

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

FORM 10-Q

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

For the quarterly period ended December 28, 2014

OR

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

For the transition period from _____ to _____

Commission File Number 001-34757

Spectrum Brands Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

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

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

53562
(Zip Code)

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

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

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

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

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

Large accelerated filer	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

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

The number of shares outstanding of the Registrant's common stock, \$.01 par value, as of February 3, 2015, was 53,247,073.

SPECTRUM BRANDS HOLDINGS, INC.
QUARTERLY REPORT ON FORM 10-Q
FOR QUARTER ENDED December 28, 2014
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

SPECTRUM BRANDS HOLDINGS, INC.
Condensed Consolidated Statements of Financial Position
December 28, 2014 and September 30, 2014
(Amounts in millions, except per share figures)

	<u>December 28, 2014</u>	<u>September 30, 2014</u>
Assets	(Unaudited)	
Current assets:		
Cash and cash equivalents	\$ 408.4	\$ 194.6
Receivables:		
Trade accounts receivable, net of allowances \$49.1 and \$48.6, respectively	489.7	439.0
Other	87.1	76.3
Inventories	701.9	624.5
Deferred income taxes	31.7	36.7
Prepaid expenses and other	69.4	63.5
Total current assets	1,788.2	1,434.6
Property, plant and equipment, net of accumulated depreciation of \$276.6 and \$264.5, respectively	419.8	428.9
Deferred charges and other	37.4	37.3
Goodwill	1,464.9	1,469.6
Intangible assets, net	2,066.7	2,091.5
Debt issuance costs	55.0	51.1
Total assets	\$ 5,832.0	\$ 5,513.0
Liabilities and Shareholders' Equity		
Current liabilities:		
Current maturities of long-term debt	\$ 105.3	\$ 96.7
Accounts payable	447.7	519.7
Accrued liabilities:		
Wages and benefits	65.4	88.1
Income taxes payable	21.7	18.5
Accrued interest	21.3	35.4
Other	160.8	157.3
Total current liabilities	822.2	915.7
Long-term debt, net of current maturities	3,310.2	2,894.1
Employee benefit obligations, net of current portion	78.3	82.0
Deferred income taxes	507.4	513.2
Other	20.2	21.2
Total liabilities	4,738.3	4,426.2
Commitments and contingencies		
Shareholders' equity:		
Common stock, \$.01 par value, authorized 200.0 shares; issued 54.7 and 54.1 shares, respectively; outstanding 53.2 and 52.7 shares	0.5	0.5
Additional paid-in capital	1,446.3	1,433.4
Accumulated deficit	(249.4)	(283.1)
Accumulated other comprehensive loss	(94.6)	(63.1)
	1,102.8	1,087.7
Less treasury stock, at cost, 1.5 and 1.4 shares, respectively	(52.7)	(44.3)
Total shareholders' equity	1,050.1	1,043.4
Noncontrolling interest	43.6	43.4
Total equity	1,093.7	1,086.8
Total liabilities and equity	\$ 5,832.0	\$ 5,513.0

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

SPECTRUM BRANDS HOLDINGS, INC.
Condensed Consolidated Statements of Operations
For the three month periods ended December 28, 2014 and December 29, 2013
(Unaudited)
(Amounts in millions, except per share figures)

	THREE MONTHS ENDED	
	2015	2014
Net sales	\$ 1,067.8	\$ 1,100.6
Cost of goods sold	697.4	717.7
Restructuring and related charges	0.2	1.7
Gross profit	370.2	381.2
Selling	159.8	164.2
General and administrative	68.3	73.0
Research and development	11.2	10.8
Acquisition and integration related charges	8.1	5.5
Restructuring and related charges	7.2	2.8
Total operating expenses	254.6	256.3
Operating income	115.6	124.9
Interest expense	44.4	57.0
Other expense, net	0.7	0.8
Income from continuing operations before income taxes	70.5	67.1
Income tax expense	20.5	12.7
Net income	50.0	54.4
Less: Net income attributable to non-controlling interest	0.2	0.1
Net income attributable to controlling interest	\$ 49.8	\$ 54.3
Basic earnings per share:		
Weighted average shares of common stock outstanding	52.8	52.4
Net income per share attributable to controlling interest	\$ 0.94	\$ 1.04
Diluted earnings per share:		
Weighted average shares and equivalents outstanding	53.1	52.7
Net income per share attributable to controlling interest	\$ 0.94	\$ 1.03
Cash dividends declared per common share	\$ 0.30	\$ 0.25

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

SPECTRUM BRANDS HOLDINGS, INC.
Condensed Consolidated Statements of Comprehensive Income (Loss)
For the three month periods ended December 28, 2014 and December 29, 2013
(Unaudited)
(Amounts in millions)

	THREE MONTHS ENDED	
	2015	2014
Net income	\$ 50.0	\$ 54.4
Other comprehensive income (loss), net of tax:		
Foreign currency translation loss	(34.5)	(0.2)
Unrealized gain on derivative hedging instruments	1.9	1.4
Defined benefit pension gain (loss)	1.1	—
Other comprehensive income (loss), net of tax	(31.5)	1.2
Comprehensive income	18.5	55.6
Less: Comprehensive income attributable to non-controlling interest	0.2	0.2
Comprehensive income attributable to controlling interest	\$ 18.3	\$ 55.4

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

SPECTRUM BRANDS HOLDINGS, INC.
Condensed Consolidated Statements of Cash Flows
For the three month periods ended December 28, 2014 and December 29, 2013
(Unaudited)
(Amounts in millions)

	THREE MONTHS ENDED	
	2015	2014
Cash flows from operating activities:		
Net income	\$ 50.0	\$ 54.4
Adjustments to reconcile net income to net cash used by operating activities, net of effects of acquisitions:		
Depreciation	18.4	17.9
Amortization of intangibles	20.5	20.2
Amortization of unearned restricted stock compensation	5.6	6.6
Amortization of debt issuance costs	2.5	2.6
Non-cash increase to cost of goods sold due to Tell acquisition inventory step up	0.8	—
Write off unamortized discount on retired debt	—	2.8
Write off of debt issuance costs	—	6.4
Other non-cash adjustments	4.2	1.4
Net changes in operating assets and liabilities	<u>(248.6)</u>	<u>(248.3)</u>
Net cash used by operating activities	(146.6)	(136.0)
Cash flows from investing activities:		
Purchases of property, plant and equipment	(14.2)	(15.9)
Acquisition of Tell Manufacturing, net of cash acquired	(29.2)	—
Proceeds from sales of property, plant and equipment	1.1	—
Other investing activities	<u>(0.9)</u>	<u>—</u>
Net cash used by investing activities	(43.2)	(15.9)
Cash flows from financing activities:		
Proceeds from issuance of Term Loan, net of discount	—	523.7
Proceeds from issuance of 6.125% Notes	250.0	—
Proceeds from Euro Term Loan Tranche B	185.4	—
Payment of senior credit facilities, excluding ABL revolving credit facility	—	(513.3)
Debt issuance costs	(6.1)	(4.7)
Other debt financing, net	8.5	4.1
Reduction of other debt	(1.8)	(0.5)
ABL revolving credit facility, net	—	110.0
Cash dividends paid	(15.9)	(13.2)
Treasury stock purchases	(8.5)	(4.5)
Share based tax withholding payments, net of proceeds upon vesting	<u>(1.7)</u>	<u>(24.7)</u>
Net cash provided by financing activities	409.9	76.9
Effect of exchange rate changes on cash and cash equivalents	<u>(6.3)</u>	<u>(0.5)</u>
Net increase (decrease) in cash and cash equivalents	213.8	(75.5)
Cash and cash equivalents, beginning of period	<u>194.6</u>	<u>207.3</u>
Cash and cash equivalents, end of period	<u>\$ 408.4</u>	<u>\$ 131.8</u>

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

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

1 DESCRIPTION OF BUSINESS

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

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

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

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

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

2 SIGNIFICANT ACCOUNTING POLICIES

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

These condensed consolidated financial statements have been prepared by the Company, without audit, pursuant to the rules and regulations of the Securities and Exchange Commission (“SEC”) and, in the opinion of the Company, include all adjustments (which are normal and recurring in nature) necessary to present fairly the financial position of the Company at December 28, 2014, the results of operations for the three month periods ended December 28, 2014 and December 29, 2013, the comprehensive income (loss) for the three month periods ended December 28, 2014 and December 29, 2013 and the cash flows for the three month periods ended December 28, 2014 and December 29, 2013. Certain information and note disclosures normally included in consolidated financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such SEC rules and regulations. These condensed consolidated financial statements should be read in conjunction with the audited consolidated financial statements and notes thereto included in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2014.

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

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

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

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

Shipping and Handling Costs: The Company incurred shipping and handling costs of \$64.7 and \$64.6 for the three month periods ended December 28, 2014 and December 29, 2013, respectively. These costs are included in Selling expenses in the accompanying Condensed Consolidated Statements of Operations (Unaudited). Shipping and handling costs include costs incurred with third-party carriers to transport products to customers as well as salaries and overhead costs related to activities to prepare the Company's products for shipment from its distribution facilities.

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

The Company has a broad range of customers including many large retail outlet chains, one of which accounts for a significant percentage of its sales volume. This customer represented approximately 15% and 17% of the Company's Net sales during the three month periods ended December 28, 2014 and December 29, 2013, respectively. This customer also represented approximately 10% and 14% of the Company's Trade accounts receivable, net at December 28, 2014 and September 30, 2014, respectively.

Approximately 45% and 46% of the Company's Net sales during the three month periods ended December 28, 2014 and December 29, 2013, respectively, occurred outside the U.S. These sales and related receivables are subject to varying degrees of credit, currency, political and economic risk. The Company monitors these risks and makes appropriate provisions for ability to collect based on an assessment of the risks present.

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

Total stock compensation expense associated with restricted stock units recognized by the Company during the three month periods ended December 28, 2014 and December 29, 2013 was \$5.6 and \$6.6, respectively. The remaining unrecognized pre-tax compensation cost related to restricted stock units at December 28, 2014 was \$17.1.

The Company granted approximately 0.2 million restricted stock units during the three month period ended December 28, 2014. The 0.2 million restricted stock units granted during the three months ended December 28, 2014 include 0.1 million

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

restricted stock units that vested immediately and 0.1 million time-based restricted stock units that vest over a period ranging from one to three years. The total market value of the restricted stock units on the dates of the grants was approximately \$21.1.

The Company granted approximately 0.4 million restricted stock units during the three month period ended December 29, 2013. Of these grants, 0.1 million restricted stock units vested immediately. The remaining 0.3 million restricted stock units are performance and time-based and vest over a two year period. The total market value of the restricted stock units on the dates of the grants was approximately \$29.0.

The fair value of restricted stock units is determined based on the market price of the Company's shares of common stock on the grant date. A summary of the activity in the Company's non-vested restricted stock units during the three months ended December 28, 2014 is as follows:

Restricted Stock Units	Shares (in millions)	Weighted Average Share Price at Grant Date	Fair Value at Grant Date
Non-vested restricted stock units at September 30, 2014	0.8	\$ 67.66	\$ 56.0
Granted	0.2	90.40	21.1
Vested	(0.6)	69.12	(40.4)
Non-vested restricted stock units at December 28, 2014	0.4	\$ 77.08	\$ 36.7

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

The following table summarizes acquisition and integration related charges incurred by the Company during the three month periods ended December 28, 2014 and December 29, 2013:

	Three Months Ended	
	2015	2014
HHI Business		
Legal and professional fees	\$ 0.2	\$ 0.8
Integration costs	2.5	3.1
Employee termination charges	0.4	0.2
HHI Business Acquisition and integration related charges	\$ 3.1	\$ 4.1
Liquid Fence	0.9	—
Tell	0.5	—
Other	3.6	1.4
Total Acquisition and integration related charges	\$ 8.1	\$ 5.5

SPECTRUM BRANDS HOLDINGS, INC.

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

3 COMPREHENSIVE INCOME (LOSS)

Comprehensive income (loss) includes foreign currency translation gains and losses on assets and liabilities of foreign subsidiaries, effects of exchange rate changes on intercompany balances of a long-term nature and transactions designated as a hedge of a net investment in a foreign subsidiary, deferred gains and losses on derivative financial instruments designated as cash flow hedges and amortization of deferred gains and losses associated with the Company's pension plans. The foreign currency translation gains and losses for the three month periods ended December 28, 2014 and December 29, 2013 were principally attributable to the impact of translation of the net assets of the Company's European and Latin American operations, which primarily have functional currencies in Euros, Pounds Sterling and Brazilian Real.

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

The components of Other comprehensive income (loss), net of tax, for the three month periods ended December 28, 2014 and December 29, 2013 are as follows:

	Three Months Ended	
	2015	2014
Foreign Currency Translation Adjustments:		
Net change after reclassification adjustment	\$ (34.5)	\$ (0.2)
Deferred tax effect	—	—
Deferred tax valuation allowance	—	—
Other Comprehensive Income (Loss)	\$ (34.5)	\$ (0.2)
Noncontrolling interest	—	—
Comprehensive income (loss) attributable to controlling interest	\$ (34.5)	\$ (0.2)
Derivative Hedging Instruments:		
Gross change before reclassification adjustment	\$ 7.7	\$ 0.9
Net reclassification adjustment for (gains) losses included in earnings	(4.8)	0.9
Gross change after reclassification adjustment	\$ 2.9	\$ 1.8
Deferred tax effect	—	(0.5)
Deferred tax valuation allowance	(1.0)	0.1
Other Comprehensive Income (Loss)	\$ 1.9	\$ 1.4
Defined Benefit Pension Plans:		
Gross change before reclassification adjustment	\$ 1.0	\$ (0.4)
Net reclassification adjustment for losses included in Cost of goods sold	0.2	0.2
Net reclassification adjustment for losses included in Selling expenses	0.1	0.1
Net reclassification adjustment for losses included in General and administrative expenses	0.1	0.1
Gross change after reclassification adjustment	\$ 1.4	\$ —
Deferred tax effect	(0.3)	—
Deferred tax valuation allowance	—	—
Other Comprehensive Income (Loss)	\$ 1.1	\$ —
Total Other Comprehensive Income (Loss), net of tax	\$ (31.5)	\$ 1.2

SPECTRUM BRANDS HOLDINGS, INC.

