Case;

(m) except as otherwise limited herein, recover all assets of the Debtors and property of the Estates, wherever located;

(n) hear and determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code;

(o) hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge;

(p) hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code; and

(q) enter a final decree closing the Chapter 11 Case.

9.2 Failure of the Bankruptcy Court to Exercise Jurisdiction

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under, or related to the Chapter 11 Case, including the matters set forth in Section 9.1 of the Plan, the provisions of this Article IX shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

ARTICLE X

MISCELLANEOUS PROVISIONS

10.1 Professional Fee Claims and Substantial Contribution Claims

All final requests for payment of Professional Fee Claims and Substantial Contribution Claims must be filed and served on the Reorganized Debtors, their counsel, and other necessary parties in interest no later than sixty (60) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to such requests for payment must be filed and served on the Reorganized Debtors, their counsel, and the requesting Professional or other entity no later than twenty (20) days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable request for payment was served.

10.2 Fees and Expenses of Negotiating Noteholders and Indenture Trustee Expenses

(a) On the Effective Date, to the extent that each of the following professionals have not been compensated pursuant to the DIP Facility, the Reorganized Debtors shall reimburse the Negotiating Noteholders the reasonable fees and expenses of each of (i) Paul, Weiss, Rifkind, Wharton & Garrison LLP and Oppenheimer, Blend, Harrison &Tate, Inc., counsel to Harbinger; (ii) Bracewell & Giuliani LLP, counsel to D. E. Shaw; (iii) Akin Gump Strauss Hauer & Feld LLP, counsel to Avenue; and (iv) Lazard Freres & Co., financial advisor to Harbinger; without the need for any of the Negotiating Noteholders to file an application or otherwise seek Bankruptcy Court approval for the payment of such professional fees and expenses.

(b) On the Effective Date, the Reorganized Debtors shall pay the Indenture Trustee Expenses without the need for the Indenture Trustee to file an application or otherwise seek Bankruptcy Court approval for the payment of the Indenture Trustee Expenses.

10.3 Dissolution of Equity Committee

Unless earlier disbanded or terminated, the Equity Committee shall continue in existence until the Confirmation Date to exercise those powers and perform those duties specified in Section 1103 of the Bankruptcy Code or permitted by order of the Bankruptcy Court. On the Confirmation Date, the Equity Committee shall be dissolved, the Equity Committee's members shall be deemed released of all their duties, responsibilities, and obligations in connection with the Chapter 11 Case or the Plan and its implementation, and the retention or employment of the Equity Committee's attorneys and other professionals shall terminate.

10.4 Payment of Statutory Fees

All fees payable pursuant to Section 1930 of Title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date. All such fees that arise after the Effective Date shall be paid by the Reorganized Debtors. The obligation of each of the Reorganized Debtors to pay quarterly fees to the Office of the United States Trustee pursuant to Section 1930 of Title 28 of the United States Code shall continue until such time as a particular Chapter 11 case is closed, dismissed or converted.

10.5 Successors and Assigns and Binding Effect

The rights, benefits, and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, personal representative, successor, or assign of such Person, including, but not limited to, the Reorganized Debtors and all other parties in interest in the Chapter 11 Case.

10.6 Compromises and Settlements

From and after the Effective Date, the Reorganized Debtors may compromise and settle various Claims against them and/or Litigation Rights and other claims that they may have against other Persons without any further approval by the Bankruptcy Court. Until the Effective Date, the Debtors expressly reserve the right to compromise and settle Claims against them and Litigation Rights or other claims that they may have against other Persons, subject to the approval of the Bankruptcy Court if, and to the extent, required.

10.7 Releases and Satisfaction of Subordination Rights

All Claims against the Debtors and all rights and claims between or among the holders of Claims relating in any manner whatsoever to any claimed subordination rights shall be deemed satisfied by the distributions under, described in, contemplated by, and/or implemented in Article III of the Plan. Distributions under, described in, contemplated by, and/or implemented by the Plan to the various Classes of Claims hereunder shall not be subject to levy, garnishment, attachment, or like legal process by any holder of a Claim by reason of any claimed subordination rights or otherwise, so that each holder of a Claim shall have and receive the benefit of the distributions in the manner set forth in the Plan.

10.8 Releases by Debtors

As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors, the Reorganized Debtors and any Person seeking to exercise the rights of the Debtors' Estates, including, without limitation, any successor to the Debtors or any Estate representative appointed or selected pursuant to Section 1123(b)(3) of the Bankruptcy Code, shall be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action (including claims or causes of action arising under Chapter 5 of the Bankruptcy Code), and liabilities whatsoever (other than for fraud, willful misconduct, or gross negligence) in connection with or related to the Debtors, the Chapter 11 Case, or the Plan (other than the rights of the Debtors and the Reorganized Debtors to enforce the Plan and the contracts, instruments, releases, indentures, and other agreements or documents delivered thereunder), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Chapter 11 Case, or the Plan, and that may be asserted by or on behalf of the Debtors, the Estates, or the Reorganized Debtors against (i) any of the other Debtors and any of the Debtors' non-Debtor subsidiaries, (ii) any of the directors, officers, and employees of any of the Debtors or any of the Debtors' non-Debtor subsidiaries serving during the pendency of the Chapter 11 Case, (iii) any Professionals of the Debtors, (iv) each of the Negotiating Noteholders, (v) any Noteholder, solely in its capacity as a Noteholder, that votes to accept the Plan, (vi) the DIP Facility Agent, (vii) the DIP Facility Lenders, (viii) the Supplemental DIP Facility Participants; (ix) the Indenture Trustee, (x) the respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel and other advisors of each of the parties identified in the foregoing (i) through (ix), but only in their capacities on behalf of such parties, and (xi) any of the successors or assigns of any of the parties identified in the foregoing (i) through (ix); *provided, however*, that nothing in this Section 10.8 shall be deemed to prohibit the Debtors or the Reorganized Debtors from asserting and enforcing any claims, obligations, suits, judgments, demands, debts, rights, causes of action or liabilities they may have against any of their employees (other than any director or officer) that is based upon an alleged breach of a confidentiality, noncompete or any other contractual or fiduciary obligation owed to the Debtors or the Reorganized Debtors.

