Spectrum Brands

Fiscal 2014 First Quarter Earnings Call

January 29, 2014

Agenda

- **Introduction** — Dave Prichard, Vice President, Investor Relations
- **FY14 Q1 Review and Full Year Outlook** — Dave Lumley, Chief Executive Officer
- **Financial Highlights** — Tony Genito, Chief Financial Officer
- **Q & A** — Dave Lumley; Tony Genito; Andreas Rouvé, President, International

Forward-Looking Statements

Certain matters discussed in this presentation, with the exception of historical matters, may be forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical facts, regarding our business strategy, future operations, financial condition, estimated revenues, projected costs, projected synergies, prospects, plans and objectives of management, as well as information concerning expected actions of third parties, are forward-looking statements. These statements are subject to a number of risks and uncertainties that could cause results to differ materially from those anticipated as of the date of this presentation. Important factors that could cause our actual results to differ materially from those expressed or implied herein include, without limitation: our ability to manage and otherwise comply with our covenants with respect to our significant outstanding indebtedness or maintain our credit ratings; changes and developments in external competitive market factors, such as introduction of new product features or technological developments; development of new competitors or competitive brands or competitive promotional activity or spending or industry consolidation; the cost and effect of unanticipated legal, tax or regulatory proceedings or new accounting policies, laws or regulations (including environmental, public health and consumer protection regulations); seasonality of our products and changes in consumer demand for the various types of products we offer resulting in the loss of, or a significant reduction in, sales to significant retail customers; our ability to develop and successfully introduce new products, protect our intellectual property and avoid infringing the intellectual property of third parties; public perception regarding the safety of our products, including the potential for environmental liabilities, product liability claims, litigation and other claims; unfavorable developments in the global credit markets; the impact of overall economic conditions, terrorist attacks, acts of war or other unrest in international markets on consumer spending; fluctuations in commodities prices, supply shortages, the costs or availability of raw materials or terms and conditions available from suppliers; changes in the general economic conditions in countries and regions where we do business, such as stock market prices, interest rates, currency exchange rates, inflation and consumer spending; our ability to successfully implement manufacturing, distribution and other cost efficiencies and to continue to benefit from our cost-cutting initiatives; the impact of expenses resulting from the implementation of new business strategies, divestitures or restructuring activities; our ability to integrate, and to realize synergies from, the combined businesses of Spectrum Brands, Inc. and Russell Hobbs, Inc.; our ability to identify, develop and retain key employees; unfavorable weather conditions or climate change and various other risks and uncertainties, including those discussed herein and those set forth in our filings with the Securities and Exchange Commission ("SEC").

We also caution the reader that undue reliance should not be placed on any forward-looking statements, which speak only as of the date of this presentation. We undertake no duty or responsibility to update any of these forward-looking statements to reflect events or circumstances after the date of this presentation or to reflect actual outcomes. Additional factors that may affect future results and conditions are described in our filings with the SEC, which are available at the SEC's web site at www.sec.gov or at Spectrum Brands' website at www.spectrumbrands.com. The information contained in this presentation is summary information that is intended to be considered in the context of our SEC filings, and other public announcements that we may make, by press release or otherwise, from time to time. In addition, information related to past performance, while helpful as an evaluative tool, is not necessarily indicative of future results, the achievement of which cannot be assured. You should not view our past performance, or information about the market, as indicative of our future results. Further, performance information respecting investment returns on portfolio transactions is not directly equivalent to returns on an investment in our common stock.

Reconciliation of Non-GAAP Financial Measurements

Management believes that certain non-GAAP financial measures may be useful in certain instances to provide additional meaningful comparisons between current results and results in prior operating periods. Excluding the impact of current exchange rate fluctuations may provide additional meaningful reflection of underlying business trends. In addition, within this presentation, including the tables that follow, reference is made to adjusted earnings before interest, taxes, depreciation and amortization (EBITDA), free cash flow and adjusted gross profit.

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, because 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 the Company's debt covenant compliance. Adjusted EBITDA excludes certain items that are unusual in nature or not comparable from period to period.

In addition, the Spectrum Brands' management uses adjusted gross profit as one means of analyzing the Spectrum Brands' current and future financial performance and identifying trends in its financial condition and results of operations. Management believes that adjusted gross profit is a useful measure for providing further insight into Spectrum Brands' operating performance because it eliminates the effects of certain items that are not comparable from one period to the next.