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

4 NET INCOME PER COMMON SHARE

Net income per common share of the Company for the three month periods ended December 28, 2014 and December 29, 2013 is calculated based upon the following number of shares:

	Three Months Ended	
	2015	2014
Basic	52.8	52.4
Effect of common stock equivalents	0.3	0.3
Diluted	53.1	52.7

5 INVENTORIES

Inventories consist of the following:

	December 28, 2014	September 30, 2014
Raw materials	\$ 130.2	\$ 104.1
Work-in-process	41.5	35.3
Finished goods	530.2	485.1
	<u>\$ 701.9</u>	<u>\$ 624.5</u>

6 GOODWILL AND INTANGIBLE ASSETS

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

	Global Batteries & Appliances	Hardware & Home Improvement	Global Pet Supplies	Home and Garden	Total
Goodwill:					
Balance at September 30, 2014	\$ 327.4	\$ 709.8	\$ 235.9	\$ 196.5	\$ 1,469.6
Additions	—	7.1	—	—	7.1
Effect of translation	(6.4)	(3.5)	(1.9)	—	(11.8)
Balance at December 28, 2014	<u>\$ 321.0</u>	<u>\$ 713.4</u>	<u>\$ 234.0</u>	<u>\$ 196.5</u>	<u>\$ 1,464.9</u>
Intangible Assets:					
<i>Trade Names Not Subject to Amortization</i>					
Balance at September 30, 2014	\$ 544.6	\$ 330.6	\$ 210.5	\$ 88.6	\$ 1,174.3
Additions	—	4.0	—	—	4.0
Effect of translation	(5.8)	(0.6)	(3.2)	—	(9.6)
Balance at December 28, 2014	<u>\$ 538.8</u>	<u>\$ 334.0</u>	<u>\$ 207.3</u>	<u>\$ 88.6</u>	<u>\$ 1,168.7</u>
<i>Intangible Assets Subject to Amortization</i>					
Balance at September 30, 2014, net	\$ 400.3	\$ 130.5	\$ 222.3	\$ 164.1	\$ 917.2
Additions	0.9	8.5	—	—	9.4
Amortization during period	(8.6)	(3.8)	(5.4)	(2.7)	(20.5)
Effect of translation	(5.2)	(1.1)	(1.8)	—	(8.1)
Balance at December 28, 2014, net	<u>\$ 387.4</u>	<u>\$ 134.1</u>	<u>\$ 215.1</u>	<u>\$ 161.4</u>	<u>\$ 898.0</u>
Total Intangible Assets, net at December 28, 2014	<u>\$ 926.2</u>	<u>\$ 468.1</u>	<u>\$ 422.4</u>	<u>\$ 250.0</u>	<u>\$ 2,066.7</u>

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

During the three month period ended December 28, 2014, the Company recorded additions to goodwill and intangible assets related to the acquisition of Tell Manufacturing, Inc. (“Tell”), which is included in the Hardware and Home Improvement segment. See Note 14 “Acquisitions,” for further information.

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

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

	December 28, 2014	September 30, 2014
Technology Assets Subject to Amortization:		
Gross balance	\$ 192.2	\$ 192.2
Accumulated amortization	(62.3)	(57.6)
Carrying value, net	\$ 129.9	\$ 134.6
Trade Names Subject to Amortization:		
Gross balance	\$ 170.7	\$ 171.0
Accumulated amortization	(65.0)	(61.0)
Carrying value, net	\$ 105.7	\$ 110.0
Customer Relationships Subject to Amortization:		
Gross balance	\$ 876.3	\$ 877.2
Accumulated amortization	(213.9)	(204.6)
Carrying value, net	\$ 662.4	\$ 672.6
Total Intangible Assets, net Subject to Amortization	\$ 898.0	\$ 917.2

Amortization expense for the three month periods ended December 28, 2014 and December 29, 2013 is as follows:

	Three Months Ended	
	2015	2014
Proprietary technology amortization	\$ 4.7	\$ 4.4
Trade names amortization	4.1	4.1
Customer relationships amortization	11.7	11.7
	\$ 20.5	\$ 20.2

The Company estimates annual amortization expense of intangible assets for the next five fiscal years will approximate \$77.5 per year.

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Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)
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7 DEBT

Debt consists of the following:

	December 28, 2014		September 30, 2014	
	Amount	Rate	Amount	Rate
Term Loan, due September 4, 2017 (Tranche A)	\$ 648.4	3.0 %	\$ 648.4	3.0 %
Term Loan, due September 4, 2019 (Tranche C)	509.9	3.6 %	509.9	3.6 %
CAD Term Loan, due December 17, 2019	32.9	5.1 %	34.2	5.1 %
Euro Term Loan, due September 4, 2019	272.9	3.8 %	283.3	3.8 %
Euro Term Loan, due December 19, 2021	183.3	3.8 %	—	— %
6.375% Notes, due November 15, 2020	520.0	6.4 %	520.0	6.4 %
6.625% Notes, due November 15, 2022	570.0	6.6 %	570.0	6.6 %
6.75% Notes, due March 15, 2020	300.0	6.8 %	300.0	6.8 %
6.125% Notes, due December 15, 2024	250.0	6.1 %	—	— %
ABL Facility, expiring May 24, 2017	—	2.5 %	—	2.5 %
Other notes and obligations	42.3	10.3 %	36.6	8.8 %
Capitalized lease obligations	92.0	6.1 %	94.7	6.1 %
	\$ 3,421.7		\$ 2,997.1	
Original issuance discounts on debt	(6.2)		(6.3)	
Less: current maturities	(105.3)		(96.7)	
Long-term debt	\$ 3,310.2		\$ 2,894.1	

The Company has the following debt instruments outstanding at December 28, 2014: (i) a senior secured term loan (the “Term Loan”) pursuant to a senior credit agreement (the “Senior Credit Agreement”) which consists of \$648.4 principal due September 4, 2017 (“Tranche A”), \$509.9 principal due September 4, 2019 (“Tranche C”), \$32.9 Canadian dollar denominated principal due December 17, 2019 (“CAD Term Loan”), \$272.9 Euro denominated principal due September 4, 2019 (“Euro Term Loan Tranche A”) and \$183.3 Euro denominated principal due December 19, 2021 (“Euro Term Loan Tranche B”) (together, the “Term Loan”); (ii) \$300.0 6.75% unsecured notes (the “6.75% Notes”); (iii) \$520.0 6.375% unsecured notes (the “6.375% Notes”); (iv) \$570.0 6.625% unsecured notes (the “6.625% Notes”); (v) \$250.0 6.125% unsecured notes (the “6.125% Notes” and (vi) a \$400.0 asset based lending revolving credit facility (the “ABL Facility”).

Term Loan

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

The Euro Term Loan Tranche B was issued at a .25% discount and recorded net of the discount incurred. The €0.4 discount is reflected as an adjustment to the carrying value of principal, and is being amortized with a corresponding charge to interest expense over the remaining life of the debt. In connection with the Euro Term Loan Tranche B, the Company recorded \$2.1 of fees during the three month period ended December 28, 2014. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) and are being amortized as an adjustment to interest expense over the remaining life of the loan.

6.125% Notes

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

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The Company may redeem all or a part of the 6.125% Notes, upon not less than 30 or more than a 60 day notice, at specified redemption prices. Further, the indenture governing the 6.125% Notes (the “2024 Indenture”) requires the Company to make an offer, in cash, to repurchase all or a portion of the applicable outstanding notes for a specified redemption price, including a redemption premium, upon the occurrence of a change of control of the Company, as defined in such indenture.

The 2024 Indenture contains customary covenants that limit, among other things, the incurrence of additional indebtedness, payment of dividends on or redemption or repurchase of equity interests, the making of certain investments, expansion into unrelated businesses, creation of liens on assets, merger or consolidation with another company, transfer or sale of all or substantially all assets, and transactions with affiliates.

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

The Company recorded \$4.0 of fees in connection with the offering of the 6.125% Notes during the three month period ended December 28, 2014. The fees are classified as Debt issuance costs within the accompanying Condensed Consolidated Statements of Financial Position (Unaudited) and are amortized as an adjustment to interest expense over the remaining life of the 6.125% Notes.

ABL Facility

As a result of borrowings and payments under the ABL Facility, at December 28, 2014, the Company had aggregate borrowing availability of approximately \$236.2, net of lender reserves of \$6.4 and outstanding letters of credit of \$50.3.

8 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used by the Company principally in the management of its interest rate, foreign currency exchange rate and raw material price exposures. The Company does not hold or issue derivative financial instruments for trading purposes. Derivative instruments are reported at fair value in the Condensed Consolidated Statements of Financial Position (Unaudited). When hedge accounting is elected at inception, the Company formally designates the financial instrument as a hedge of a specific underlying exposure and documents both the risk management objectives and strategies for undertaking the hedge. The Company formally assesses both at the inception and at least quarterly thereafter, whether the financial instruments that are used in hedging transactions are effective at offsetting changes in the forecasted cash flows of the related underlying exposure. Because of the high degree of effectiveness between the hedging instrument and the underlying exposure being hedged, fluctuations in the value of the derivative instruments are generally offset by changes in the forecasted cash flows of the underlying exposures being hedged. Any ineffective portion of a financial instrument’s change in fair value is recognized in earnings in the period incurred. For derivatives that are not designated as cash flow hedges, or do not qualify for hedge accounting treatment, the change in the fair value is also recognized in earnings in the period incurred.

Derivative Financial Instruments

Cash Flow Hedges

The Company uses interest rate swaps to manage its interest rate risk. The swaps are designated as cash flow hedges with the changes in fair value recorded in AOCI and as a derivative hedge asset or liability, as applicable. The swaps settle periodically in arrears with the related amounts for the current settlement period payable to, or receivable from, the counter-parties included in accrued liabilities or receivables, respectively, and recognized in earnings as an adjustment to Interest expense from the underlying debt to which the swap is designated. At both December 28, 2014 and September 30, 2014, the Company had a series of U.S. dollar denominated interest rate swaps outstanding which effectively fix the interest on floating rate debt, exclusive of lender spreads, at 1.36% for a notional principal amount of \$300.0 through April 2017. The derivative

SPECTRUM BRANDS HOLDINGS, INC.

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(Amounts in millions of dollars, except per share figures or as otherwise specified)

net loss on these contracts recorded in AOCI by the Company at December 28, 2014 was \$0.9, net of tax benefit of \$0.0. At December 28, 2014, the portion of derivative net losses estimated to be reclassified from AOCI into earnings by the Company over the next 12 months is \$1.5, net of tax.

The Company's interest rate swap derivative financial instruments at December 28, 2014 and September 30, 2014 are summarized as follows:

	December 28, 2014		September 30, 2014	
	Notional Amount	Remaining Years	Notional Amount	Remaining Years
Interest rate swaps - fixed	\$ 300.0	2.3	\$ 300.0	2.5

The Company periodically enters into forward foreign exchange contracts to hedge the risk from forecasted foreign currency denominated third party and intercompany sales or payments. These obligations generally require the Company to exchange foreign currencies for U.S. Dollars, Euros, Pounds Sterling, Australian Dollars, Brazilian Reals, Mexican Pesos, Canadian Dollars or Japanese Yen. These foreign exchange contracts are cash flow hedges of fluctuating foreign exchange related to sales of product or raw material purchases. Until the sale or purchase is recognized, the fair value of the related hedge is recorded in AOCI and as a derivative hedge asset or liability, as applicable. At the time the sale or purchase is recognized, the fair value of the related hedge is reclassified as an adjustment to Net sales or purchase price variance in Cost of goods sold. At December 28, 2014, the Company had a series of foreign exchange derivative contracts outstanding through March 2016 with a contract value of \$157.0. The derivative net gain on these contracts recorded in AOCI by the Company at December 28, 2014 was \$12.4, net of tax expense of \$4.6. At December 28, 2014, the portion of derivative net gains estimated to be reclassified from AOCI into earnings by the Company over the next 12 months is \$12.4, net of tax.

The Company is exposed to risk from fluctuating prices for raw materials, specifically zinc and brass used in its manufacturing processes. The Company hedges a portion of the risk associated with the purchase of these materials through the use of commodity swaps. The hedge contracts are designated as cash flow hedges with the fair value changes recorded in AOCI and as a hedge asset or liability, as applicable. The unrecognized changes in fair value of the hedge contracts are reclassified from AOCI into earnings when the hedged purchase of raw materials also affects earnings. The swaps effectively fix the floating price on a specified quantity of raw materials through a specified date. At December 28, 2014, the Company had a series of zinc swap contracts outstanding through March 2016 for 6.7 thousand tons with a contract value of \$14.7. At December 28, 2014, the Company had a series of brass swap contracts outstanding through March 2016 for 1.2 thousand metric tons with a contract value of \$6.3. The derivative net loss on these contracts recorded in AOCI by the Company at December 28, 2014 was \$0.4, net of tax benefit of \$0.0. At December 28, 2014, the portion of derivative net loss estimated to be reclassified from AOCI into earnings by the Company over the next 12 months is \$0.3, net of tax.