10.9 Discharge of the Debtors

(a) Except as otherwise provided herein or in the Confirmation Order, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims of any nature whatsoever against the Debtors or any of their assets or properties and, regardless of whether any property shall have been abandoned by order of the Bankruptcy Court, retained, or distributed pursuant to the Plan on account of such Claims, upon the Effective Date, (i) the Debtors, and each of them, shall be deemed discharged and released under Section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims, including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in Section 502 of the Bankruptcy Code, whether or not (A) a Proof of Claim based upon such debt is filed or deemed filed under Section 501 of the Bankruptcy Code, (B) a Claim based upon such debt is Allowed under Section 502 of the Bankruptcy Code, (C) a Claim based upon such debt is or has been disallowed by order of the Bankruptcy Court, or (D) the holder of a Claim based upon such debt accepted the Plan, and (ii) all Spectrum Interests shall be terminated.

(b) As of the Effective Date, except as provided in the Plan or the Confirmation Order, all Persons shall be precluded from asserting against the Debtors or the Reorganized Debtors, any other or further claims, debts, rights, causes of action, claims for relief, liabilities, or equity interests relating to the Debtors based upon any act, omission, transaction, occurrence, or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as provided in the Plan or the Confirmation Order, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities against the Debtors and termination of all Spectrum Interests, pursuant to Sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtors at any time, to the extent that such judgment relates to a discharged Claim or terminated Interest.

10.10 Injunction

(a) **Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, may hold, or allege that they hold, a Claim or other debt or liability that is discharged or an Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against the Debtors, the Reorganized Debtors, and their respective subsidiaries or their property on account of any such discharged Claims, debts, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtors or the Reorganized Debtors; or (v) commencing or continuing any action, in each such case in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.**

(b) **Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons that have held, currently hold, or may hold, a Claim, obligation, suit, judgment, damage, demand, debt, right, cause of action, or liability that is released pursuant to Sections 10.7, 10.8, or 10.11 of the Plan are permanently enjoined from taking any of the following actions on account of such released Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff against any debt, liability, or obligation due to any released Person; or (v) commencing or continuing any action, in any manner, in any place, or against any Person that does not comply with or is inconsistent with the provisions of the Plan.**

(c) **Without limiting the effect of the foregoing provisions of this Section 10.10 upon any Person, by accepting distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to the Plan shall be deemed to have specifically consented to the injunctions set forth in this Section 10.10.**

10.11 Exculpation and Limitation of Liability

(a) **To the extent permitted by applicable law and approved in the Confirmation Order, none of the Debtors, the Reorganized Debtors or their respective subsidiaries, the Debtors' Professionals, the Negotiating Noteholders, any Noteholder, solely in its capacity as a Noteholder, that votes to accept the Plan, the DIP Agent, the DIP Facility Lenders, the Supplemental DIP Facility Participants, the Indenture Trustee, or any of their respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, shall have or incur any liability to any holder of a Claim or an Interest, or any other party in interest, or any of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions that are the result of fraud, gross negligence, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.**

(b) **Notwithstanding any other provision of the Plan, to the extent permitted by applicable law and approved in the Confirmation Order, no holder of a Claim or an Interest, no other party in interest, and none of their respective present or former directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, shall have any right of action against any Debtor, any Reorganized Debtor, any of its subsidiaries, any Professional of the Debtors, any of the Negotiating Noteholders, any Noteholder, solely in its capacity as a Noteholder, that votes to accept the Plan, the DIP Agent, any of the DIP Facility Lenders, Supplemental DIP Facility Participants, the Indenture Trustee, or any of their respective directors, officers, employees, members, participants, agents, representatives, partners, affiliates, counsel, other advisors, successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Case, the formulation, negotiation, or implementation of the Plan, solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for acts or omissions that are the result of fraud, gross negligence, or willful misconduct or willful violation of federal or state securities laws or the Internal Revenue Code.**

10.12 Term of Injunctions or Stays

Unless otherwise provided herein or in the Confirmation Order, all injunctions or stays provided for in the Chapter 11 Case under Sections 105 or 362 of the Bankruptcy Code or otherwise, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date.

10.13 Modifications and Amendments

The Debtors, subject to the consent of each of the Negotiating Noteholders, may alter, amend, or modify the Plan under Section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of the Plan, as defined in Section 1101(2) of the Bankruptcy Code, the Debtors may, subject to the consent of each of the Negotiating Noteholders, under Section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, *provided*, *however*, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Bankruptcy Court.

10.14 Severability of Plan Provisions

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court, at the request of any Debtor, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

10.15 Revocation, Withdrawal, or Non-Consummation

The Debtors reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if Confirmation or the Effective Date does not occur, then (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of contracts or leases effected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void, and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, any Debtor or any other Person, (ii) prejudice in any manner the rights of any Debtor or any Person, including any of the Negotiating Noteholder, in any further proceedings involving a Debtor, or (iii) constitute an admission of any sort by any Debtor or any other Person, including any of the Negotiating Noteholders.