Also, management believes that free cash flow is useful to both management and investors in their analysis of Spectrum Brands' ability to service and repay its debt and meet its working capital requirements. Free cash flow should not be considered in isolation or as a substitute for pretax income (loss), net income (loss), cash provided by (used in) operating activities or other statement of operations or cash flow statement data prepared in accordance with GAAP or as a measure of profitability or liquidity. In addition, the calculation of free cash flow does not reflect cash used to service debt and therefore, does not reflect funds available for investment or discretionary uses.

Spectrum Brands provides this information to investors to assist in comparisons of past, present and future operating results and to assist in highlighting the results of on-going operations. While Spectrum Brands' management believes that non-GAAP measurements are useful supplemental information, such adjusted results are not intended to replace the Spectrum Brands' GAAP financial results and should be read in conjunction with those GAAP results.

Spectrum Brands

Dave Lumley
Chief Executive Officer

FY14 Q1 Review
and Full Year Outlook

Spectrum Brands FY14 Q1 Review

- Delivered record Q1 results which included HHI on a pro forma basis for last year
- This record performance provides a strong start to delivering 5th consecutive year of record financial performance from legacy business, and, with HHI included in all of last year, solid growth in FY14 versus FY13 across all key financial measures
- Q1 had many positive highlights
  - Particularly solid performances from our HHI and Home and Garden businesses
  - Resumption of growth in Remington personal care business
  - Strong European results continued
  - Margin improvements
  - Adjusted EPS and adjusted EBITDA growth
  - All-time high fiscal first quarter level of continuous improvement savings across all divisions

RAYOVAC
REMINGTON
HOT SHOT
It's Your Home. Not Theirs.
Cutter
Enjoy the Outdoors Again.
BLACK FLAG
REPEL
THE INSECT REPELLENT AS TOUGH AS YOU ARE.
Tetra
DINGO
Meat in the Middle!
Russell Hobbs
At the heart of your home
GEORGE FOREMAN
BLACK&DECKER
Kwikset
FARBERWARE
PfISTER

FY14 Q1 Review

- Q1 net sales grew 3.6% including HHI on a pro forma basis last year, and 3.8% excluding negative FX impact
  - HHI, Home and Garden, and Remington personal care had sales increases
  - Slight battery sales decline, as expected, due entirely to $10 million incremental sales impact, mostly flashlights, last year from Hurricane Sandy
- Adjusted EPS grew 40% to $1.09
- Adjusted EBITDA increased 11%, about 3 times the rate of net sales, while the margin grew to 16.2% versus 15.1% last year
- Legacy business delivered 13th consecutive quarter of year-over-year adjusted EBITDA growth with 1.7% increase
  - Adjusted EBITDA margin for legacy business improved 50 basis points to 15.7% versus 15.2% last year
- Strong start in Q1 to another record year, both for total company including HHI in both fiscal years and for legacy business as a 5th consecutive year of record profitability
- Overview of general flow of our 4 fiscal quarters
  - Historically the 2nd fiscal quarter, the quarter now in progress, has been the smallest as it follows the Christmas holiday season, and it remains so now
  - Addition of HHI, while not highly seasonal but with somewhat stronger June and September quarters, has added to relative size of the second half of the fiscal year versus the December and March quarters
- Second half of FY14 should be stronger than the first half
  - Factors include new product introductions, distribution gains, and relative impacts of HHI and the height of the Home and Garden spring and summer seasons




FY14 Full Year Outlook

- Spectrum Brands is focused on growing adjusted EBITDA and maximizing sustainable free cash flow
- Free cash flow expected to be at least $350 million, or nearly $7 per share, in FY14 vs. $254 million, or nearly $5 per share, in FY13 and $208 million, or $4 per share, in FY12
- Deleveraging and strengthening the balance sheet remains a top priority
  - Expect to pay down term debt by approximately $250 million in second half of FY14, thereby reducing total leverage by about ½ turn
  - Long term objective is to maintain a total leverage ratio of 2.5 times to 3.5 times
- Just announced 20% increase in quarterly dividend to $0.30 per share from $0.25 effective with next quarterly dividend to be paid in March
  - Reaffirms Company’s consistent and ongoing ability to generate strong free cash flow and commitment to deliver attractive returns to shareholders

Home and Garden (United Industries)