Derivative Contracts Not Designated as Hedge Accounting

The Company periodically enters into forward and swap foreign exchange contracts to economically hedge the risk from third party and intercompany payments resulting from existing obligations. These obligations generally require the Company to exchange foreign currencies for U.S. Dollars, Canadian Dollars, Euros or Australian Dollars. These foreign exchange contracts are fair value hedges of a related liability or asset recorded in the accompanying Condensed Consolidated Statements of Financial Position (Unaudited). The gain or loss on the derivative hedge contracts is recorded in earnings as an offset to the change in value of the related liability or asset at each period end. At December 28, 2014 and September 30, 2014, the Company had \$313.7 and \$108.9, respectively, of notional value of such foreign exchange derivative contracts outstanding.

The Company periodically enters into commodity swap contracts to economically hedge the risk from fluctuating prices for raw materials, specifically the pass-through of market prices for silver used in manufacturing purchased watch batteries. The Company hedges a portion of the risk associated with these materials through the use of commodity swaps. The swap contracts are designated as economic hedges with the unrealized gain or loss recorded in earnings and as an asset or liability at each period end. The unrecognized changes in fair value of the hedge contracts are adjusted through earnings when the realized gains or losses affect earnings upon settlement of the hedges. The swaps effectively fix the floating price on a specified quantity of silver through a specified date. At December 28, 2014, the Company had a series of such swap contracts outstanding through September 2015 for 20 thousand troy ounces with a contract value of \$0.3. At September 30, 2014, the Company had a series of such swap contracts outstanding through September 30, 2015 for 25 thousand troy ounces with a contract value of \$0.4.

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Fair Value of Derivative Instruments

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

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

<u>Asset Derivatives</u>	<u>December 28, 2014</u>	<u>September 30, 2014</u>
Derivatives designated as hedging instruments under ASC 815:		
Interest rate contracts	Deferred charges and other \$ 0.6	\$ 0.6
Commodity contracts	Receivables—Other 0.4	1.3
Foreign exchange contracts	Receivables—Other 16.9	12.0
Foreign exchange contracts	Deferred charges and other 0.1	0.3
Total asset derivatives designated as hedging instruments under ASC 815	<u>18.0</u>	<u>14.2</u>
Derivatives not designated as hedging instruments under ASC 815:		
Foreign exchange contracts	Receivables—Other 0.3	0.5
Total asset derivatives	<u>\$ 18.3</u>	<u>\$ 14.7</u>

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

<u>Liability Derivatives</u>	<u>December 28, 2014</u>	<u>September 30, 2014</u>
Derivatives designated as hedging instruments under ASC 815:		
Interest rate contracts	Other current liabilities \$ 1.5	\$ 1.3
Interest rate contracts	Accrued interest 0.4	0.4
Commodity contracts	Accounts payable 0.8	0.2
Total liability derivatives designated as hedging instruments under ASC 815	<u>\$ 2.7</u>	<u>\$ 1.9</u>
Derivatives not designated as hedging instruments under ASC 815:		
Commodity contract	Accounts payable \$ 0.1	\$ 0.1
Foreign exchange contracts	Accounts payable 2.6	0.1
Total liability derivatives	<u>\$ 5.4</u>	<u>\$ 2.1</u>

Changes in AOCI from Derivative Instruments

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

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(Amounts in millions of dollars, except per share figures or as otherwise specified)

The following table summarizes the impact of derivative instruments on the accompanying Condensed Consolidated Statement of Operations (Unaudited) for the three month period ended December 28, 2014, pretax:

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Interest rate contracts	\$ (0.6)	Interest expense	\$ (0.5)	Interest expense	\$ —
Commodity contracts	(1.2)	Cost of goods sold	0.4	Cost of goods sold	—
Foreign exchange contracts	0.1	Net sales	—	Net sales	—
Foreign exchange contracts	9.4	Cost of goods sold	4.9	Cost of goods sold	—
Total	\$ 7.7		\$ 4.8		\$ —

The following table summarizes the impact of derivative instruments on the accompanying Condensed Consolidated Statement of Operations (Unaudited) for the three month period ended December 29, 2013, pretax:

Derivatives in ASC 815 Cash Flow Hedging Relationships	Amount of Gain (Loss) Recognized in AOCI on Derivatives (Effective Portion)	Location of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Amount of Gain (Loss) Reclassified from AOCI into Income (Effective Portion)	Location of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)	Amount of Gain (Loss) Recognized in Income on Derivatives (Ineffective Portion and Amount Excluded from Effectiveness Testing)
Commodity contracts	\$ 1.1	Cost of goods sold	\$ (0.3)	Cost of goods sold	\$ 0.2
Foreign exchange contracts	0.2	Net sales	0.1	Net sales	—
Foreign exchange contracts	(0.4)	Cost of goods sold	(0.7)	Cost of goods sold	—
Total	\$ 0.9		\$ (0.9)		\$ 0.2

Other Changes in Fair Value of Derivative Contracts

For derivative instruments that are used to economically hedge the fair value of the Company's third party and intercompany foreign currency payments, commodity purchases and interest rate payments, but are not designated as hedging instruments under ASC 815, the gain (loss) associated with the derivative contract is recognized in earnings in the period of change. During the three month periods ended December 28, 2014 and December 29, 2013, the Company recognized the following gains (losses) on these derivative contracts:

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

Derivatives Not Designated as Hedging Instruments Under ASC 815	Amount of Gain (Loss) Recognized in		Location of Gain (Loss) Recognized in
	Income on Derivatives		
	2015	2014	
Commodity contracts	\$ —	\$ (0.1)	Cost of goods sold
Foreign exchange contracts	(1.7)	0.8	Other expense, net
Total	\$ (1.7)	\$ 0.7	

9 FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's net derivative portfolio as of December 28, 2014, contains Level 2 instruments and consists of commodity, interest rate and foreign exchange contracts. The fair values of these instruments as of December 28, 2014 were as follows ((liability)/asset):

	Level 1	Level 2	Level 3	Total
Assets:				
Interest rate contracts	\$ —	\$ 0.6	\$ —	\$ 0.6
Commodity contracts	—	0.4	—	0.4
Foreign exchange contracts	—	17.3	—	17.3
Total Assets	\$ —	\$ 18.3	\$ —	\$ 18.3
Liabilities:				
Interest rate contracts	\$ —	\$ (1.9)	\$ —	\$ (1.9)
Commodity contracts	—	(0.9)	—	(0.9)
Foreign exchange contracts	—	(2.6)	—	(2.6)
Total Liabilities	\$ —	\$ (5.4)	\$ —	\$ (5.4)

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

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

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

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

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

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

	December 28, 2014		September 30, 2014	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Total debt	\$ (3,415.5)	\$ (3,496.5)	\$ (2,990.8)	\$ (3,061.5)
Interest swap agreements	(1.3)	(1.3)	(1.1)	(1.1)
Commodity swap and option agreements	(0.5)	(0.5)	1.1	1.1
Foreign exchange forward agreements	14.7	14.7	12.7	12.7

10 EMPLOYEE BENEFIT PLANS

Pension Benefits

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

The Company's results of operations for the three month periods ended December 28, 2014 and December 29, 2013 reflect the following pension and deferred compensation benefit costs:

Components of net periodic benefit and deferred compensation benefit cost	Three Months Ended	
	2015	2014
Service cost	\$ 0.8	\$ 0.9
Interest cost	2.4	2.6
Expected return on assets	(2.5)	(2.5)
Recognized net actuarial loss	0.4	0.4
Net periodic benefit cost	\$ 1.1	\$ 1.4

The Company funds its U.S. pension plans in accordance with the Internal Revenue Service defined guidelines and, where applicable, in amounts sufficient to satisfy the minimum funding requirements of applicable laws. Additionally, in compliance with the Company's funding policy, annual contributions to non-U.S. defined benefit plans are equal to the actuarial recommendations or statutory requirements in the respective countries. The Company's contributions to its pension and deferred compensation plans for the three month periods ended December 28, 2014 and December 29, 2013 were as follows:

Pension and deferred compensation contributions	Three Months Ended	
	2015	2014
Contributions made during period	\$ 2.2	\$ 3.3

The Company sponsors a defined contribution pension plan for its domestic salaried employees, which allows participants to make contributions by salary reduction pursuant to Section 401(k) of the Internal Revenue Code. The Company also sponsors defined contribution pension plans for employees of certain foreign subsidiaries. Company contributions charged to operations, including discretionary amounts, for the three month periods ended December 28, 2014 and December 29, 2013 were \$3.5 and \$4.1, respectively.

SPECTRUM BRANDS HOLDINGS, INC.**Notes to Condensed Consolidated Financial Statements (Unaudited) – (Continued)**
(Amounts in millions of dollars, except per share figures or as otherwise specified)**11 INCOME TAXES**

The Company's effective tax rates for the three months ended December 28, 2014 and December 29, 2013 were 29% and 19%, respectively. The Company's effective tax rates differ from the U.S. federal statutory rate of 35% principally due to income earned outside the U.S. that is subject to statutory rates lower than 35%.

The Company records the impact of a tax position if it concludes that the position is more likely than not sustainable upon audit, based on the technical merits of the position. At December 28, 2014 and September 30, 2014, the Company had \$11.2 and \$11.3, respectively, of unrecognized tax benefits related to uncertain tax positions. At both December 28, 2014 and September 30, 2014, the Company had approximately \$3.5 of accrued interest and penalties related to the uncertain tax positions. Interest and penalties related to uncertain tax positions are reported as Income tax expense.

As of December 28, 2014, certain of the Company's legal entities in various jurisdictions are undergoing income tax audits. The Company cannot predict the ultimate outcome of the examinations; however, it is reasonably possible that during the next 12 months some portion of previously unrecognized tax benefits could be recognized.

12 SEGMENT RESULTS

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

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

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

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

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

Segment information for the three month periods ended December 28, 2014 and December 29, 2013 is as follows:

	Three Months Ended	
	2015	2014
<i>Net sales to external customers</i>		
Consumer batteries	\$ 240.2	\$ 264.5
Small appliances	223.8	216.8
Personal care	172.5	178.0
Global Batteries & Appliances	636.5	659.3
Hardware & Home Improvement	271.2	278.4
Global Pet Supplies	120.6	129.1
Home and Garden	39.5	33.8
Total segments	<u>\$ 1,067.8</u>	<u>\$ 1,100.6</u>

SPECTRUM BRANDS HOLDINGS, INC.

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

	Three Months Ended	
	2015	2014
<i>Segment profit</i>		
Global Batteries & Appliances	\$ 96.6	\$ 97.2
Hardware & Home Improvement	38.9	40.0
Global Pet Supplies	5.6	13.0
Home and Garden	2.8	(1.2)
Total segments	143.9	149.0
Corporate expense	12.8	14.1
Acquisition and integration related charges	8.1	5.5
Restructuring and related charges	7.4	4.5
Interest expense	44.4	57.0
Other expense, net	0.7	0.8
Income from continuing operations before income taxes	<u>\$ 70.5</u>	<u>\$ 67.1</u>

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

	December 28, 2014	September 30, 2014
	(Unaudited)	
<i>Segment total assets</i>		
Global Batteries & Appliances	\$ 2,167.8	\$ 2,152.0
Hardware & Home Improvement	1,675.4	1,629.0
Global Pet Supplies	894.6	890.4
Home and Garden	570.6	526.6
Total segment assets	5,308.4	5,198.0
Corporate	523.6	315.0
Total assets at period end	<u>\$ 5,832.0</u>	<u>\$ 5,513.0</u>

13 RESTRUCTURING AND RELATED CHARGES

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

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

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

The following table summarizes restructuring and related charges incurred by segment for the three month periods ended December 28, 2014 and December 29, 2013:

	Three Months Ended	
	2015	2014
Cost of goods sold:		
Global Batteries & Appliances	\$ 0.2	\$ 0.5
Hardware & Home Improvement	—	1.2
Total restructuring and related charges in cost of goods sold	\$ 0.2	\$ 1.7
Operating expenses:		
Global Batteries & Appliances	\$ 4.6	\$ 1.8
Hardware & Home Improvement	0.1	—
Global Pet Supplies	2.1	0.3
Home and Garden	0.1	—
Corporate	0.3	0.7
Total restructuring and related charges in operating expenses	\$ 7.2	\$ 2.8
Total restructuring and related charges	\$ 7.4	\$ 4.5

HHI Business Rationalization Initiatives

During the fourth quarter of the fiscal year ended September 30, 2014, the Company implemented a series of initiatives throughout the Hardware & Home Improvement business segment to reduce operating costs and exit low margin business outside the U.S. (the “HHI Business Rationalization Initiatives”). These initiatives include headcount reductions, the exit of certain facilities and the sale of a portion of the Hardware & Home Improvement operations in Canada. Costs associated with these initiatives, which are expected to be incurred through September 30, 2016, are projected to total approximately \$9.5.

The Company recorded \$0.2 of pretax restructuring and related charges during the three month period ended December 30, 2014, and no pretax restructuring and related charges during the three month period ended December 29, 2013, related to the HHI Business Rationalization Initiatives.

Global Expense Rationalization Initiatives Summary

During the third quarter of the fiscal year ended September 30, 2013, the Company implemented a series of initiatives throughout the Company to reduce operating costs (the “Global Expense Rationalization Initiatives”). These initiatives consist of headcount reductions primarily in the Global Batteries & Appliances segment, the Global Pet Supplies segment, the Home and Garden segment and within Corporate. Costs associated with these initiatives, which are expected to be incurred through September 30, 2015, are currently projected to approximately \$37.0.