10.16 Notices

Any notice, request, or demand required or permitted to be made or provided to or upon a Debtor or a Reorganized Debtor under the Plan shall be (a) in writing, (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii) overnight delivery service, (iv) first class mail, or (v) facsimile transmission, (c) deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, and (d) addressed as follows:

For the Debtors:

SPECTRUM BRANDS, INC.
Six Concourse Parkway, Suite 3300
Atlanta, GA 30328
Attn: John T. Wilson, Esq.
Vice President, Secretary and General Counsel
Telephone: (770) 829-6200
Fax: (770) 829-6295

with copies to:

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Four Times Square
New York, New York 10036-6522
Attn: D. J. Baker, Esq.
Telephone: (212) 735-3000
Fax: (212) 735-2000

For Harbinger:

PAUL, WEISS, RIFKIND, WHARTON & GARRISON LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Attn: Brian S. Hermann, Esq.
Telephone: (212) 373-3545
Fax: (212) 492-0545

For D. E. Shaw:

BRACEWELL & GIULIANI LLP
1177 Avenue of the Americas, 19th Floor
New York, New York 10036-2714
Attn: Mark B. Joachim, Esq.
Telephone: (212) 508-6100
Fax: (212) 508-6101

For Avenue:

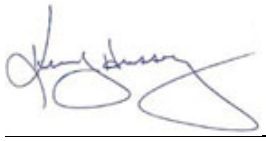
AKIN GUMP STRAUSS HAUER & FELD LLP
One Bryant Park
New York, New York 10036
Attn: Ira S. Dizengoff, Esq.
Telephone: (212) 872-1000
Fax: (212) 872-1002

10.17 Computation of Time

In computing any period of time prescribed or allowed by the Plan, the provisions of Rule 9006(a) of the Bankruptcy Rules shall apply.

Dated: April 28, 2009

Spectrum Jungle Labs Corporation
Spectrum Brands, Inc.
ROVCAL, Inc.
ROV Holding, Inc.
Tetra Holding (US), Inc.
United Industries Corporation
Schultz Company
Spectrum Neptune US Holdco Corporation
United Pet Group, Inc.
DB Online, LLC
Aquaria, Inc.
Perfecto Manufacturing, Inc.
Aquarium Systems, Inc.
Southern California Foam, Inc.

By: 

Kent J. Hussey
Chief Executive Officer
Spectrum Brands, Inc.

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miriam.marton@skadden.com

Counsel for Debtors and Debtors in Possession

EXHIBIT A-1

TO

JOINT PLAN OF REORGANIZATION OF
SPECTRUM JUNGLE LABS CORPORATION, ET AL., DEBTORS

EXHIBIT A-1

TO

JOINT PLAN OF REORGANIZATION OF
SPECTRUM JUNGLE LABS CORPORATION, ET AL., DEBTORS

Term Sheet for Stockholders Agreement[1]

Set forth below is a term sheet summarizing certain material terms of the Stockholders Agreement relating to Reorganized Spectrum Brands, Inc.

Parties:	Reorganized Spectrum Brands, Inc. (the "Company") and each of the persons (the "Stockholders") who receives common stock of the Company ("Common Stock") under the joint plan of reorganization under Chapter 11 of the Company (the "Plan").
Preemptive Rights:	If the Company issues shares of Common Stock or any other equity or equity-linked securities, any Stockholder holding more than 5.0% of the Company's outstanding Common Stock (each such person, an "Eligible Stockholder") will have the right to purchase a pro rata portion of such offering based upon its equity ownership, subject to customary exceptions.
Observer Rights:	Each Investor[2] shall have the right to appoint one non-voting observer to the Board so long as such Investor owns more than 5.0% of the outstanding Common Stock.
Inspection and Information Rights:	Each Eligible Stockholder (so long as such person or any of its controlled affiliates is not a direct competitor of the Company) will have the right (a) at its expense to visit and inspect the properties, books and records of the Company and its subsidiaries and discuss the affairs and finances of the Company and its subsidiaries with the Company's management and accountants, during normal business hours and upon reasonable notice, and (b) *inter alia*, to receive annual and quarterly consolidated financial statements of the Company, and to request the Company to arrange calls to discuss such annual or quarterly statements.
Limitation on Affiliate Transactions:	The Company and its subsidiaries shall not enter into any transaction with (i) any Stockholder or (ii) any affiliate thereof (in each case, to the extent such persons would be deemed Affiliates of the Company as defined in the Indenture relating to the New Notes (the "Indenture")) unless the Company complies with the requirements of the affiliate transaction covenant to be set forth in the Indenture *mutatis mutandis*. The transactions contemplated by the Plan shall not be subject to the foregoing restrictions.
Confidentiality:	Each Stockholder agrees to hold confidential all information

1 Certain provisions set forth herein may be moved to the Company's Certificate of Incorporation or By-laws.
2 The term "Investor" means any of the Negotiating Noteholders (as defined in the Plan).

	received from the Company or any of its subsidiaries in its capacity as a Stockholder, subject to customary exceptions.
Amendments:	The Stockholders Agreement may be amended or modified only with the consent of the Stockholders holding at least 60.0% of the total outstanding Common Stock; *provided* that (i) any amendment that adversely affects the rights or obligations of any Investor in a manner different relative to the other Investors shall require the prior written consent of such Investor, (ii) any amendment that imposes a material burden on or adversely affects a material benefit to the Company shall require the prior written consent of the Company, and (iii) any amendment that adversely affects the observer rights, inspection or information rights of any Eligible Stockholder shall require the prior written consent of such Eligible Stockholder.
Termination:	The Stockholders Agreement shall terminate upon the earlier of (i) the liquidation, dissolution or winding-up of the Company, (ii) any person other than an Investor or an affiliate thereof acquiring in excess of 50% of the total outstanding Common Stock, (iii) an Investor or an affiliate thereof acquiring 100% of the total outstanding Common Stock and (iv) the written consent of the Company and Stockholders holding at least 60.0% of the total outstanding Common Stock.

EXHIBIT A-2

TO

JOINT PLAN OF REORGANIZATION OF
SPECTRUM JUNGLE LABS CORPORATION, ET AL., DEBTORS

EXHIBIT A-2

TO

JOINT PLAN OF REORGANIZATION OF
SPECTRUM JUNGLE LABS CORPORATION, ET AL., DEBTORS

Term Sheet for Registration Rights Agreement (New Common Stock)

Set forth below is a term sheet summarizing certain material terms of the Registration Rights Agreement relating to Reorganized Spectrum Brands, Inc.