- Home and Garden is not letting up after a record FY13 with a remarkably strong Q4 finish

- Business delivered record fiscal first quarter
  - Net sales increased 11%
  - First positive adjusted EBITDA ever for a fiscal first quarter – $1.7 million versus a loss of $1.4 million last year
  - Record low net loss for a fiscal first quarter of just $1.2 million versus a net loss of $4.5 million a year ago
  - Higher volumes in lawn and garden controls, improved product mix, cost improvements and operating expense management all contributed to strong start to FY14

- Home and Garden is pushing for another record year in FY14
  - Assumption is more “normal” quarterly weather pattern than in FY13 when Q3 was lower and Q4 was stronger than usual
  - Expect distribution gains via new products with more promotional support

- Completed textbook, tuck-in acquisition in early January of The Liquid Fence Company
  - U.S. leader in growing consumer animal repellents market
  - EBITDA margin already higher than Home and Garden’s FY13 level of 23%
  - Immediately accretive transaction provides new, complementary position in a segment growing more than twice the rate of the overall $1.5 billion U.S. retail lawn and garden controls market
  - Synergies to be achieved quickly and will result in even more attractive multiple paid for Liquid Fence

Spectrum Brands

Remington (Personal Care)

- Strong FY13 Q4 finish has provided positive momentum into FY14
  - Q1 net sales increased 3.1% on strong revenue growth in Europe and Latin America
  - Lower North American revenues resulted primarily from continuing category softness in men's shaving and grooming
  - Adjusted EBITDA grew at a double-digit rate in Q1, including in North America despite lower shaving and grooming sales
  - Higher global sales, improved gross margins, cost savings and lower operating expenses contributed to strong profitability improvement
- Continue to expect Remington net sales and adjusted EBITDA to advance in FY14, driven primarily by improvements in North America hair care
  - Remington has recently gained market share in 3 of 6 categories in which it competes in North America
  - Launching several i-LIGHT facial hair removal products this year
  - Roll out of new Hyperflex men's shave and groom models
  - Increased investments to grow women's hair care position in Europe
- New Remington products to be on display at International Home + Housewares show in Chicago in mid-March

Small Appliances (Russell Hobbs)

- Q1 net sales flat on a constant currency basis
  - Strong European revenues, similar to personal care and batteries
  - Lower North American net sales due to competitor discounting at a major retailer and timing of some holiday shipments between the fiscal fourth and fiscal first quarters this year versus last year
- Both North America and Europe posted higher Q1 adjusted EBITDA
  - North America continued to improve gross profit margin with 170 basis point increase in Q1 following improvements every quarter in FY13 largely from planned exit of $45 million of low/no-margin promotions
  - Global cost improvements strong in Q1
- Most new products launching in FY14 and into FY15 since the 2010 Russell Hobbs acquisition
  - New George Foreman grills
  - Black and Decker toaster ovens (one with industry-leading capacity)
  - Irons
  - New products on display with Remington at mid-March International Home + Housewares show in Chicago
  - More resources and focus behind market-leading George Foreman brand, which will be aired this Sunday on Super Bowl radio broadcasts
- Small appliances and personal care (together, global appliances) continue to work effectively with the supply base
  - Cost improvements already tracking higher versus record level in FY13
  - Working with partners/suppliers to minimize cost increases while evaluating non-China sourcing options
- Global cost improvement in FY14 expected to again more than offset moderating, but continuing, Asian supply chain cost increases

Global Batteries

- Global batteries delivered essentially flat adjusted EBITDA, but a new all-time high margin, in Q1 after higher adjusted EBITDA and record margin in FY13
- Q1 net sales decline due entirely to one-time, incremental sales impact of about $10 million, predominantly flashlights, from Hurricane Sandy in last year's Q1
  - Alkaline sales increased in North America in Q1 of FY14, a good sign for the balance of the year
  - European VARTA business continued its growth in Q1, after strong FY 13, from new customer listings, distribution gains and promotions
  - Latin America revenues essentially flat on a constant currency basis
  - Expense controls/cost reductions were important to a solid Q1 performance
- Expect another year of price competition, some more erratic competitive discounting and tight retail inventory management, usually due to slow-moving, premium products
- Optimistic for FY14 because POS data shows that value – "same or better performance/less price" – is a winner in the global marketplace
- Relatively flat commodity prices persist and batteries is on track to deliver a higher level of global cost savings than in FY13
- Good momentum with new smart phone portable power products and distribution gains, with opportunities for new retailer business/shelf space gains, especially in North America
  - Strong customer and media interest in new portable power product line at Consumer Electronics Show in early January
  - New growth category for global batteries
- Goal remains to help the retailer grow the category, increase market share and provide the best value to consumers