The Company recorded \$7.2 and \$3.0 of pretax restructuring and related charges during the three month periods ended December 28, 2014 and December 29, 2013, respectively, related to the Global Expense Rationalization Initiatives.

The following table summarizes the remaining accrual balance associated with the Global Expense Rationalization Initiatives and the activity during the three month period ended December 28, 2014:

	Termination Benefits	Other Costs	Total
Accrual balance at September 30, 2014	\$ 4.1	\$ 1.4	\$ 5.5
Provisions	3.3	—	3.3
Cash expenditures	(2.2)	(0.2)	(2.4)
Non-cash items	(0.1)	—	(0.1)
Accrual balance at December 28, 2014	\$ 5.1	\$ 1.2	\$ 6.3
Expensed as incurred ^(A)	\$ 1.4	\$ 2.5	\$ 3.9

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

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

The following table summarizes the expenses incurred during the three month period ended December 28, 2014, the cumulative amount incurred to date and the total future costs expected to be incurred associated with the Global Expense Rationalization Initiatives by operating segment:

	<u>Global Batteries & Appliances</u>	<u>Global Pet Supplies</u>	<u>Corporate</u>	<u>Total</u>
Restructuring and related charges during the three month period ended December 28, 2014	\$ 4.8	\$ 2.0	\$ 0.4	\$ 7.2
Restructuring and related charges since initiative inception	\$ 26.0	\$ 3.8	\$ 2.1	\$ 31.9
Total future restructuring and related charges expected	\$ 1.8	\$ 3.1	\$ 0.2	\$ 5.1

The Company recorded \$0.0 and \$1.2 of restructuring and related charges during the three month periods ended December 28, 2014 and December 29, 2013, respectively, related to initiatives implemented by the HHI Business prior to the Company's acquisition on December 17, 2012.

In connection with other restructuring efforts, the Company recorded no pretax restructuring and related charges during the three month period ended December 28, 2014 and \$0.5 of pretax restructuring and related charges during the three month period ended December 29, 2013.

14 ACQUISITIONS

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

Tell Manufacturing

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

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

Preliminary Valuation of Assets and Liabilities

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

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

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

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

Preliminary Valuation Adjustments

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

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

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

·The Company valued an indefinite-lived trade name using the income approach, specifically the relief from royalty method. Under this method, the asset value was determined by estimating the hypothetical royalties that would have to be paid if the trade name was not owned. Royalty rates were selected based on consideration of several factors, including prior transactions of Tell, related trademarks and trade names, other similar trademark licensing and transaction agreements and the relative profitability and perceived contribution of the trade name. Trade name was valued at \$4.0 under this approach.

·The Company valued customer relationships using the income approach, specifically the multi-period excess earnings method. In determining the fair value of the customer relationships, the multi- period excess earnings approach values the intangible asset at the present value of the incremental after- tax cash flows attributable only to the customer relationship after deducting contributory asset charges. The incremental after-tax cash flows attributable to the subject intangible asset are then discounted to their present value. Only expected sales from current customers were used, which were estimated using annual expected growth rates of 2.5% to 7.1%. The Company assumed a customer retention rate of approximately 90%, which was supported by historical retention rates. Income taxes were estimated at 38% and amounts were discounted using a rate of 20%. The customer relationships were valued at \$8.5 million under this approach and will be amortized over 13 years.

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

15 SUBSEQUENT EVENTS

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

On December 31, 2014, the Company completed a \$120.0 cash acquisition, excluding working capital adjustments, of Procter & Gamble’s European pet food business, consisting of premium brands for dogs and cats. The Company will account for this acquisition in accordance with ASC 805. The Company is in the process of completing the preliminary purchase accounting.

On January 16, 2015, the Company completed a \$150.5 cash acquisition, excluding working capital adjustments, of Salix Animal Health LLC, which provides premium pet food products. The Company will account for this acquisition in accordance with ASC 805. The Company is in the process of completing the preliminary purchase accounting.

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

Introduction

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

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

Business Overview

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

We sell our products in approximately 160 countries through a variety of trade channels, including retailers, wholesalers and distributors, hearing aid professionals, industrial distributors and original equipment manufacturers and enjoy strong name recognition in our markets under the Rayovac, VARTA and Remington brands, each of which has been in existence for more than 80 years, and under the Tetra, 8-in-1, Dingo, Nature's Miracle, Spectracide, Cutter, Hot Shot, Black & Decker, George Foreman, Russell Hobbs, Farberware, Black Flag, FURminator, Kwikset, Weiser, Baldwin, National Hardware, Stanley and Pfister brands. We also have patented technologies such as Smartkey, a rekeyable lockset technology, and Smart Code Home Connect.

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

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

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

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

Results of Operations

Fiscal Quarter Ended December 28, 2014 Compared to Fiscal Quarter Ended December 29, 2013

In this Quarterly Report on Form 10-Q we refer to the three month period ended December 28, 2014 as the “Fiscal 2015 Quarter,” and the three month period ended December 29, 2013 as the “Fiscal 2014 Quarter.”

Net Sales. Net sales for the Fiscal 2015 Quarter decreased \$32.8 million to \$1,067.8 million from \$1,100.6 million in the Fiscal 2014 Quarter, a 3% decrease. The following table details the principal components of the change in net sales from the Fiscal 2014 Quarter to the Fiscal 2015 Quarter (in millions):

	<u>Net Sales</u>
Fiscal 2014 Quarter Net Sales	\$ 1,100.6
Increase in small appliances	15.7
Increase in personal care	6.1
Increase in home and garden controls	5.7
Decrease in pet supplies	(5.4)
Decrease in hardware and home improvement	(7.2)
Decrease in consumer batteries	(10.3)
Foreign currency impact, net	(37.4)
Fiscal 2015 Quarter Net Sales	<u>\$ 1,067.8</u>

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

	<u>Fiscal Quarter</u>	
	<u>2015</u>	<u>2014</u>
<i>Product line net sales by segment</i>		
Global batteries and appliances		
Consumer batteries	\$ 240.2	\$ 264.5
Small appliances	223.8	216.8
Personal care	172.5	178.0
Total Global batteries and appliances	<u>\$ 636.5</u>	<u>\$ 659.3</u>
Hardware and home improvement	271.2	278.4
Global pet supplies	120.6	129.1
Home and garden	39.5	33.8
Total net sales to external customers	<u>\$ 1,067.8</u>	<u>\$ 1,100.6</u>

Global consumer battery sales decreased \$24.3 million, or 9%, during the Fiscal 2015 Quarter versus the Fiscal 2014 Quarter. Excluding the impact of negative foreign exchange of \$14.0 million, global consumer battery sales decreased \$10.3 million. The constant currency decrease in global consumer battery sales was attributable to a decrease in North American sales of \$23.5 million, which was partially offset by increases in European and Latin American consumer battery sales of \$10.8 million and \$2.4 million, respectively. The decrease in North America was due to promotions and discounts by our competitors coupled with customer inventory reduction initiatives and timing of holiday shipments. On a constant currency basis, the European sales increase was due to a \$9.0 million increase in alkaline batteries and a \$2.3 million increase in specialty batteries. The increase in European alkaline and specialty batteries were driven by customer gains, increased volume and promotional activities. The Latin American sales increase was primarily attributable to \$1.6 million in our lighting category as a result of continuing geographic expansion coupled with the effective launch of our compact fluorescent light bulbs in Brazil, the Caribbean and Chile.

Small appliance sales increased \$7.0 million, or 3%, during the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter, which included \$8.7 million of negative foreign exchange impact. Excluding foreign exchange, North American and European sales increased \$7.3 million and \$8.6 million, respectively. The North American sales increase was attributable to promotions and timing of shipments coupled with new products. The European sales increase was attributable to new products and customer gains.

Personal care sales decreased \$5.5 million, or 3%, during the Fiscal 2015 Quarter versus the Fiscal 2014 Quarter, which included \$11.6 million of negative foreign exchange impact. Excluding foreign exchange, European and Latin American sales increased \$8.2 million and \$1.4 million, respectively, which was partially offset by a North American sales decrease of \$3.5 million. The European sales increase was primarily due to new product releases related to male grooming coupled with geographic expansion into Eastern Europe. The Latin American sales increase was attributable to new customers coupled with new product launches in Argentina and Chile. The North American sales decrease was due to the transition of our new shaving and grooming product categories, which we expect to launch during our second quarter of Fiscal 2015, coupled with timing of holiday shipments.

Hardware and home improvement sales decreased \$7.2 million, or 3%, during the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter. The port delays had a \$12.3 million negative impact on sales during the Fiscal 2015 Quarter, which was partially offset by an increase of \$9.8 million due to the acquisition of Tell Manufacturing, Inc. ("Tell") during the Fiscal 2015 Quarter. During the Fiscal 2015 Quarter the hardware product category and security product category declined \$9.2 million and \$0.9 million, respectively. These sales declines were partially offset by an increase in the plumbing category of \$3.0 million. In addition to the effect of the port delays, the decrease in the hardware product category was due to distributor transition for our Asia supplier. The increase in the plumbing category was mainly due to strong performance in both the retail and wholesale channels.

Global pet supplies sales decreased \$8.5 million, or 7%, during the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter, which included negative foreign exchange impact of \$3.1 million. On a constant currency basis, aquatic sales and companion animal sales decreased \$4.9 million and \$0.5 million, respectively. The aquatic sales decline was driven by continued weakness in the aquatic product category in North America coupled with lower European sales due to an import ban in Russia.

Home and garden control sales increased \$5.7 million, or 17%, during the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter. The sales gain was attributable to increases in repellent product sales and household insect control sales of \$4.8 million and \$2.3 million, respectively. These increases were tempered with decreased sales in lawn and garden control products of \$1.4 million. The increase in repellent product sales was due to the acquisition of The Liquid Fence Company, Inc. ("Liquid Fence"), which occurred during the second quarter of our fiscal year ended September 30, 2014 ("Fiscal 2014"), coupled with a strong demand for personal repellent products in Puerto Rico. The increase in household insect control sales was attributable to distribution gains at retailers coupled with an extended peak seasonal selling season. The decrease in lawn and garden control sales was primarily due to the timing of retail customer orders.

Gross Profit. Gross profit and gross profit margin for the Fiscal 2015 Quarter was \$370.2 million and 34.7% versus \$381.2 million and 34.6% for the Fiscal 2014 Quarter. Gross profit margin percentage was up slightly in the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter, primarily driven by mix.

Operating Expenses. Operating expenses for the Fiscal 2015 Quarter totaled \$254.6 million compared to \$256.3 million for the Fiscal 2014 Quarter. The slight decrease in operating expenses during the Fiscal 2015 Quarter is attributable to a \$9.1 million decrease within selling and general and administrative expenses as a result of expense reductions in all four segments related to the decline in sales volume. These decreases were partially offset by a \$4.4 million increase in Restructuring and related charges and a \$2.6 million increase within Acquisition and integration related charges.

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

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

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

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

operating segments or corporate expense. Costs are allocated to operating segments or corporate expense according to the function of each cost center.

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

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

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

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

Fiscal 2015 Quarter	Global Batteries & Appliances	Hardware & Home Improvement	Global Pet Supplies	Home and Garden	Corporate / Unallocated Items ^(a)	Consolidated SB Holdings
			(in millions)			
Net income (loss), as adjusted ^(a)	\$ 88.2	\$ 38.5	\$ 2.7	\$ 0.9	\$ (80.3)	\$ 50.0
Income tax expense	—	—	—	—	20.5	20.5
Interest expense	—	—	—	—	44.4	44.4
Acquisition and integration related charges	1.6	1.8	0.4	1.9	2.4	8.1
Restructuring and related charges	4.8	0.2	2.1	—	0.3	7.4
Tell inventory fair value adjustment	—	0.8	—	—	—	0.8
Other ^(b)	—	—	—	—	0.1	0.1
Adjusted EBIT	<u>\$ 94.6</u>	<u>\$ 41.3</u>	<u>\$ 5.2</u>	<u>\$ 2.8</u>	<u>\$ (12.6)</u>	<u>\$ 131.3</u>
Depreciation and amortization ^(c)	17.5	10.6	7.8	3.2	5.4	44.5
Adjusted EBITDA	<u>\$ 112.1</u>	<u>\$ 51.9</u>	<u>\$ 13.0</u>	<u>\$ 6.0</u>	<u>\$ (7.2)</u>	<u>\$ 175.8</u>

Fiscal 2014 Quarter	Global Batteries & Appliances	Hardware & Home Improvement	Global Pet Supplies	Home and Garden	Corporate / Unallocated Items ^(a)	Consolidated SB Holdings
			(in millions)			
Net income (loss), as adjusted ^(a)	\$ 93.1	\$ 35.7	\$ 12.5	\$ (1.2)	\$ (85.7)	\$ 54.4
Income tax expense	—	—	—	—	12.7	12.7
Interest expense	—	—	—	—	57.0	57.0
Acquisition and integration related charges	1.8	2.2	—	—	1.5	5.5
Restructuring and related charges	2.3	1.2	0.3	—	0.7	4.5
Adjusted EBIT	<u>\$ 97.2</u>	<u>\$ 39.1</u>	<u>\$ 12.8</u>	<u>\$ (1.2)</u>	<u>\$ (13.8)</u>	<u>\$ 134.1</u>
Depreciation and amortization ^(c)	17.0	10.5	7.6	2.9	6.7	44.7
Adjusted EBITDA	<u>\$ 114.2</u>	<u>\$ 49.6</u>	<u>\$ 20.4</u>	<u>\$ 1.7</u>	<u>\$ (7.1)</u>	<u>\$ 178.8</u>

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

(b) Included in other are costs associated with onboarding for a key executive.