Parties:	Reorganized Spectrum Brands, Inc. (the "Company"), and each of the Negotiating Noteholders (as defined in the Plan) (such Negotiating Noteholders, collectively, "Investors").
Piggyback Registrations:	Subject to customary exceptions, whenever the Company proposes to register any of its common stock ("Common Stock") other than on a Form S-8 or Form S-4, the Company will provide notice to each Investor and any holder to whom any Investor transfers shares of Common Stock representing at least 1% of the total outstanding Common Stock of the Company (together with the Investors so long as they hold registrable equity securities of the Company, a "Holder") will be granted piggyback registration rights. In the event of any underwritten offering, the underwriter may exclude shares from registration and the underwriting, and the shares will be given priority as follows: (i) to the Company for securities it proposes to register, (ii) to each Holder requesting piggyback registration and (iii) to any other securities to be registered on behalf of any other holder.
Shelf Registration:	Promptly after the effective date of the Plan, the Company shall file a "shelf" registration statement with the SEC providing for the registration of Common Stock or other equity or equity-linked securities issued to the Investors. The Company shall use reasonable best efforts to cause the "shelf" to be declared effective by the SEC and keep it continuously effective until all of the securities have been sold pursuant to the "shelf" registration statement or until such securities may be sold by such Investor under Rule 144 of the Securities Act without the volume or manner of sale restrictions under such rule. Any Holder has the ability to request the Company to effect a takedown under the "shelf" upon notice to the Company. As long as a "shelf" registration has been filed by the Company and remains effective when the Holders make a request for registration pursuant to a piggyback registration, demand registration or registration on Form S-3, and the plan of distribution set forth in the "shelf" registration statement includes underwritten offerings, the Company will not be required to separately register any Common Stock or other registrable equity securities in response to such request, and such request will be deemed to be a request to effect a takedown from the "shelf".

Demand Registrations:	Each Investor has the right to request the Company to effect two demand registrations.
Form S-3 Registration:	After the Company is eligible to register any securities on Form S-3, each Holder will have the right to demand the Company to effect any number of registrations on Form S-3 and such registrations will not be counted as a demand registration.
Underwriting Cutbacks:	The Holder requesting a takedown under the "shelf" or demand registration or registration on Form S-3 may choose to distribute its securities in an underwritten offering by notifying the Company of such intent as a part of its request. The underwriter may limit the size of the offering and exclude shares from the registration and underwriting, and the shares that will be included will be given priority as follows: (i) to the Holders requesting inclusion of their securities on a *pari passu* basis with each other and (ii) to other holders of securities of the Company.
Holdback Agreement:	Subject to customary exceptions, in the case of an underwritten offering, if so requested by the managing underwriter, each Holder will not for a period of up to 90 days from the effectiveness of the registration statement effect any public sale of its Common Stock or any other registrable equity securities, except for those securities included in such registration.
Indemnification:	The Company and each Holder will provide customary indemnification.

EXHIBIT B

TO

JOINT PLAN OF REORGANIZATION OF
SPECTRUM JUNGLE LABS CORPORATION, ET AL., DEBTORS

EXHIBIT B

TO

JOINT PLAN OF REORGANIZATION OF
SPECTRUM JUNGLE LABS CORPORATION, ET AL., DEBTORS

Summary Description of the New Indenture and the New Notes

The following is a summary of certain terms of the New Indenture and the New Notes.

Issuer:	Reorganized Spectrum
New Notes:	The original principal amount of New Notes will be equal to 20% of the Allowed Noteholder Claims, and, as described below, may be increased following the date of original issuance of the New Notes to satisfy interest payment obligations.
Maturity Date:	10 years from the date of original issuance of the New Notes.
Interest:	Interest will accrue at a rate of 12% per year and will be paid semi-annually in arrears entirely in cash or, at Reorganized Spectrum's option, exercised semi-annually entirely by increasing the principal amount of the New Notes.
Mandatory Prepayment:	Notwithstanding anything to the contrary that will be contained in the indenture governing the New Notes, at the end of any accrual period (as defined in Section 1272(a)(5) of the Internal Revenue Code of 1986, as amended (the "Code")) ending after the fifth anniversary of the issuance of the New Notes in which, but for this paragraph (x) the aggregate amount of accrued and unpaid original issue discount (as defined in Section 1273(a)(1) of the Code) on the New Notes would exceed (y) an amount equal to the product of (A) the issue price (as defined in Sections 1273(b) and 1274(a) of the Code) of the New Notes multiplied by (B) the yield to maturity (interpreted in accordance with Section 163(i) of the Code) of the New Notes, Reorganized Spectrum will pay at the end of each such accrual period without premium or penalty the minimum amount of principal plus accrued interest on the New Notes necessary to prevent any of the accrued and unpaid interest and original issue discount on the New Notes from being disallowed or deferred as a deduction under Section 163(e)(5) of the Code to Reorganized Spectrum.
Guarantees:	Obligations under the New Notes will be guaranteed on a senior subordinated basis by all of Reorganized Spectrum's United States' subsidiaries (such subsidiaries being the "Guarantors"). Newly created or acquired United States' subsidiaries of Reorganized Spectrum will be required to become Guarantors.
Ranking:	The New Notes will be subordinate to existing and future senior debt of Reorganized Spectrum, including (x) the Credit Agreement dated as of March 30, 2007, by and among Spectrum, Goldman Sachs Credit Partners L.P., and others and (y) the Exit Facility.