Global Pet Supplies (United Pet Group)

- Remain optimistic for another record year in FY14 despite Q1 sales shortfall from timing, a shorter Christmas selling season and retailer inventory reductions
  - Customer inventories now at very low levels
  - Both new and expanding business shipping for the balance of the year in North America, Europe and Latin America
- Expect second half of the year to be much stronger
  - Launched U.S.-made Dingo Market Cuts into large U.S. chicken jerky market
  - Expanding footprint in large U.S. retail market for rawhide with additional placements in mass, specialty, and food/drug channels
  - Expect more growth in Latin America with launch of Dingo products and FURminator in Brazil and Mexico
- FY14 has a number of growth and profit drivers
  - Global growth in companion animal products
  - Improving aquatics results from new products, increased distribution and more promotions
  - Select pricing actions, new retail customers and increased shelf space at several key retailers
  - Record level of cost savings anticipated
  - Strong expense reduction programs

Hardware & Home Improvement (HHI)

- HHI delivered another quarter of strong results in Q1
  - Net sales grew 23% and adjusted EBITDA now increased 48% for a nearly 18% margin
  - Double-digit growth in all three product categories – residential locks, builders’ hardware and faucets
  - Adjusted EBITDA of $50 million was all-time record level for HHI in a December quarter
- HHI is winning in the marketplace with strong brands, driving solid organic growth, gaining market share especially in residential locks, benefiting from U.S. housing recovery and key customer/product initiatives, and international growth now in Asia and Latin America
- Q1 marked by a number of commercial and operational wins, including the launch of the unique Kwikset Kevo Bluetooth door lock, which received the “Last Gadget Standing” award at the Consumer Electronics Show
- Improvements in U.S. housing starts are helping HHI
  - New construction channel sales correlate to U.S. new housing starts with 3-month lag
  - HHI retail sales correlate to existing home sales with 6-12 month lag
- Integration of HHI all but complete just a year after the acquisition
  - Virtually all TSA cost agreements have been exited
  - Confident of achieving at least $10 million of synergies in first two calendar years with more identified in next few years in IT, sourcing, manufacturing and D&T

SMARTKEY™
RE-KEY TECHNOLOGY

Tony Genito
Chief Financial Officer

Financial Highlights

Financial Highlights

- Q1 gross margin of 34.6% vs. 34.2% a year ago, including HHI on a pro forma basis last year
  - Margin improvement driven by higher sales and improved product mix
  - Excluding HHI in both quarters, legacy business gross profit margin was 34.2% vs. 34.1% in the prior year quarter
- SG&A of $237 million in Q1 increased from $229 million last year due to higher amortization expense and incentive compensation program costs related to HHI
  - Legacy business SG&A was unchanged quarter-over-quarter
- Interest expense of $57 million in Q1 decreased from $70 million last year
  - Reduction primarily due to non-recurrence of $29 million of costs related to the HHI financing and savings of $14 million from the refinancing of the 9.5% notes in September 2013
  - Partial offset was $11 million of costs from refinancing the term loan in Q1 and the inclusion of a full quarter of interest related to the HHI financing this year vs. a partial period in the prior year quarter
- Q1 effective tax rate was 19% vs. an unusual 325% benefit last year due primarily to a reduction of the tax amortization of our indefinite lived intangibles since these assets have been fully amortized
- FY14 effective tax rate expected to be 25-35%
- Q1 restructuring, acquisition and integration charges decreased to $10 million vs. $27 million in FY13 as initiatives related to the HHI acquisition and integration are decreasing
- Cash interest in Q1 of $63 million compared to $71 million last year
  - Excluding $2 million of costs in FY14 related to the refinancing of our term loan and $17 million of costs in FY13 related to the HHI financing, cash payments increased by $7 million
  - This increase was due to the semi-annual payment on notes and a full quarter's payments on term debt incurred to finance the HHI acquisition totaling $42 million, and a quarter's payments on term debt that refinanced the 9.5% notes of $10 million, partially offset by the non-recurrence of a semi-annual payment on the retired 9.5% notes of $45 million
- Cash interest payments in FY14 expected to approximate $165-$175 million