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

Global Batteries & Appliances

	Fiscal Quarter	
	2015	2014
	(in millions)	
Net sales to external customers	\$ 636.5	\$ 659.3
Segment profit	\$ 96.6	\$ 97.2
Segment profit as a % of net sales	15.2 %	14.7 %
Segment Adjusted EBITDA	\$ 112.1	\$ 114.2
Assets as of December 28, 2014 and September 30, 2014	\$ 2,167.8	\$ 2,152.0

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

Segment profit in the Fiscal 2015 Quarter decreased to \$96.6 million from \$97.2 million in the Fiscal 2014 Quarter, driven by the previously discussed sales decrease which was partially tempered by operating cost savings from the Global Expense Rationalization Initiatives that were originally implemented in Fiscal 2013 and expanded in Fiscal 2014. Segment profitability as a percentage of net sales increased to 15.2% in the Fiscal 2015 Quarter compared to 14.7% in the Fiscal 2014 Quarter as a result of the cost savings discussed above.

Segment Adjusted EBITDA in the Fiscal 2015 Quarter decreased to \$112.1 million from \$114.2 million in the Fiscal 2014 Quarter. The decrease in segment Adjusted EBITDA was driven by the factors that drove the decrease in segment profit discussed above.

Segment assets at December 28, 2014 increased to \$2,167.8 million from \$2,152.0 million at September 30, 2014. The increase is primarily due seasonal increases in working capital of \$44.1 million, partially offset by decreases in Goodwill and intangible assets as a result of amortization of definite lived intangible assets and foreign currency impacts.

Hardware & Home Improvement

	Fiscal Quarter	
	2015	2014
	(in millions)	
Net sales to external customers	\$ 271.2	\$ 278.4
Segment profit	\$ 38.9	\$ 40.0
Segment profit as a % of net sales	14.3 %	14.4 %
Segment Adjusted EBITDA	\$ 51.9	\$ 49.6
Assets as of December 28, 2014 and September 30, 2014	\$ 1,675.4	\$ 1,629.0

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

Segment profit in the Fiscal 2015 Quarter decreased to \$38.9 million from \$40.0 million in the Fiscal 2014 Quarter. Segment profitability as a percentage of sales declined slightly to 14.3% in the Fiscal 2015 Quarter, versus 14.4% in the Fiscal 2014 Quarter. The slight decrease in segment profit was driven by the previously discussed sales decrease coupled with the one-time increase of \$0.8 million related to the increase to cost of goods sold in the Fiscal 2015 Quarter due to the sale of inventory revalued in connection with the Tell acquisition. These items were partially offset by a decrease in operating expenses resulting from the HHI Business Rationalization Initiatives announced in Fiscal 2014. The slight decrease in segment

profit as a percentage of sales was driven by the one-time increase to cost of goods sold, which was partially offset by cost savings from the HHI Business Rationalization Initiatives.

Segment Adjusted EBITDA was \$51.9 million in the Fiscal 2015 Quarter versus \$49.6 million in the Fiscal 2014 Quarter. The increase in Segment Adjusted EBITDA was driven by cost improvements and expense controls as discussed above coupled with a \$1.1 million increase in adjusted EBITDA due to the Tell acquisition during the Fiscal 2015 Quarter.

Segment assets at December 28, 2014 and September 30, 2014 were \$1,675.4 million and \$1,629.0 million, respectively. The increase in segment assets was primarily driven by a seasonal increase in inventory of \$42.3 million coupled with an increase in Goodwill and intangible assets of \$10.6 million as result of the acquisition of Tell. Goodwill and intangible assets were \$1,181.5 million at December 28, 2014 compared to \$1,170.9 million at September 30, 2014.

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

Global Pet Supplies

	Fiscal Quarter	
	2015	2014
	(in millions)	
Net sales to external customers	\$ 120.6	\$ 129.1
Segment profit	\$ 5.6	\$ 13.0
Segment profit as a % of net sales	4.6 %	10.1 %
Segment Adjusted EBITDA	\$ 13.0	\$ 20.4
Assets as of December 28, 2014 and September 30, 2014	\$ 894.6	\$ 890.4

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

Segment profit decreased to \$5.6 million in the Fiscal 2015 Quarter compared to \$13.0 million in the Fiscal 2014 Quarter and segment profitability as a percentage of sales in the Fiscal 2015 Quarter decreased to 4.6% from 10.1% in Fiscal 2014 Quarter. The decrease in segment profit and segment profitability as a percent of sales were driven by decreased sales coupled with unfavorable product mix and increased trade promotions.

Segment Adjusted EBITDA in the Fiscal 2015 Quarter decreased \$7.4 million to \$13.0 million from \$20.4 million in the Fiscal 2014 Quarter. The decrease in Adjusted EBITDA during the Fiscal 2015 Quarter compared to the Fiscal 2014 Quarter was driven by factors discussed above.

Segment assets at December 28, 2014 increased to \$894.6 million from \$890.4 million at September 30, 2014. Goodwill and intangible assets decreased to \$656.4 million at December 28, 2014 from \$668.7 million at September 30, 2014, due to amortization of definite lived intangible assets.

Home and Garden

	Fiscal Quarter	
	2015	2014
	(in millions)	
Net sales to external customers	\$ 39.5	\$ 33.8
Segment profit (loss)	\$ 2.8	\$ (1.2)
Segment profit (loss) as a % of net sales	7.1 %	(3.6)%
Segment Adjusted EBITDA	\$ 6.0	\$ 1.7
Assets as of December 28, 2014 and September 30, 2014	\$ 570.6	\$ 526.6

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

Segment profitability in the Fiscal 2015 Quarter increased \$4.0 million to \$2.8 million from a loss of \$(1.2) million in the Fiscal 2014 Quarter. Segment profitability as a percentage of sales in the Fiscal 2015 Quarter increased to 7.1% from (3.6)% last year. The increase in segment profit and segment profitability as a percentage of sales is attributable to the seasonal peak selling season extending into the Fiscal 2015 Quarter, the implementation of the Global Expense Rationalization Initiatives that were announced in Fiscal 2013 and expanded in Fiscal 2014 and the Liquid Fence acquisition that closed in the second quarter of Fiscal 2014.

Segment Adjusted EBITDA in the Fiscal 2015 Quarter increased \$4.3 million to \$6.0 million from \$1.7 million in the Fiscal 2014 Quarter, driven by the factors discussed above for the increase in segment profit.

Segment assets at December 28, 2014 increased to \$570.6 million from \$526.6 million at September 30, 2014. The increase in segment assets was driven by normal seasonal increases in inventory in preparation of our major selling season. Goodwill and intangible assets decreased to \$446.5 million at December 28, 2014 from \$449.2 million at September 30, 2014, due to amortization of definite lived intangible assets.

Corporate Expense. Our corporate expense was \$12.8 million in the Fiscal 2015 Quarter compared to \$14.1 million in the Fiscal 2014 Quarter, with the decrease primarily attributable to savings from the Global Expense Rationalization Initiatives that were implemented in Fiscal 2013 and expanded in Fiscal 2014 coupled with decreased stock compensation expense of \$1.0 million.

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

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

Interest Expense. Interest expense in the Fiscal 2015 Quarter was \$44.4 million compared to \$57.0 million in the Fiscal 2014 Quarter. The \$12.6 million decrease in interest expense in the Fiscal 2015 Quarter is driven primarily by the non-recurrence of \$11.3 million in costs related to the refinancing of the Term Loan in the Fiscal 2014 Quarter, consisting of the write off of unamortized deferred financing fees and original issue discount. See Note 7, “Debt,” to our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q for additional information regarding our outstanding debt.

Income Taxes. Our effective tax rates for the Fiscal 2015 Quarter and the Fiscal 2014 Quarter were 29% and 19%, respectively. For the Fiscal 2015 Quarter and the Fiscal 2014 Quarter, our effective tax rates differ from the U.S. federal statutory rate of 35% principally due to income earned outside the U.S. that is subject to statutory rates lower than 35%. Additionally, for the Fiscal 2015 Quarter, we recorded a \$3.6 million tax charge to record a valuation allowance against deferred tax assets related to our Brazil operations, since it is more likely than not that we will not obtain tax benefits from these assets. For the Fiscal 2014 Quarter, the tax rate was reduced due to a favorable Mexican law change.

We are not treating current and certain prior year earnings as permanently reinvested, except for jurisdictions where repatriation is either precluded or restricted by law. Due to the valuation allowance recorded against U.S. net deferred tax assets, including net operating loss carryforwards, we do not recognize any incremental U.S. tax expense on the expected future repatriation of foreign earnings. Should the U.S. valuation allowance be released at some future date, the recording of U.S. tax on foreign earnings not considered permanently reinvested might have a material effect on our effective tax rate. For our fiscal year ending September 30, 2015, we expect to record approximately \$2.6 million of additional tax expense from non-U.S. withholding and other taxes expected to be incurred on repatriation of current earnings, and also expect to record \$15.2 million of US tax on future repatriation that would be offset by operating losses.

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

Liquidity and Capital Resources

Operating Activities

For the Fiscal 2015 Quarter, cash used by operating activities totaled \$146.6 million compared to cash used of \$136.0 million during the Fiscal 2014 Quarter. The \$10.6 million increase in cash used by operating activities was primarily due to:

- Lower Adjusted EBITDA of \$3.0 million;
- Cash used for working capital and other items of \$8.1 million driven by increase in accounts receivable, inventory and other working capital accounts; partially offset by an increase in cash from the change in accounts payable;
- Higher cash payments for acquisition and integration and restructuring related costs of \$3.9 million; and
- Higher cash payments for income taxes of \$2.7 million

Offset by,

- Lower cash payments for interest of \$7.1 million.

We expect to fund our cash requirements, including capital expenditures, interest and principal payments due in Fiscal 2015, through a combination of cash on hand, cash flow from operations and funds available for borrowings under our asset based lending revolving credit facility (the “ABL Facility”). Going forward, our ability to satisfy financial and other covenants in our senior credit agreements and senior unsecured indentures and to make scheduled payments or prepayments on our debt and other financial obligations will depend on our future financial and operating performance. There can be no assurances that our business will generate sufficient cash flows from operations or that future borrowings under our ABL Revolving Credit Facility will be available in an amount sufficient to satisfy our debt maturities or to fund our other liquidity needs.

At December 28, 2014, there are no significant foreign cash balances available for repatriation. During Fiscal 2015, we expect to generate between \$75 million and \$125 million of foreign cash that may be repatriated for general corporate purposes.

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

Investing Activities

Net cash used by investing activities was \$43.2 million for the Fiscal 2015 Quarter compared to \$15.9 million for the Fiscal 2014 Quarter. The \$27.3 million increase in cash used by investing activities in the Fiscal 2015 Quarter is primarily driven by the \$29.2 million cash used for the Tell acquisition, partially offset by proceeds from sales of property, plant and equipment of \$1.1 million.

Financing Activities

Debt Financing

At December 28, 2014 we had the following debt instruments outstanding: (i) a senior secured term loan pursuant to a senior credit agreement (the “Senior Credit Agreement”) which consists of \$648.4 principal due September 4, 2017 (“Tranche

A”), \$509.9 principal due September 4, 2019 (“Tranche C”), \$32.9 Canadian dollar denominated principal due December 17, 2019 (“CAD Term Loan”), \$272.9 Euro denominated principal due September 4, 2019 (“Euro Term Loan Tranche A”) and \$183.3 Euro denominated principal due December 19, 2021 (“Euro Term Loan Tranche B”) (together, the “Term Loan”); (ii) \$300.0 6.75% unsecured notes (the “6.75% Notes”); (iii) \$520.0 6.375% unsecured notes (the “6.375% Notes”); (iv) \$570.0 6.625% unsecured notes (the “6.625% Notes”); (v) \$250.0 6.125% unsecured notes (the “6.125% Notes”) and (vi) a \$400.0 asset based lending revolving credit facility (the “ABL Facility”).

At December 28, 2014, we were in compliance with all covenants under the Senior Credit Agreement, the indenture governing the 6.375% Notes and the 6.625% Notes, the indenture governing the 6.75% Notes, the indenture governing the 6.125% Notes and the credit agreement governing the ABL Facility (the “ABL Credit Agreement”).

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

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

Financing Cash Flows

The Fiscal 2015 Quarter net cash provided by financing activities of \$409.9 million consisted of the following: (i) proceeds related to the issuance of \$250.0 million of unsecured notes; (ii) proceeds related to the Euro Term Loan Tranche B of \$185.4 million (iii) a use to pay share-based tax withholdings of employees for vested stock awards of \$1.7 million, net of proceeds upon vesting; (iv) a use to pay \$15.9 million of dividends; (v) a use to pay \$6.1 million of debt issuance costs; (vi) a use of \$8.5 million for treasury stock purchases; (vii) \$8.5 million of proceeds from other financing activities; and (viii) a use for reduction of other debt of \$1.8 million. The primary use of the proceeds from these activities was to fund working capital needs as discussed within “Liquidity and Capital Resources - Operating Activities” and to provide resources for future acquisitions.