Redemption:	Reorganized Spectrum may not optionally redeem the New Notes before the date that is three years after issuance of the New Notes. The New Notes may be redeemed at a redemption premium of (a) 106% after three years from issuance, (b) 103% after four years from issuance, and (c) 100% after five years from issuance. Reorganized Spectrum will not be required to redeem the New Notes, except (1) in connection with a change of control,(2) from the net proceeds of certain asset sales, and (3) as further described in the "Mandatory Prepayment" section above, if necessary to prevent any of the accrued and unpaid interest and original issue discount on the New Notes from being limited as a deduction under the "AHYDO" (applicable high yield discount obligation) rules.
Change of Control:	In the event of a change of control of Reorganized Spectrum, Reorganized Spectrum will offer to repurchase the New Notes for cash equal to 101% of the aggregate principal amount of the New Notes repurchased.
Indebtedness:	Reorganized Spectrum and its restricted subsidiaries will be subject to certain restrictions on the incurrence of indebtedness and the issuance of preferred stock. Reorganized Spectrum will not be permitted to incur any indebtedness that is subordinate in right of payment to any senior debt of Reorganized Spectrum unless it is pari passu or subordinate in right of payment to the New Notes to the same extent. No Guarantor will be permitted to incur any indebtedness that is subordinate in right of payment to the senior debt of such Guarantor unless it is pari passu or subordinate in right of payment to such Guarantor's New Note guarantee to the same extent.
Liens:	The New Notes will be issued as unsecured obligations of Reorganized Spectrum. Reorganized Spectrum may not incur liens securing indebtedness, other than certain permitted liens including liens (a) in favor of Reorganized Spectrum or any of its restricted subsidiaries, (b) existing on the property of an entity at the time such entity is merged or consolidated with Reorganized Spectrum or any of its restricted subsidiaries, (c) existing on property at the time it is acquired by Reorganized Spectrum or any of its restricted subsidiaries, (d) existing on the date of original issuance of the New Notes, (e) securing certain permitted refinancing indebtedness, (f) incurred in the ordinary course of business and not exceeding $25.0 million outstanding at one time and (g) on the assets of a foreign subsidiary of Reorganized Spectrum and securing indebtedness of a foreign subsidiary of Reorganized Spectrum, unless all payments due under the New Indenture and the New Notes are secured on an equal and ratable basis with the obligations so secured until such time as such obligations are no longer secured by a lien.

Covenants:	In addition to the above described provisions on interest payments, redemption, prepayment, change of control, indebtedness and liens, the New Notes will be subject to certain other covenants consistent with those in the existing 7 3/8% senior subordinated notes indenture, including (a) requiring Reorganized Spectrum to make certain reports to holders of the New Notes, (b) restricting certain payments and dividends, (c) restrictions on entering into agreements that limit upstreaming of funds, (d) restrictions on certain mergers, consolidations or sales of assets, and (e) restrictions on affiliate transactions.
Events of Default:	The New Indenture will contain events of default, including (a) default for thirty (30) days in paying interest due, (b) default in paying principal or premium due, (c) failure to comply with covenants restricting change of control, asset sale and merger, (d) failure to comply, upon due notice, with other covenants in the New Indenture, (e) cross-default for defaults on material indebtedness, (f) failure to pay final judgments in excess of $25.0 million, (g) if any note guarantee is held in any judicial proceeding to be unenforceable or invalid and (h) certain events of bankruptcy or insolvency.
Registration:	The New Notes are being issued in reliance on the exemption from registration provided by Section 1145 of the Bankruptcy Code and will not be registered with the Commission at the time of issuance. Upon Reorganized Spectrum's emergence from Chapter 11, Reorganized Spectrum and certain holders of the New Notes will enter into a Registration Rights Agreement (New Notes), which will, *inter alia*, provide for registration rights for certain of the Noteholders with respect to the New Notes. It is expected that a shelf registration statement with respect to the New Notes will be filed with the Commission on the date of Reorganized Spectrum's emergence from Chapter 11.

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF TEXAS
SAN ANTONIO DIVISION

In re:	)	Case No. 09-50455 (RBK)
	)	
SPECTRUM JUNGLE LABS CORPORATION, et al.,	)	*Chapter 11*
	)	
Debtors.	)	Jointly Administered

NOTICE OF HEARING TO CONSIDER CONFIRMATION OF, AND DEADLINE FOR OBJECTING TO, DEBTORS' JOINT PLAN OF REORGANIZATION

TO ALL PERSONS AND ENTITIES WITH CLAIMS AGAINST AND INTERESTS IN ANY OF THE FOLLOWING DEBTORS:

Debtor	Address	Tax I.D.
Aquaria, Inc.	6144 Condor Drive, Moorpark, CA 93021	95-2556867
Aquarium Systems, Inc.	8141 Tyler Blvd., Mentor, OH 44060	34-1820457
DB Online, LLC	500 Ala Moana Boulevard, Suite 7 – 527, Honolulu, HI 96813	20-0895221
Perfecto Manufacturing, Inc.	20975 Creek Road, Noblesville, IN 46060	59-3380419
ROV Holding, Inc.	Delaware Corporate Management, Inc., 1105 N. Market St., Suite 1300, Wilmington, DE 19899	22-2423555
ROVCAL, Inc.	811 N. Kelsey Street, Visalia, CA 93291	52-2068284
Schultz Company	13260 Corporate Exchange Dr., St. Louis, MO 63044	43-0625762
Southern California Foam, Inc.	18-A Journey, Suite 130, Aliso Viejo, CA 92656	95-4236597
Spectrum Brands, Inc.	Six Concourse Parkway, Suite 3300, Atlanta, GA 30328	22-2423556
Spectrum Jungle Labs Corporation	120 Industrial Drive, Cibolo, TX 78108	26-4038384
Spectrum Neptune US Holdco Corporation	Six Concourse Parkway, Suite 3300, Atlanta, GA 30328	20-0971051
Tetra Holding (US), Inc.	3001 Commerce St., Blacksburg, VA 24060	42-1560545
United Industries Corporation	13260 Corporate Exchange Dr., St. Louis, MO 63044	43-1025604
United Pet Group, Inc.	7794 Five Mile Road, Suite 190, Cincinnati, OH 45230	11-2392851

PLEASE TAKE NOTICE THAT:

1. On February 3, 2009, each of the above-named entities (collectively, the "Debtors") commenced a voluntary case under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the Western District of Texas, San Antonio Division (the "Bankruptcy Court").

2. The Debtors have filed their Disclosure Statement with Respect to Joint Plan of Reorganization of Spectrum Jungle Labs Corporation, et al., Debtors (the "Disclosure Statement") and their Joint Plan of Reorganization of Spectrum Jungle Labs Corporation, et al., Debtors (the "Plan"). On April 15, 2009, the Bankruptcy Court entered an order approving the Disclosure Statement.