Financial Highlights

- Q1 cash taxes of $8 million decreased vs. $22 million last year due to timing
- Level of NOLs to be utilized means no U.S. federal tax payments for 5 to 10 years
- FY14 cash taxes estimated at $70-$80 million due in part to overall higher international profits and a full year of HHI results but mainly the timing of payments, primarily in Germany, and the anticipated conclusion of several income tax audits in certain jurisdictions from the 2007-2010 period
- Going forward, our normal annual run rate of cash taxes, including HHI for a full year, is expected to be $55-$60 million
- Solid liquidity position at end of Q1 with $167 million available on our $400 million ABL facility, a cash balance of approximately $132 million and total debt at par of $3,375 million
- FY14 free cash flow estimated to be at least $350 million, or nearly $7 per share
- Pathway seen to approximately $400 million of free cash flow, or nearly $8 per share, in FY15 even before factoring in any growth in the business
- FY14 Cap-x estimated at $70-$75 million, including expenditures for the Tong Lung integration, compared to $82 million in FY13
- Normal annual Cap-x level is about $65-$70 million to fund new product introductions, product enhancements, cost improvement programs, and maintenance of equipment

Spectrum Brands

REMINGTON | Russell Hobbs – At the heart of your home | UNITED PET GROUP, INC

united INDUSTRIES | Hardware & Home Improvement | VARTA | RAYOVAC

Cutter | Hot Shot | Spectracide | ULTRA PRO | REPEL | Tetra | Kwikset | Garden Safe | DINGO

WEISER – SECURITY & INNOVATION | iLIGHT PRO professional – hair removal results at home | MARINELAND | Instant Ocean | STANLEY | FURminator – PROFESSIONAL PET PRODUCTS | PRO·SENSE

NATURE'S MIRACLE | BALDWIN | 8in1 | WET 2 STRAIGHT | Pfister | EZSET | LITTER MAID

smooth & silky | BLACK FLAG | Sportsman | Real-Kill | BIRDOLA – Wildlife feeding specialists | Jungle | Perfect Coat | TAT INSECTICIDES | PRO LINE ADVANCED

Balanced-By-Nature ECOTRITION | National Hardware | PETNATION | GEO by BLACK & DECKER | Wild Harvest | Breadman | UltraStop | FORTIS – PURO DESIGN ITALIANO

Toastmaster | BLACK & DECKER | FARBERWARE | FANAL | Juiceman | Excel | GEORGE FOREMAN

Appendix

Table 1

SPECTRUM BRANDS HOLDINGS, INC.

Condensed Consolidated Statements of Operations

For the three months ended December 29, 2013 and December 30, 2012

(Unaudited)

($ in millions, except per share amounts)

	THREE MONTHS		
	F2014	F2013	INC %
Net sales	$ 1,100.6	$ 870.3	26.5 %
Cost of goods sold	717.7	581.0	
Restructuring and related charges	1.7	1.1	
Gross profit	381.2	288.2	32.3 %
Selling	164.2	128.8	
General and administrative	73.0	56.7	
Research and development	10.8	8.2	
Acquisition and integration related charges	5.5	20.8	
Restructuring and related charges	2.8	5.5	
Total operating expenses	256.3	220.0	
Operating income	124.9	68.2	
Interest expense	57.0	69.9	
Other expense, net	0.8	1.6	
Income (loss) from continuing operations before income taxes	67.1	(3.3)	
Income tax expense	12.7	10.6	
Net income (loss)	54.4	(13.9)	
Less: Net income (loss) attributable to non-controlling interest	0.1	(0.5)	
Net income (loss) attributable to controlling interest	$ 54.3	$ (13.4)	
Average shares outstanding (a)	**52.4**	**51.8**	
Basic income (loss) per share attributable to controlling interest	**$ 1.04**	**$ (0.26)**	
Average shares and common stock equivalents outstanding (a) (b)	**52.7**	**51.8**	
Diluted income (loss) per share attributable to controlling interest	**$ 1.03**	**$ (0.26)**	
Cash dividends declared per common share	**$ 0.25**	**$ —**	

(a) Per share figures calculated prior to rounding.

(b) For the three months ended December 30, 2012, we have not assumed the exercise of common stock equivalents as the impact would be antidilutive.