The Fiscal 2014 Quarter net cash provided by financing activities of \$76.9 million consisted of the following: (i) proceeds related to the issuance \$523.7 million of Term Debt; (ii) a use of \$513.3 million to repay debt under the Senior Credit Facilities; (iii) borrowings of \$110.0 million on our ABL Facility; (iv) a use to pay share-based tax withholdings of employees for vested stock awards of \$24.7 million, net of proceeds upon vesting; (v) a use to pay \$13.2 million of dividends; (vi) a use to pay \$4.7 million of debt issuance costs; (vii) a use of \$4.5 million for treasury stock purchases; (viii) \$4.1 million proceeds from other financing activities; and (ix) a use for reduction of other debt of \$0.5 million. The primary use of the proceeds was to fund working capital needs as discussed within “Liquidity and Capital Resources - Operating Activities” and to provide resources for future acquisitions.

Interest Payments and Fees

In addition to principal payments on our debt obligations as mentioned above, we have annual interest payment obligations of approximately \$163.3 million in the aggregate. This includes interest under our 6.375% Notes of approximately \$33.2 million, interest under our 6.625% Notes of approximately \$37.8 million, interest under our 6.75% Notes of approximately \$20.3 million, interest under our 6.125% Notes of approximately \$15.3 million and interest under our Term Loan of approximately \$56.7 million. Interest on our debt is payable in cash. Interest on the 6.375% Notes, the 6.625% Notes, the 6.75% Notes and the 6.125% Notes is payable semi-annually in arrears and interest under the Term Loan is payable on various interest payment dates as provided in the Senior Credit Agreement and the ABL Credit Agreement. We are required to pay certain fees in connection with our outstanding debt obligations. Such fees include a quarterly commitment fee of up to 0.375% on the unused portion of the ABL Facility and certain additional fees with respect to the letter of credit sub-facility under the ABL Facility.

Equity Financing Activities

During the Fiscal 2015 Quarter, we granted 0.2 million shares of restricted stock to our employees and our directors. All vesting dates are subject to the recipient’s continued employment with us, except as otherwise permitted by our Board of Directors, or in certain cases where the employee is terminated without cause. The total market value of the restricted shares on the date of grant was approximately \$21.1 million, which represented unearned restricted stock compensation. Unearned compensation is amortized to expense over the appropriate vesting period.

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

Off-Balance Sheet Arrangements

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

Contractual Obligations and Commercial Commitments

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

Critical Accounting Policies and Critical Accounting Estimates

Our Condensed Consolidated Financial Statements (Unaudited) included in this Quarterly Report on Form 10-Q have been prepared in accordance with generally accepted accounting principles in the United States of America and fairly present our financial position and results of operations. There have been no material changes to our critical accounting policies or critical accounting estimates as discussed in our Annual Report on Form 10-K for Fiscal 2014.

New Accounting Pronouncements

Revenue recognition

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

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Market Risk Factors

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

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

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

Sensitivity Analysis

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

At December 28, 2014, the potential change in fair value of our outstanding interest rate derivative instruments assuming a 1 percent unfavorable shift in interest rates would be a loss of \$3.1 million. The net impact on reported earnings, after also including the effect of the change on one year's underlying interest rate exposure on our variable rate Term Loan, would be a net loss of \$3.1 million.

At December 28, 2014, the potential change in fair value of outstanding foreign exchange derivative instruments, assuming a 10% unfavorable change in the underlying exchange rates, would be a loss of \$50.5 million. The net impact on reported earnings, after also including the effect of the change on one year's underlying foreign currency-denominated exposures, would be a net gain of \$19.3 million.

At December 28, 2014, the potential change in fair value of outstanding commodity price derivative instruments, assuming a 10% unfavorable change in the underlying commodity prices, would be a loss of \$2.1 million. The net impact on reported earnings, after also including the effect of the reduction in cost of one year's purchases of the related commodities due to the same change in commodity prices, would be a net gain of \$2.0 million.

Item 4. Controls and Procedures

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

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

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

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

Litigation

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

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

Item 1A. Risk Factors

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

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

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

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Approximate Dollar Value of Shares that may Yet Be Purchased Under the Plans or Programs
Quarter Ended December 28, 2014				
October 1, 2014 - October 26, 2014	100,000	\$ 84.27	221,752	\$ 184,048,316
October 27, 2014 - November 23, 2014	—	—	221,752	184,048,316
November 24, 2014 - December 28, 2014	—	—	221,752	184,048,316
Total	100,000	\$ 84.27	221,752	\$ 184,048,316

Item 6. Exhibits

Please refer to the Exhibit Index.

SIGNATURES

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

Date: February 5, 2015

SPECTRUM BRANDS HOLDINGS, INC.

By:

/s/ DOUGLAS L. MARTIN

Douglas L. Martin

*Executive Vice President and Chief Financial Officer
(Principal Financial Officer)*

EXHIBIT INDEX

Exhibit 3.1	Restated Certificate of Incorporation of Spectrum Brands Holdings, Inc., dated June 16, 2010 (incorporated by reference to Exhibit 3.1 to the Registration Statement on Form S-8 filed with the SEC on June 16, 2010).
Exhibit 3.2	Amended and Restated Bylaws of Spectrum Brands Holdings, Inc., adopted as of June 16, 2010 (incorporated by reference to the Registration Statement on Form S-8 filed with the SEC on June 16, 2010).
Exhibit 4.1	Indenture governing Spectrum Brands, Inc.'s 6.125% Senior Notes due 2024, dated as of December 4, 2014, among Spectrum Brands, Inc., the guarantors party thereto and US Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to Spectrum Brands Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on December 8, 2014).
Exhibit 10.1	Registration Rights Agreement, dated as of December 4, 2014 by and among Spectrum Brands, Inc., the guarantors party thereto and the investors listed on the signature pages thereto, with respect to Spectrum Brands, Inc.'s 6.125% Senior Notes due 2024 (incorporated by reference to Exhibit 10.1 to Spectrum Brands Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on December 8, 2014).
Exhibit 10.2	Term Loan Commitment Agreement No. 2, dated December 19, 2014 relating to the Credit Agreement dated as of December 17, 2012, and as amended and restated on December 18, 2013, and as further amended, restated, supplemented or otherwise modified prior to the date hereof, among Spectrum Brands, Inc., as Lead Borrower, Spectrum Brands Canada, Inc., as Canadian Borrower, Spectrum Brands Europe, GmbH, as German Borrower, SB/RH Holdings, LLC, as Holdings, the lenders from time to time party thereto and Deutsche Bank AG New York Branch, as the Administrative Agent (incorporated by reference to Exhibit 10.1 to Spectrum Brands Holdings, Inc.'s Current Report on Form 8-K filed with the SEC on December 19, 2014).
Exhibit 10.3	Transition employment agreement, effective as of January 8, 2015, between Spectrum Brands Holdings, Inc. and David R. Lumley.*
Exhibit 31.1	Certification of Chief Executive Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.*
Exhibit 31.2	Certification of Chief Financial Officer required by Rule 13a-14(a) or Rule 15d-14(a) of the Securities and Exchange Act of 1934, as adopted pursuant to Section 302 the Sarbanes-Oxley Act of 2002.*
Exhibit 32.1	Certification of Chief Executive Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
Exhibit 32.2	Certification of the Chief Financial Officer pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.*
101.INS	XBRL Instance Document**
101.SCH	XBRL Taxonomy Extension Schema Document**
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document**
101.DEF	XBRL Taxonomy Extension Definition Document**
101.LAB	XBRL Taxonomy Extension Label Linkbase Document**
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document**

* Filed herewith

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

TRANSITION EMPLOYMENT AGREEMENT

THIS TRANSITION EMPLOYMENT AGREEMENT (this "Agreement") is entered into as of the 8th day of January, 2015 (the "Effective Date"), by and between Spectrum Brands, Inc., a Delaware corporation (the "Company"), Spectrum Brands Holdings, Inc., a Delaware corporation ("Parent") and David R. Lumley (the "Executive").

WHEREAS, the Company, the Parent and the Executive entered into an Amended and Restated Employment Agreement, dated as of the 11th day of August, 2010, as amended on November 16, 2010 (collectively, the "Prior Agreement"), which by its terms will automatically renew on April 15th of each year, unless one of the parties thereto determines to give notice of non-renewal by January 14th of such year; and

Whereas, the Executive has indicated that he wishes to retire from the Company and the Parent and the Company and the Parent have elected not to renew the Prior Agreement pursuant to the existing terms and conditions as set forth therein; and

WHEREAS, the parties have elected to terminate the Prior Agreement and enter into this Agreement, providing for the Executive's service through September 30, 2015 as provided herein;

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

WHEREAS, following the execution of this Agreement, the Prior Agreement will be of no further force and effect and neither the Company, the Parent nor Executive will have any further rights or obligations thereunder; and

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

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

1. EMPLOYMENT DUTIES AND ACCEPTANCE. During the Term (as defined below), the Company hereby employs the Executive, and the Executive agrees to serve and accept employment with the (i) Company as President and Chief Executive Officer, and (ii) Parent as Chief Executive Officer, in both cases reporting directly to the Board of Directors of Parent (the "Board"). Executive shall be fully responsible for the day to day management of the Company and Parent and shall have the authority consistent with his positions as Chief Executive Officer and President of similarly sized companies. In addition, the Executive shall support the CEO search process and reasonably assist in the transition to a new CEO, including assistance with key constituencies of the Parent and the Company, including the Board of Directors, the controlling shareholder of the Parent, other shareholders and investment analysts, the Company's management and employees, key customers and suppliers to the Company, and the media. The Executive shall devote substantially all of his

working time and efforts to such employment. During the Term, Parent will nominate the Executive for election to the Board.

2. TERM OF EMPLOYMENT. Subject to earlier termination of employment under Section 4 hereof, the Executive's employment shall terminate on September 30, 2015 (the "Term"), provided, however that the Board may extend the Term to December 31, 2015 so long as it gives Executive written notice of such extension at least thirty (30) days prior to September 30. The effective date of the termination of Executive's employment with the Company, whether as a result of earlier termination under Section 4 or expiration of the Term is referred to herein as the "Termination Date."

3. COMPENSATION. During the Term, the Company shall pay or provide to the Executive the following compensation and benefits, and such other compensation as the Board may determine which the Executive agrees to accept in full satisfaction for his services, subject to necessary withholding for payroll and income taxes:

a. Base Salary and Benefits until Termination Date. During the Term the Executive shall be compensated at the salary rate in effect on the Effective Date and the Executive shall continue to be eligible to participate in the Company's employee benefit plans and arrangements, including driving the Company vehicle, as paid by the Company on the Effective Date, in accordance with their terms as in effect from time to time. Notwithstanding the foregoing, at any time prior to the expiration of the Term, the Company, in its sole discretion, may inform the Executive that the Executive's services are no longer required and place the Executive on "garden leave" for the remainder of the Term (the "Garden Leave Period"). As of the commencement of the Garden Leave Period the Executive shall be deemed to have resigned from all titles and positions the Executive holds with the Company or Parent (or any subsidiary or affiliate thereof), unless otherwise requested by the Board in writing. The Executive acknowledges and agrees that upon request of the Board, the Executive shall serve as a strategic advisor to the Chairman of the Board and the Company after the Termination Date.

During the Garden Leave Period the Executive shall remain an employee with the Company and the Company shall continue to provide the Executive with his base salary, annual bonus opportunity and benefits at the same rate as in effect immediately prior to the commencement of the Garden Leave Period, and the Executive shall remain eligible to receive the fiscal 2015 MIP Bonus and 2015 EIP to the extent earned as provided for in sub-sections (b) and (e) of this Section 3.

b. Fiscal 2015 MIP Bonus. The Executive shall be eligible to receive a bonus for the 2015 fiscal year, payable in arrears (the "Bonus"), calculated based upon the achievement of performance targets established by the Board in November 2014 (the "Performance Targets"). If the Executive achieves 100 percent of the Performance Targets, the Executive shall receive a Bonus in an amount that is at least 115% of his Base Salary. If the Executive exceeds the Performance Target, the Bonus shall be increased in linear fashion; provided, however, the Bonus shall not exceed 250% of Executive's Base Salary. The Company shall pay the Bonus, if any, as soon as practicable following the end of the applicable fiscal year but no later than March 15th of the year following the year in which the Bonus is earned.

c. Insurance Coverages. The fringe benefits, perquisites and other benefits of employment to be made available to the Executive shall be similar to such benefits and perquisites as are

generally made available to other senior executives of the Company, as such plans are amended, modified or terminated from time to time.