3. On April 17, 2009, the Bankruptcy Court entered an order (a) determining dates, forms and procedures applicable to the plan solicitation and noticing process; (b) approving vote tabulation procedures; (c) establishing the deadline for filing objections to the Plan and scheduling the hearing to consider confirmation of the Plan; and (d) granting other related relief (the "Solicitation Procedures Order").

4. Copies of the Disclosure Statement, the Plan, and the Solicitation Procedures Order are available (a) at http://www.loganandco.com; (b) on the Bankruptcy Court's CM/ECF website, https://ecf.txwb.uscourts.gov/; or (c) by mail upon telephonic or written request to Logan & Company, Inc., 546 Valley Road, Upper Montclair, New Jersey 07043, Telephone: (973) 509-3190.

5. A hearing to consider confirmation of the Plan will commence on June 15, 2009 at 10:00 a.m. (Central Time), continuing as necessary on June 16, 2009 at 9:30 a.m. (Central Time), June 22, 2009 at 10:00 a.m. (Central Time), June 23, 2009 at 9:30 a.m. (Central Time), and June 24, 2009 at 9:30 a.m. (Central Time), before the Honorable Ronald B. King, Judge of the Bankruptcy Court, Hipolito F. Garcia Federal Building and United States Courthouse, 615 East Houston Street, Courtroom No. 3, Fifth Floor, San Antonio, Texas 78205. The hearing may be adjourned from time to time by announcement in open court.

6. No later than May 29, 2009, at 4:00 p.m. (Central Time), all objections to confirmation of the Plan must be (a) filed with the Clerk of the Bankruptcy Court via the Bankruptcy Court's electronic filing procedures, and (b) received by (i) D. J. Baker, Skadden, Arps, Slate, Meagher & Flom LLP, Four Times Square, New York, New York 10036, Fax: (212) 735-2000, E-mail:

dj.baker@skadden.com; (ii) William B. Kingman, Law Offices of William B. Kingman, P.C., 4040 Broadway, Suite 450, San Antonio, Texas 78209, Fax: (210) 821-1114, E-mail: bkingman@kingmanlaw.com; and (iii) Harry A. Perrin, Vinson & Elkins LLP, First City Tower, 1001 Fannin Street, Suite 2500, Houston, Texas 77002, Fax: (713) 758-2346, E-mail: hperrin@velaw.com. The objections must be in writing, must state the name and address of the objecting party and the nature of the claim or interest of such party, and must state with particularity the basis and nature of any objection to or proposed modification of the Plan, including any suggested language to be added or existing language to be amended or deleted. Objections not timely filed and served in the manner set forth above shall not be considered and shall be deemed overruled.

7. The Plan may be modified, if necessary, prior to, during, or as a result of the confirmation hearing, without further notice.

Dated: April 28, 2009

D. J. Baker (Texas Bar No. 01566500)
Adam S. Ravin
Miriam H. Marton
SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP
Four Times Square
New York, New York 10036-6522
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D. Bobbitt Noel, Jr. (Texas Bar No. 15056500)
VINSON & ELKINS LLP
First City Tower, 1001 Fannin Street, Suite 2500
Houston, Texas 77002
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Email: hperrin@velaw.com, bnoel@velaw.com

Counsel for Debtors and Debtors in Possession

Spectrum Brands, Inc.
6 Concourse Parkway
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Atlanta, GA 30328
(770) 829-6200 phone
(770) 393-4515 fax

April 28, 2009

To our Voting Creditors and Other Interested Parties:

Spectrum Brands, Inc. and its domestic subsidiaries, including lead filer Spectrum Jungle Labs Corporation (collectively, the "Company"), are pleased to present for your consideration the Joint Plan of Reorganization of Spectrum Jungle Labs Corporation, et al, Debtors (the "Plan").

As you know, the Company filed for relief under Chapter 11 of the United States Bankruptcy Code on February 3, 2009 (the "Petition Date") in the United States Bankruptcy Court for the Western District of Texas (the "Bankruptcy Court"). The motivation for the filing was to implement a refinancing of the Company's public note obligations and to thereby significantly reduce (by one-third) the Company's outstanding debt. This refinancing is memorialized in the Plan, which also sets forth the entire blueprint for the Company's emergence from bankruptcy. The Plan is the product of negotiations with noteholders representing, in the aggregate, approximately 70% of the face value of the Company's outstanding notes (the "Negotiating Noteholders"). If the Plan is confirmed, the Company expects to emerge from bankruptcy as a financially healthier company with an ability to expand its market share and invest in additional growth opportunities.

The Bankruptcy Court will decide whether or not to confirm the Plan at a hearing scheduled to commence on June 15, 2009 and to continue as necessary on June 16, 22, 23 and 24, 2009 (the "Confirmation Hearing"). Before the Confirmation Hearing, our noteholders will have the opportunity to vote to accept or reject the Plan. In addition, on a provisional basis pending a determination by the Bankruptcy Court as to whether their claims are unimpaired by the Plan, our senior secured term lenders will also be permitted to vote. Because of the treatment afforded under the Plan to other claims and to equity interests, no other creditors or parties in interest are entitled to vote on the Plan.

THE NEGOTIATING NOTEHOLDERS INCLUDE EACH OF (I) HARBINGER CAPITAL PARTNERS MASTER FUND I, LTD. AND HARBINGER CAPITAL PARTNERS SPECIAL SITUATIONS FUND, L.P., (II) D. E. SHAW LAMINAR PORTFOLIOS, L.L.C., AND (III) AVENUE INTERNATIONAL MASTER L.P., AVENUE INVESTMENTS, L.P., AVENUE SPECIAL SITUATIONS FUND V, L.P., AVENUE SPECIAL SITUATIONS FUND IV, L.P., AND AVENUE-CDP GLOBAL OPPORTUNITIES FUND, L.P.

EACH OF THE NEGOTIATING NOTEHOLDERS SUPPORTS THE PLAN AND ENCOURAGES ALL VOTING CREDITORS TO VOTE TO ACCEPT THE PLAN.