Table 2

SPECTRUM BRANDS HOLDINGS, INC.

Supplemental Financial Data

As of and for the three months ended December 29, 2013 and December 30, 2012

(Unaudited)

($ in millions)

Supplemental Financial Data	F2014	F2013
Cash and cash equivalents	$ 131.8	$ 70.9
Trade receivables, net	$ 524.0	$ 481.2
Days Sales Outstanding (a)	43	42
Inventory	$ 683.3	$ 679.2
Inventory Turnover (b)	4.0	4.0
Total debt	$ 3,366.3	$ 3,222.3

	THREE MONTHS	
Supplemental Cash Flow Data	F2014	F2013
Depreciation and amortization, excluding amortization of debt issuance costs	$ 44.7	$ 31.0
Capital expenditures	$ 15.9	$ 9.3

	THREE MONTHS	
Supplemental Segment Sales & Profitability	F2014	F2013
Net Sales		
Global Batteries & Appliances	$ 659.3	$ 666.0
Global Pet Supplies	129.1	139.8
Home and Garden	33.8	30.5
Hardware & Home Improvement	278.4	34.0
Total net sales	$ 1,100.6	$ 870.3
Segment Profit (Loss)		
Global Batteries & Appliances	$ 97.2	$ 95.4
Global Pet Supplies	13.0	15.9
Home and Garden	(1.2)	(4.3)
Hardware & Home Improvement	40.0	(3.2)
Total segment profit	149.0	103.8
Corporate	14.1	8.2
Acquisition and integration related charges	5.5	20.8
Restructuring and related charges	4.5	6.6
Interest expense	57.0	69.9
Other expense, net	0.8	1.6
Income (loss) from continuing operations before income taxes	$ 67.1	$ (3.3)

(a) Reflects actual days sales outstanding at end of period.

(b) Reflects cost of sales (excluding restructuring and related charges) during the last twelve months divided by average inventory during the period.

Table 3

SPECTRUM BRANDS HOLDINGS, INC.

Reconciliation of GAAP Diluted Income (Loss) Per Share to Adjusted Diluted Earnings Per Share

For the three months ended December 29, 2013 and December 30, 2012

(Unaudited)

	THREE MONTHS	
	F2014	F2013
Diluted income (loss) per share, as reported	$ 1.03	$ (0.26)
Adjustments, net of tax:		
Pre-acquisition earnings of the HHI Business	—	0.06 (a)
Acquisition and integration related charges	0.07 (b)	0.26 (c)
Restructuring and related charges	0.05 (d)	0.08 (e)
Debt refinancing costs	0.14 (f)	0.36 (g)
Purchase accounting inventory adjustment	—	0.06 (h)
Income taxes	(0.20) (i)	0.22 (i)
	0.06	1.04
Diluted income per share, as adjusted	$ 1.09	$ 0.78

(a) For the three months ended December 30, 2012, reflects $3.2 million, net of tax, of pre-acquisition earnings related to the acquired HHI Business. The Pre-acquisition earnings of the HHI Business do not include the TLM Business as stand alone financial data is not available for the periods presented. The TLM Business is not deemed material to the Company's operating results.

(b) For the three months ended December 29, 2013, reflects $3.6 million, net of tax, of Acquisition and integration related charges, as follows: (i) $2.7 million related to the acquisition of the HHI Business, consisting primarily of integration costs; and (ii) $0.9 million related to the acquisition of Shaser and other acquisition activity, consisting primarily of legal and professional fees.

(c) For the three months ended December 30, 2012, reflects $13.5 million, net of tax, of Acquisition and integration related charges as follows: (i) $9.5 million related to the acquisition of the HHI Business, consisting primarily of legal and professional fees; (ii) $2.7 million related to the acquisition of Shaser, consisting integration and legal and professional fees; (iii) $0.9 million related to the merger with Russell Hobbs consisting of integration costs; and (iv) $0.4 million related to the acquisition of FURminator, consisting of integration costs.

(d) For the three months ended December 29, 2013, reflects $2.9 million, net of tax, of Restructuring and related charges primarily related to the Global Expense Rationalization Initiatives announced in Fiscal 2013 and HHI Business initiatives implemented prior to the acquisition.

(e) For the three months ended December 30, 2012, reflects $4.3 million, net of tax, of Restructuring and related charges primarily related to the Global Cost Reduction Initiatives announced in Fiscal 2009.