- d. **Existing Stock-Based Awards.** All restricted stock unit (RSU) awards previously granted to the Executive shall remain in full force and effect in accordance with their terms.
- e. **Fiscal 2015 EIP Award.** As soon as practicable following the date hereof, the Executive shall receive a grant of RSUs having an aggregate value of \$5,000,000 on the date of grant under the Equity Incentive Plan for fiscal year 2015, which shall be earned upon the achievement of the Adjusted EBITDA performance target of \$760 million for fiscal year 2015. The RSUs, to the extent earned shall vest 50% on September 30, 2016 and 50% on September 30, 2017 and shall be otherwise governed by the 2015 EIP award agreement for Executive, provided, however, that the RSUs will be deemed non-forfeitable upon the Termination Date so long as the performance target has been achieved and (i) the Executive does not voluntarily terminate his employment prior to September 30, 2015 or (ii) the Executive's employment is not terminated for Cause.
- f. **Vacation.** The Executive shall be entitled to four (4) weeks of vacation each year.
- g. **Other Expenses.** The Executive shall be entitled to reimbursement of all reasonable and documented expenses actually incurred or paid by the Executive in the performance of the Executive's duties under this Agreement, upon presentation of expense statements, vouchers or other supporting information in accordance with Company policy. All expense reimbursements and other perquisites of the Executive are reviewable periodically by the Compensation Committee of the Board.
- h. **Vehicle.** Pursuant to the Company's policy for use of vehicles by executives, Executive shall be provided the use of a leased vehicle. Unless the Executive's employment is terminated by the Company for Cause pursuant to Section 4(a) or by the Executive voluntarily pursuant to Section 4(d), Executive shall be permitted to drive his Company vehicle for the duration of the 12-month period following termination; at the end of such 12-month period, Executive will be permitted to purchase his Company vehicle at the Company's book value of the vehicle as of such date.
- i. **D&O Insurance.** The Executive shall be entitled to indemnification from the Company and Parent to the maximum extent provided by law, but not for any action, suit, arbitration or other proceeding (or portion thereof) initiated by the Executive, unless authorized or ratified by the Board. Such indemnification shall be covered by the terms of the Company's policy of insurance for directors and officers in effect from time to time (the "D&O Insurance"). After the Commencement Date, neither the Company nor Parent will amend its articles of incorporation or its by-laws in a manner that would adversely affect Executive's indemnification rights as they existed on the Commencement Date. Copies of the Company's and the Parent's charter, by-laws and D&O Insurance will be made available to the Executive upon request.
- j. **Legal Fees.** The Company shall pay the Executive's actual and reasonable legal fees incurred in connection with the preparation and negotiation of this Agreement.
- k. **Retention Payments.** As a retention bonus for entering into this Agreement and the Executive performing his obligations hereunder, the Company shall pay to the Executive an amount in cash equal to double the sum of (i) the Executive's Base Salary at the rate then in effect, and (ii) the target annual Bonus established pursuant to any annual bonus or annual

incentive plan maintained by the Company in respect of the fiscal year ending immediately prior to the fiscal year in which the Termination Date occurs (the "Retention Bonus"). The Retention Bonus shall be paid to the Executive ratably monthly over the 24-month period commencing on the sixtieth (60th) day following the Termination Date, subject to Section 11. In addition, the Company shall pay the Executive (A) \$25,000 on the first anniversary of the Termination Date, and (B) \$75,000 in a lump sum on the 60th day following the Termination Date. Payment of the amounts pursuant to this Section 3(k) is subject to Executive's execution without revocation of a separation agreement with a release of claims agreeable to the Company (to the extent that the Executive is physically and mentally capable to execute such an agreement (the "Release"), and provided the Release is effective and irrevocable within sixty (60) days following the Termination Date. The Executive shall be entitled to receive the payments provided for in this Section 3(k) regardless of the reason of the termination of Executive's employment. The Executive expressly acknowledges and agrees that Executive is not entitled to receive any severance or separation pay, whether pursuant to the Prior Agreement or this Agreement.

l. Transition Success Bonus. If the Executive performs his duties and responsibilities in a satisfactory manner (including assisting in the CEO search process and the transition of his duties to the new CEO) through the period up to the Termination Date, as determined by the Chairman of the Board, then the Board in its sole discretion may determine to pay or provide the Executive a transition bonus within thirty days after the Termination Date in an amount and form of consideration as so determined by the Board.

m. No Eligibility for Spectrum \$2B Program. For the avoidance of doubt, Executive will not be eligible to participate in the Spectrum \$2B program, nor will he be eligible to participate in the 2016 MIP or EIP award programs.

4. **TERMINATION.**

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

- i. the commission by the Executive of any deliberate and premeditated act taken by the Executive in bad faith against the interests of the Company which causes, or is reasonably anticipated to cause, material harm to the Company or its reputation;
- ii. the Executive has been convicted of, or pleads nolo contendere with respect to any felony, or of any lesser crime or offense having as its predicate element fraud, dishonesty or misappropriation of the property of the Company that causes, or is reasonably anticipated to cause, material harm to the Company;
- iii. the habitual drug addiction of the Executive, or habitual intoxication of the Executive, which negatively impacts his job performance, or the Executive's failure of a company-required drug test;
- iv. the willful failure or refusal of the Executive to (A) perform his duties as set forth herein or (B) follow the direction of the Board, provided the failure or refusal continues after fifteen (15) days of the receipt of notice in writing from the Board of

the failure or refusal, which notice refers to this Section 4(a) and states the Company's intent to terminate the Executive's employment hereunder if such failure or refusal is not remedied within such fifteen (15) day period; or

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

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

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

c. Termination by Company without Cause. The Company shall have the right at any time to terminate the Executive's employment for any other reason without Cause upon sixty (60) days prior written notice to the Executive, provided, however, that the Company may, in its discretion, pay the Executive 60 days' Base Salary in lieu of such notice and; provided, further, that any unvested RSUs continue to vest in accordance with their terms through the end of such 60-day period, Executive shall be deemed to be employed for such period for all benefit purposes including the Bonus, and coverage under the Company welfare benefit plans shall continue for such period.

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

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

- i. any reduction, not consented to by the Executive in a signed writing, in the Executive's Base Salary or target annual bonus opportunity then in effect;
- ii. the relocation, not consented to by the Executive, of the Company's office at which the Executive is principally employed as of the date hereof to a location more than seventy-five (75) miles from such office, or the requirement by the Company that the Executive be based at an office other than the Company's office on an extended basis,

except for required travel on the Company's business to an extent substantially consistent with the Executive's business travel obligations;

- iii. a substantial diminution or other substantive adverse change, not consented to by the Executive in a signed writing, in the nature or scope of the Executive's responsibilities, authorities, powers, functions or duties; provided, however, the Executive shall not be entitled to resign for Good Reason in the event that the diminution or other substantive adverse change in the nature or scope of the Executive's responsibilities, authorities, powers, functions or duties (x) is related to the Executive being placed on garden leave or (y) is related to the Company's search for or hiring of a new Chief Executive Officer or the related transition to a new Chief Executive Officer ; or
- iv. a breach by the Company of any of its other material obligations under this Agreement;

provided, however, that in each case, the Executive may not terminate his employment for Good Reason unless the Executive (A) provides the Company with 30 days advance written notice of his intent to resign for Good Reason, (B) such notice is given within 60 days of the events or circumstances claimed to give rise to Good Reason, (C) the Company fails to cure such alleged violation during such 30 day period and (D) if the Company fails to cure such alleged violation, the Executive must terminate his employment within six months of the initial occurrence of the facts or circumstances giving rise to Good Reason.

For purposes of any stock option agreements or restricted stock award agreements, termination for Good Reason shall be treated as a termination of employment by the Company without "Cause."

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

g. Upon termination of the Executive's employment with the Company, unless the Company requests otherwise, the Executive shall be deemed to have resigned, effective immediately, from all directorships and other positions he held with the Company and its affiliates (including, without limitation, Parent) and the Executive shall execute any documents reasonably required to effectuate the foregoing.

5. EFFECT OF TERMINATION OF EMPLOYMENT.

- a. **Termination by the Company with Cause or Voluntarily by the Executive.** If the Executive's employment hereunder is terminated by the Company with Cause or if the Executive voluntarily terminates his employment hereunder (except for Good Reason), the Executive's salary and other benefits specified in Section 3 shall cease at the time of such termination, and the Executive shall not be entitled to any compensation specified in Section 3 (except as set forth in Section 3(k)) which was not required to be paid prior to such termination. The Company shall promptly pay to the Executive accrued salary and vacation pay, reimbursement for expenses incurred through the date of termination in accordance with Company policy, and accrued benefits through the Company's benefit plans, programs and arrangements, and the amounts set forth in Section 3(k) (as provided for and at the times set forth in Section 3(k)) subject to the Executive's executing the Release (the "Accrued Obligations"). The Executive shall be entitled to continue to participate in the Company's medical benefit plans to the extent required by law.
- b. **Without Cause or for Good Reason, Death or Disability.** If the Executive's employment hereunder is (a) terminated by the Company without Cause, (b) by Executive for Good Reason or (c) by reason of death or by the Company for Disability, the Company shall pay or provide the Accrued Obligations and, if the Executive executes without revocation the Release and the Release is effective and irrevocable on or before the date that is sixty (60) days following the Termination Date:
- i. For the 24-month period immediately following the Termination Date, the Company shall arrange to provide the Executive and his dependents the additional benefits specified in Section 3(c) (other than the healthcare coverage) substantially similar to those provided to the Executive and his dependents by the Company immediately prior to the Termination Date, at no greater cost to the Executive or the Company than the cost to the Executive and the Company immediately prior to such date. Benefits receivable by the Executive pursuant to this Section 5(b)(ii) shall be reduced to the extent benefits of the same type are received by or made available to the Executive during the 24-month period following the Executive's termination of employment (and any such benefits received by or made available to the Executive shall be reported to the Company by the Executive); provided, however, that the Company shall reimburse the Executive for the excess, if any, of the cost of such benefits to the Executive over such cost immediately prior to the date of termination. Benefits receivable by the Executive pursuant to this Section 5(b) shall cease immediately upon the discovery by the Company of the Executive's breach of the covenants contained in Section 6 or 7 hereof.
 - ii. The Executive shall remain eligible to receive the fiscal 2015 MIP Bonus and fiscal 2015 EIP to the extent earned as provided for in sub-sections (b) and (e) of Section 3. The 2015 MIP will be paid it would have been paid had Executive remained employed with the Company on the payment date, and the 2015 RSUs will be treated as set forth in Section 3(e).
 - iii. The Executive shall not be required to seek other employment or to attempt in any way to reduce any amounts payable to the Executive by the Company pursuant to this Section 5, and there shall be no reduction or offset of such payments following Executive's obtaining other employment.
- c. Except as set forth in Section 3, the Executive's salary and other benefits specified in Section 3 shall cease at the time of termination, and the Executive shall not be entitled

to any compensation specified in Section 3 which was not required to be paid prior to the termination and the Executive will not be entitled to receive any other severance or separation pay.

6. AGREEMENT NOT TO COMPETE.

- a. The Executive agrees that during his employment and for the two-year period immediately following the termination of his employment for any reason (hereafter, the “Non-Competition Period”), he will not, directly or indirectly, either separately, jointly or in association with others, as an officer, director, consultant, agent, employee, owner, principal, partner or stockholder of any business, provide services of the same or similar kind or nature that he provides to the Company to, or have a financial interest in (excepting only the ownership of not more than 5% of the outstanding securities of any class listed on a national securities exchange or the NASDAQ Stock Market), any competitor of the Company (which means any person or organization that is in the business of or makes money from designing, developing, or selling products or services similar to those products and services developed, designed or sold by the Company); provided, however, that the Executive may provide services to or have a financial interest in a business that competes with the Company if his employment or financial interest is with a separately managed or operated division or affiliate of such business that does not compete with the Company. The Executive recognizes, acknowledges and agrees that his duties and responsibilities hereunder will be performed throughout the United States and Canada and Europe and Asia and Latin America and will result in Executive’s having material contact with the Company’s customers, suppliers, vendors, and employees throughout the United States and Canada and Europe and Asia and Latin America. Accordingly, the Parties acknowledge and agree that the restrictions set forth in this Section 6(a) shall extend to the United States and Canada and Europe and Asia and Latin America (hereafter, the “Restricted Territory”) and that this geographic scope is reasonable based on the geographic scope of Executive’s duties and responsibilities.
- b. Without limiting the generality of clause (a) above, the Executive further agrees that, during the Non-Competition Period, he will not, within the Restricted Territory, directly or indirectly, either separately, jointly or in association with others, solicit, divert, take away, or attempt to solicit, divert, or take away, any customer or person with whom the Company has a written sales or servicing contract in connection with the business of the Company (a “Current Customer”), or any customer or person to whom the Company has sent a written sales or servicing proposal or contract in connection with the business of the Company within the immediately preceding two-year period (a “Prospective Customer”), for the purpose of or with the intention of selling or providing to such Current Customer or Prospective Customer any product or service similar to any product or service sold, provided, offered, or under development by the Company during the two-year period immediately preceding the termination of Executive’s employment for any reason (or during the preceding two years if during Executive’s employment); provided, however, that this restriction shall only apply to Current Customers or Prospective Customers of the Company with whom Executive had contact or about whom the Executive acquired confidential information by virtue of his employment with the Company at any time during such two-year period.

- c. The Executive agrees that during the Non-Competition Period, he shall not (i) contact in order to induce, solicit or encourage any person to leave the Company's employ; and (ii) hire any person who is an employee or consultant under contract with the Company or who was an employee or consultant within the six month period preceding such activity, without the Company's written consent. Nothing in this paragraph is meant to prohibit an employee of the Company that is not a party to this Agreement from becoming employed by another organization or person.
- d. The Non-Competition Period shall be tolled by and automatically extended by the length of a breach by the Executive.
- e. If a court determines that the foregoing restrictions are too broad or otherwise unreasonable under applicable law, including with respect to time or space, the court is hereby requested and authorized by the parties hereto to revise the foregoing restrictions to include the maximum restrictions allowed under the applicable law. Sections 6(a), 6(b), and 6(c) each are intended to be considered and construed as separate and independent covenants; any ruling that any one or more of these sections is overbroad or otherwise invalid shall not affect the validity of any of the other sections or any other section of this Agreement.
- f. For purposes of this Section 6 and Section 7, the "Company" refers to the Company and any incorporated or unincorporated affiliates of the Company (including, without limitation, Parent).