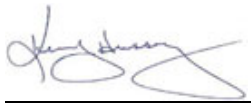
Accompanying this letter is the official notice of the confirmation hearing date and objection deadline, followed by the court-approved disclosure statement related to the Plan (the "Disclosure Statement"), which includes a copy of the Plan as Appendix A. The Disclosure Statement and the Plan describe the manner in which the Company proposes to satisfy your claims. The Plan provides that each holder of an allowed noteholder claim, including each of the Negotiating Noteholders, will receive in respect of its allowed noteholder claim its pro rata share of new common stock and new notes in the reorganized Company. The foregoing treatment would yield an estimated recovery of 55-70% to holders of such claims. As indicated above, the bankruptcy was intended to implement the refinancing of our public note obligations, and not to restructure the Company's other debt. Accordingly, the Plan proposes to reinstate our obligations to our senior secured term lenders. Similarly, it does not propose to impact our other secured and general unsecured creditors. Instead, if the Plan is confirmed, the Company will provide compensation and benefits to its employees as usual, honor all obligations to its customers, and pay suppliers in full for their allowed claims. Combined with the significant reduction in the Company's public debt, this payment-in-full aspect is intended to preserve the Company's valuable operational relationships for the benefit of all of our stakeholders, including our noteholders, who will be our new owners. Our currently over-leveraged condition unfortunately renders our existing public shareholders "out of the money" and requires cancellation of their equity interests, a consequence of the Bankruptcy Code's absolute priority rule in our situation.

If you are entitled to vote on the Plan, you will receive one or more ballots. *You should read the Disclosure Statement and the Plan carefully before casting your vote*.

THE COMPANY BELIEVES THAT THE PLAN IS THE BEST AVAILABLE ALTERNATIVE FOR ALL STAKEHOLDERS. THEREFORE, THE COMPANY STRONGLY URGES ALL VOTING CREDITORS TO VOTE TO ACCEPT THE PLAN.

PLEASE NOTE THAT THE BALLOTS MUST BE RECEIVED BY THE APPLICABLE VOTING AGENT, AS IDENTIFIED ON THE BALLOTS, NO LATER THAN 4:00 PM CENTRAL TIME ON MAY 29, 2009. IT IS OF THE UTMOST IMPORTANCE TO THE COMPANY THAT YOU VOTE PROMPTLY TO ACCEPT THE PLAN.

Additional information about voting procedures and instructions is contained on the ballot as well as in the Disclosure Statement under Article III (PLAN VOTING INSTRUCTIONS AND PROCEDURES) and Article XII (THE SOLICITATION; VOTING PROCEDURES).



By: _____
Kent J. Hussey
Chief Executive Officer
Spectrum Brands, Inc.

Exhibit 99.T3E.5

HARBINGER CAPITAL PARTNERS
CLASS 7 NOTEHOLDER OF SPECTRUM BRANDS, INC.

April 28, 2009

To: Class 7 Noteholders of Spectrum Brands, Inc.

Re: Joint Plan of Reorganization of Spectrum Jungle Labs Corporation, et al.

Dear Fellow Noteholder:

Spectrum Jungle Labs Corporation, Spectrum Brands, Inc. ("Spectrum") and certain of their affiliates (collectively, the "Debtors") filed chapter 11 petitions in the United States Bankruptcy Court for the Western District of Texas on February 3, 2009. As one of Spectrum's largest noteholders, Harbinger Capital Partners, just prior to the commencement of the Debtors' bankruptcy cases, entered into a Restructuring Support Agreement (the "RSA") with the Debtors, as did two other large noteholders, D.E. Shaw and Avenue Capital, collectively holders of in excess of 70% of the outstanding principal amount of Spectrum's unsecured notes (collectively, the "Supporting Noteholders"), pursuant to which each of the Supporting Noteholders agreed to vote in favor of, and support confirmation of, the Debtors' Joint Plan of Reorganization (the "Plan"), subject to the terms and conditions of the RSA.

You are being asked to cast your ballot to vote for or against the Debtors' Plan, a copy of which is enclosed herewith. Also enclosed is a copy of the Disclosure Statement dated April 14, 2009 (the "Disclosure Statement") with respect to the Plan. Harbinger urges you to review the Disclosure Statement and the Plan in considering whether to vote for or against the Plan.

Harbinger and its advisors have carefully reviewed both the Plan and the Disclosure Statement and it is Harbinger's considered view that the Plan is the best available means for the Debtors to reorganize in a way that maximizes noteholder recoveries. For that reason, Harbinger believes that approval of the Plan is in the best interests of the Debtors, the noteholders and the Debtors' other creditors.

ACCORDINGLY, HARBINGER STRONGLY URGES ALL NOTEHOLDERS TO VOTE IN FAVOR OF THE PLAN BY COMPLETING THE BALLOT AND TIMELY SUBMITTING IT IN THE MANNER INDICATED IN THE ENCLOSED DOCUMENTS.

Your vote is important. Harbinger urges you to follow the instructions for voting and to return your ballot promptly. A ballot and return envelope are enclosed. Only those ballots received by 4:00 p.m., Eastern Time, on May 29, 2009 will be counted. Questions regarding voting procedures may be addressed to Financial Balloting Group LLC, 757 Third Avenue, 3rd Floor, New York, NY 10017, (646) 282-1800, Attention: Spectrum Jungle Labs Corporation.

Very truly yours,

Harbinger Capital Partners

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM T-1

STATEMENT OF ELIGIBILITY UNDER
THE TRUST INDENTURE ACT OF 1939 OF A
CORPORATION DESIGNATED TO ACT AS TRUSTEE

Check if an Application to Determine Eligibility of
a Trustee Pursuant to Section 305(b)(2)

U.S. BANK NATIONAL ASSOCIATION

(Exact name of Trustee as specified in its charter)

31-0841368
I.R.S. Employer Identification No.

800 Nicollet Mall
Minneapolis, Minnesota — 55402
(Address of principal executive offices) — **(Zip Code)**

Richard Prokosch
U.S. Bank National Association
60 Livingston Avenue
St. Paul, MN 55107
(651) 495-3918
(Name, address and telephone number of agent for service)

Spectrum Brands, Inc.
(Issuer with respect to the Securities)

Wisconsin — 22-2423556
(State or other jurisdiction of incorporation or organization) — **(I.R.S. Employer Identification No.)**

Six Concourse Parkway, Suite 3300
Atlanta, Georgia — 30328
(Address of Principal Executive Offices) — **(Zip Code)**

12% Senior Subordinated Toggle Notes due 2019
(Title of the Indenture Securities)

FORM T-1

Item 1. **GENERAL INFORMATION.** Furnish the following information as to the Trustee.

a) *Name and address of each examining or supervising authority to which it is subject.*

Comptroller of the Currency
Washington, D.C.

b) *Whether it is authorized to exercise corporate trust powers.*

Yes

Item 2. **AFFILIATIONS WITH OBLIGOR.** *If the obligor is an affiliate of the Trustee, describe each such affiliation.*

None

Item 3. *Item 3 is not applicable to the best of the Trustee's knowledge.*

Item 4. **TRUSTEESHIPS UNDER OTHER INDENTURES.** *If the Trustee is a trustee under another indenture under which any other securities, of certificate or interest or participation in any other securities, of the obligor are outstanding, furnish the following:*

(a) *Title of the Securities outstanding under each such other indenture; and*

U.S. Bank National Association ("U.S. Bank") serves as indenture trustee for the: (i) 8 -1/2% Senior Subordinated Notes Due 2013 (the "8-1/2% Notes") issued pursuant to that certain indenture dated September 30, 2003; (ii) the 7-3/8% Senior Subordinated Notes due 2015 (the "7-3/8% Notes") issued pursuant to that certain Indenture dated February 7, 2005; and (iii) the Company's Variable Rate Toggle Senior Subordinated Notes due 2013 issued pursuant to that certain Indenture dated March 30, 2007 (the "Variable Rate Notes") (Collectively, the 8-1/2% Notes, the 7 3/8% Notes and the Variable Rate Notes shall be referred to hereinafter as the "Spectrum Notes").

(b) *A brief statement of the facts relied upon as a basis for the claim that no conflicting interest within the meaning of Section 310(b)(1) of the Act arises as a result of the trusteeship under any such other indenture, including a statement as to how the indenture securities will rank as compared with the securities issued under such other indenture.*

First, all of the Spectrum Notes are pari passu in right of payment. Second, all of the Spectrum Notes will be cancelled pursuant to a plan of reorganization (the "Plan") under Chapter 11 of the Bankruptcy Code prior to the issuance of the 12% Senior Subordinated Toggle Notes due 2019 (the "New Notes") to which this Form T-1 applies.

Items 5-15. *Items 5-15 are not applicable to the best of the Trustee's knowledge.*

Item 16. **LIST OF EXHIBITS:** *List below all exhibits filed as a part of this statement of eligibility and qualification.*

1. A copy of the Articles of Association of the Trustee.*
2. A copy of the certificate of authority of the Trustee to commence business.*
3. A copy of the certificate of authority of the Trustee to exercise corporate trust powers.*
4. A copy of the existing bylaws of the Trustee.**
5. A copy of each Indenture referred to in Item 4. Not applicable.
6. The consent of the Trustee required by Section 321(b) of the Trust Indenture Act of 1939, attached as Exhibit 6.
7. Report of Condition of the Trustee as of December 31, 2008 published pursuant to law or the requirements of its supervising or examining authority, attached as Exhibit 7.

* Incorporated by reference to Exhibit 25.1 to Amendment No. 2 to registration statement on S-4, Registration Number 333-128217 filed on November 15, 2005.
** Incorporated by reference to Exhibit 25.1 to registration statement on S-4, Registration Number 333-145601 filed on August 21, 2007.

SIGNATURE

Pursuant to the requirements of the Trust Indenture Act of 1939, as amended, the Trustee, U.S. BANK NATIONAL ASSOCIATION, a national banking association organized and existing under the laws of the United States of America, has duly caused this statement of eligibility and qualification to be signed on its behalf by the undersigned, thereunto duly authorized, all in the City of St. Paul, State of Minnesota on the 22nd of April, 2009.

By: /s/ Richard Prokosch
Richard Prokosch
Vice President

By: /s/ Raymond Haverstock
Raymond Haverstock
Vice President

Exhibit 6

CONSENT

In accordance with Section 321(b) of the Trust Indenture Act of 1939, the undersigned, U.S. BANK NATIONAL ASSOCIATION hereby consents that reports of examination of the undersigned by Federal, State, Territorial or District authorities may be furnished by such authorities to the Securities and Exchange Commission upon its request therefor.

Dated: April 22, 2009

By: /s/ Richard Prokosch
Richard Prokosch
Vice President

By: /s/ Raymond Haverstock
Raymond Haverstock
Vice President

Exhibit 7
U.S. Bank National Association
Statement of Financial Condition
As of 12/31/2008

($000's)

	12/31/2008
Assets	
Cash and Balances Due From Depository Institutions	$ 8,077,564
Securities	37,455,111
Federal Funds	3,290,350
Loans & Lease Financing Receivables	180,437,040
Fixed Assets	4,522,546
Intangible Assets	12,495,040
Other Assets	15,497,940
Total Assets	**$ 261,775,591**
Liabilities	
Deposits	$ 171,980,048
Fed Funds	11,861,941
Treasury Demand Notes	0
Trading Liabilities	1,919,265
Other Borrowed Money	39,187,106
Acceptances	0
Subordinated Notes and Debentures	7,329,967
Other Liabilities	6,647,510
Total Liabilities	**$ 238,925,837**
Equity	
Minority Interest in Subsidiaries	$ 1,664,422
Common and Preferred Stock	18,200
Surplus	12,597,620
Undivided Profits	8,569,512
Total Equity Capital	**$ 22,849,754**
Total Liabilities and Equity Capital	**$ 261,775,591**

To the best of the undersigned's determination, as of the date hereof, the above financial information is true and correct.

U.S. Bank National Association

By: /s/ Richard Prokosch
Vice President

Date: April 22, 2009