7. SECRET PROCESSES AND CONFIDENTIAL INFORMATION.

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

practice, which are conceived or learned by the Executive during the period of the Executive's employment with the Company, either alone or with others, which relate to or result from the actual or anticipated business or research of the Company or which result, to any extent, from the Executive's use of the Company's premises or property (collectively called the "Inventions"). The Executive acknowledges and agrees that all the Inventions shall be the sole property of the Company, and the Executive hereby assigns to the Company all of the Executive's rights and interests in and to all of the Inventions, it being acknowledged and agreed by the Executive that all the Inventions are "works for hire" as that term is defined in the U.S. Copyright Law. The Company shall be the sole owner of all domestic and foreign rights and interests in the Inventions. The Executive agrees to assist the Company at the Company's expense to obtain and from time to time enforce patents and copyrights on the Inventions.

c. Upon the request of, and, in any event, upon termination of the Executive's employment with the Company for any reason, the Executive shall promptly deliver to the Company all documents, data, records, notes, drawings, manuals and all other tangible information in whatever form which pertains to the Company, and the Executive will not retain any such information or any reproduction or excerpt thereof. Subject only to the Executive's duty to hold in strict confidence all Confidential Information of the Company and its affiliates and his other obligations under this Agreement, nothing in this Agreement or elsewhere shall prevent the Executive from retaining copies of his desk calendars, address book and rolodex.

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

8. NONDISPARAGEMENT. The Executive hereby agrees not to defame or disparage the Company, its affiliates (including, without limitation, Parent) and their respective officers, directors, members or employees. The Executive hereby agrees to cooperate with the Company and its affiliates, upon reasonable request, in refuting any defamatory or disparaging remarks by any third party made in respect of the Company or its affiliates or their directors, members, officers or employees.

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

a. For notices and communications to the Company and Parent:

Spectrum Brands, Inc.
601 Rayovac Drive
Madison, WI 53711
Facsimile: (608) 278-6363
Attention: General Counsel

With a copy to:

Reuven Falik, Esq.
Paul, Weiss, Rifkind, Wharton & Garrison LLP
1285 Avenue of the Americas
New York, NY 10019-6064
Facsimile: (212) 492-0399

b. For notices and communications to the Executive: at the address below as updated at the request of the Executive from time to time:

David R. Lumley
4830 Morris Court
Waunakee, Wisconsin 53597

With a copy to:
Andrew J. Bernstein, Esq.
Mintz, Levin, Cohn, Ferris, Glovsky and Popeo, P.C.
The Chrysler Center
666 Third Avenue
New York, New York 10017
Facsimile: (212) 983-3115

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

10. GOVERNING LAW; CONSENT TO JURISDICTION; WAIVER OF JURY TRIAL; SERVICE OF PROCESS.

- a. Any controversy or claim arising out of or relating to this Agreement or the breach thereof or otherwise arising out of the Executive's employment or the termination of that employment (including, without limitation, any claims of unlawful employment discrimination whether based on age or otherwise) other than Section 6 or 7 shall, to the fullest extent permitted by law, be settled by binding confidential arbitration by a panel of three arbitrators (the "Panel") under the auspices of the American Arbitration Association ("AAA") in New York City, New York in accordance with the Employment Dispute Resolution Rules of the AAA, including, but not limited to, the rules and procedures applicable to the selection of arbitrators. The Executive and the Company (the "Parties") hereby agree that the Panel (i) shall construe, interpret and enforce this Agreement in accordance with its express terms, and otherwise in accordance with the governing law as set forth in Section 12 and (ii) shall have no authority to award any punitive or exemplary damages and waive, to the full extent permitted by law any right to recover such damages in arbitration. Judgment may be entered on the arbitration award in any court having jurisdiction. Within 20 days of the conclusion of the arbitration hearing, the Panel shall prepare written findings of fact and conclusions of law. Any arbitration costs and expenses that are unique to arbitration or are in excess of the costs of filing the same claim in a court of competent jurisdiction shall be borne by the Company. Each party shall bear its own attorneys' fees and costs. THE PARTIES EXPRESSLY WAIVE THEIR RIGHT TO A JURY TRIAL.
- b. With respect to any controversy, claim or dispute under Section 6 or 7 of this Agreement, the Parties each hereby irrevocably submits to the exclusive jurisdiction of any court of the

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

c. **THE PARTIES EXPRESSLY AND KNOWINGLY WAIVE ANY RIGHT TO A JURY TRIAL.**

Each of the Parties hereto agrees that this Agreement involves at least \$100,000 and that this Agreement has been entered into in express reliance on Section 2708 of Title 6 of the Delaware Code. Each of the Parties hereto irrevocably and unconditionally agrees (i) that service of process may be made on such Party by mailing copies of such process to such Party at such Party's address as specified in Section 10 that service made pursuant to clause (i) above shall, to the fullest extent permitted by applicable law, have the same legal force and effect as if served upon such Party personally within the State of Delaware.

11. **SECTION 409A.**

a. This Agreement is intended to satisfy the requirements of Section 409A of the Code ("Section 409A") with respect to amounts, if any, subject thereto and shall be interpreted and construed and shall be performed by the parties consistent with such intent. This Agreement may be amended at any time, without the consent of the Executive, to avoid the application of Section 409A in a particular circumstance or to satisfy any of the requirements under Section 409A. Notwithstanding the foregoing, the Executive shall be solely responsible and liable for the satisfaction of all taxes and penalties that may be imposed on or for the account of the Executive in connection with payments and benefits provided in accordance with the terms of this Agreement (including any taxes and penalties under Section 409A of the Code), and neither the Company nor any of its affiliates shall have any obligation to indemnify or otherwise hold the Executive (or any beneficiary) harmless from any or all of such taxes or penalties.

b. Notwithstanding anything in this Agreement to the contrary, the following special rule shall apply, if and to the extent required by Section 409A, in the event that (i) the Executive is deemed to be a "specified employee" within the meaning of Section 409A(a)(2)(B)(i), (ii) amounts or benefits under this Agreement or any other program, plan or arrangement of the Company or a controlled group affiliate thereof are due or

payable on account of “separation from service” within the meaning of Treasury Regulations Section 1.409A-1(h) and (iii) the Executive is employed by a public company or a controlled group affiliate thereof: no payments hereunder that are “deferred compensation” subject to Section 409A shall be made to the Executive prior to the date that is six (6) months after the date of the Executive’s separation from service or, if earlier, the Executive’s date of death; following any applicable six (6) month delay, all such delayed payments will be paid in a single lump sum on the earliest permissible payment date.

c. Any payment or benefit due upon a termination of the Executive’s employment that represents a “deferral of compensation” within the meaning of Section 409A shall be paid or provided to the Executive only upon a “separation from service” as defined in Treas. Reg. § 1.409A-1(h). Each payment made under this Agreement shall be deemed to be a separate payment for purposes of Section 409A. Amounts payable under this Agreement shall be deemed not to be a “deferral of compensation” subject to Section 409A to the extent provided in the exceptions in Treasury Regulation §§ 1.409A-1(b)(4) (“short-term deferrals”) and (b)(9) (“separation pay plans,” including the exception under subparagraph (iii)) and other applicable provisions of Treasury Regulation § 1.409A-1 through A-6. For the avoidance of doubt, to the extent that the termination of the Executive’s employment does not constitute a separation of service under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. § 1.409A-1(h) (as the result of further services that are reasonably anticipated to be provided by the Executive to the Company at the time the Executive’s employment terminates under Section 4), any benefits payable under Sections 5(b) or (c) that constitute deferred compensation under Section 409A of the Code shall be delayed until after the date of a subsequent event constituting a separation of service under Section 409A(a)(2)(A)(i) of the Code and Treas. Reg. § 1.409A-1(h). For purposes of clarification, this shall not cause any forfeiture of benefits on the Executive’s part, but shall only act as a delay until such time as a “separation from service” occurs.

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

reimbursement or the provision of any in-kind benefit be subject to liquidation or exchange for another benefit.

12.

GENERAL.

- a. **Governing Law.** This Agreement shall be construed under and governed by the laws of the State of Delaware, without reference to its conflicts of law principles.
- b. **Amendment; Waiver.** This Agreement may be amended, modified, superseded, canceled, renewed or extended, and the terms hereof may be waived, only by a written instrument executed by all of the parties hereto or, in the case of a waiver, by the party waiving compliance. The failure of any party at any time or times to require performance of any provision hereof shall in no manner affect the right at a later time to enforce the same. No waiver by any party of the breach of any term or covenant contained in this Agreement, whether by conduct or otherwise, in any one or more instances, shall be deemed to be, or construed as, a further or continuing waiver of any such breach, or a waiver of the breach of any other term or covenant contained in this Agreement.
- c. **Successors and Assigns.** This Agreement shall be binding upon the Executive, without regard to the duration of his employment by the Company or reasons for the cessation of such employment, and inure to the benefit of his administrators, executors, heirs and assigns, although the obligations of the Executive are personal and may be performed only by him. This Agreement shall also be binding upon and inure to the benefit of the Company and its subsidiaries, successors and assigns, including any corporation with which or into which the Company or its successors may be merged or which may succeed to their assets or business.
- d. **Counterparts.** This Agreement may be executed in several counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same instrument. Signatures delivered by facsimile (including by "pdf") shall be deemed effective for all purposes.
- e. **Non-exclusivity of Rights.** Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation during his employment hereunder in any benefit, bonus, incentive or other plan or program provided by the Company or any of its affiliates and for which the Executive may qualify (except for any severance plan, program, or policy). Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan or program of the Company or any affiliated company at or subsequent to the date of the Executive's termination of employment with the Company shall, subject to the terms hereof or any other agreement entered into by the Company and the Executive on or subsequent to the date hereof, be payable in accordance with such plan or program.
- f. **Mitigation.** In no event shall the Executive be obligated to seek other employment by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement.
- g. **Equitable Relief.** The Executive expressly agrees that breach of any provision of Sections 6 or 7 of this Agreement would result in irreparable injuries to the Company, that the remedy at law for any such breach will be inadequate and that upon breach of

such provisions, the Company, in addition to all other available remedies, shall be entitled as a matter of right to injunctive relief in any court of competent jurisdiction without the necessity of proving the actual damage to the Company.

- h. Severability.** Sections 6(a), 6(b), 6(c), 7(a), 7(b) and 9(f) and (g) of this Agreement shall be considered separate and independent from each other and from the other sections of this Agreement and no invalidity of any one of those sections shall affect any other section or provision of this Agreement. However, because it is expressly acknowledged that the pay and benefits provided under this Agreement are provided, at least in part, as consideration for the obligations imposed upon Executive under Sections 6(a), 6(b), 6(c), 7(a) and 7(b), should Executive challenge those obligations or any court determine that any of the provisions under these Sections is unlawful or unenforceable, such that Executive need not honor those provisions, then Executive shall not receive the pay and benefits, provided for in this Agreement following termination, (or if he has already received the Retention Bonus or benefits, Executive shall be required to repay such Retention Bonus and benefits to the Company within 10 days of written demand by the Company) if otherwise available to Executive, irrespective of the reason for the end of Executive's employment. Except as set forth in the preceding two sentences, if any provision of this Agreement or the application thereof is held invalid, the invalidity shall not affect other provisions or applications of this Agreement which can be given effect without the invalid provisions or applications and to this end the provisions of this Agreement are declared to be severable.
- i. Entire Agreement.** This Agreement and the schedule hereto constitute the entire understanding of the parties hereto with respect to the subject matter hereof and supersede all prior negotiations, discussions, writings and agreements between them with respect to the subject matter hereof, including without limitation, the Prior Agreement and the term sheet dated on or around January 7, 2015.
- j. No Construction Against Drafter.** The Parties acknowledge and agree that each Party has reviewed and negotiated the terms and provisions of this Agreement and has had the opportunity to contribute to its revision. Accordingly, the rule of construction to the effect that ambiguities are resolved against the drafting party shall not be employed in the interpretation of this Agreement. Rather, the terms of this Agreement shall be construed fairly as to both Parties and not in favor or against either Party.
- k. Assignment.** This Agreement is binding on and is for the benefit of the Parties hereto and their respective successors, assigns, heirs, executors, administrators and other legal representatives. This Agreement is personal to the Executive. Neither this Agreement nor any right or obligation hereunder may be assigned by the Executive, without the prior written consent of the Company or except by will or the laws of descent and distribution, and any purported assignment in violation of this Section 12(k) shall be void.
- l. Tax Withholding.** The Company or its affiliates may withhold from any amounts payable to the Executive hereunder all federal, state, city, foreign or other taxes that the Company may reasonably determine are required to be withheld pursuant to any applicable law or regulation (it being understood that the Executive shall be responsible for payment of all taxes in respect of the payments and benefits provided herein).

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

[signature page follows]

SPECTRUM BRANDS, INC.

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

**SPECTRUM BRANDS HOLDINGS,
INC.**

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

EXECUTIVE

-
-

David R. Lumley.

CERTIFICATIONS

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

1. I have reviewed this quarterly report on Form 10-Q of Spectrum Brands Holdings, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 5, 2015

/s/ David R. Lumley
David R. Lumley
Chief Executive Officer

CERTIFICATIONS

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

1. I have reviewed this quarterly report on Form 10-Q of Spectrum Brands Holdings, Inc. (the “registrant”);
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant’s other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and
5. The registrant’s other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 5, 2015

/s/ Douglas L. Martin
Douglas L. Martin
Chief Financial Officer

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

In connection with the Quarterly Report on Form 10-Q of Spectrum Brands Holdings, Inc. (the "Company") for the quarterly period ended December 28, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, David R. Lumley, as Chief Executive Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ David R. Lumley

Name: **David R. Lumley**
Title: **Chief Executive Officer**
Date: **February 5, 2015**

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

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

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

In connection with the Quarterly Report on Form 10-Q of Spectrum Brands Holdings, Inc. (the "Company") for the quarterly period ended December 28, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Douglas L. Martin, as Chief Financial Officer of the Company, hereby certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Douglas L. Martin

Name: **Douglas L. Martin**
Title: **Chief Financial Officer**
Date: **February 5, 2015**

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

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