(f) For the three months ended December 29, 2013, reflects $7.3 million, net of tax, related to financing fees and the write off of unamortized debt issuance costs and original issue discount in connection with the replacement of the Company's Term Loan.

(g) For the three months ended December 30, 2012, reflects $18.7 million, net of tax, related to financing fees and the write off of unamortized debt issuance costs in connection with the replacement of the Company's Term Loan and the issuance of the 6.375% Notes and 6.625% Notes in connection with the acquisition of the HHI Business.

(h) For the three months ended December 29, 2013, reflects a $3.4 million, net of tax, non-cash increase to cost of goods sold related to the sales of inventory that was subject to fair value adjustments in conjunction with the acquisition of the HHI Business.

(i) For the three months ended December 29, 2013 and December 30, 2012, reflects adjustments to income tax expense of $(10.8) million and $11.8 million, respectively, to exclude the impact of the valuation allowance against deferred taxes and other tax related items in order to reflect a normalized ongoing effective tax rate.

Table 4

SPECTRUM BRANDS HOLDINGS, INC.

Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA

For the three months ended December 29, 2013

(Unaudited)

($ in millions)

	Global Batteries & Appliances	Global Pet Supplies	Home & Garden	Hardware & Home Improvement	Corporate / Unallocated Items (a)	Consolidated Spectrum Brands Holdings, Inc.
Net income (loss) attributable to controlling interest, as adjusted (a)	$ 93.2	$ 12.5	$ (1.2)	$ 35.5	$ (85.7)	$ 54.3
Net (loss) income attributable to non-controlling interest	(0.1)	—	—	0.2	—	0.1
Net income (loss) as adjusted (a)	93.1	12.5	(1.2)	35.7	(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	0.3	—	1.2	0.7	4.5
Adjusted EBIT	97.2	12.8	(1.2)	39.1	(13.8)	134.1
Depreciation and amortization (b)	17.0	7.6	2.9	10.5	6.7	44.7
Adjusted EBITDA	$ 114.2	$ 20.4	$ 1.7	$ 49.6	$ (7.1)	$ 178.8

Note: Amounts calculated prior to rounding.

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

(b) Included within depreciation and amortization is amortization of unearned restricted stock compensation.

Table 4

SPECTRUM BRANDS HOLDINGS, INC.

Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA

For the three months ended December 30, 2012

(Unaudited)

($ in millions)

	Global Batteries & Appliances	Global Pet Supplies	Home & Garden	Hardware & Home Improvement	Corporate / Unallocated Items (a)	Consolidated Spectrum Brands Holdings, Inc.
Net income (loss) attributable to controlling interest, as adjusted (a)	$ 92.5	$ 10.1	$ (4.5)	$ (3.5)	$ (108.0)	$ (13.4)
Net loss attributable to non-controlling interest	$ (0.5)	$ —	$ —	$ —	$ —	$ (0.5)
Net income (loss), as adjusted (a)	$ 92.0	$ 10.1	$ (4.5)	$ (3.5)	$ (108.0)	$ (13.9)
Pre-acquisition earnings of the HHI Business (b)	—	—	—	30.3	—	30.3
Income tax expense	—	—	—	—	10.6	10.6
Interest expense	—	—	—	—	69.9	69.9
Acquisition and integration related charges	1.3	0.7	—	—	18.8	20.8
Restructuring and related charges	1.3	5.0	0.2	—	0.1	6.6
HHI Business inventory fair value adjustment	—	—	—	5.2	—	5.2
Adjusted EBIT	94.6	15.8	(4.3)	32.0	(8.6)	129.5
Depreciation and amortization (c)	16.1	7.3	2.9	1.5	3.2	31.0
Adjusted EBITDA	$ 110.7	$ 23.1	$ (1.4)	$ 33.5	$ (5.4)	$ 160.5

Note: Amounts calculated prior to rounding.

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

(b) The Pre-acquisition earnings of the HHI Business do not include the TLM Business as stand alone financial data is not available for the period presented. The TLM Business is not deemed material to the Company's operating results.

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

Table 5

SPECTRUM BRANDS HOLDINGS, INC.

Pro Forma Net Sales Comparison

For the three months ended December 29, 2013 and December 30, 2012

(Unaudited)

(In millions)

	THREE MONTHS		
	F2014	F2013	INC %
Spectrum Brands Holdings, Inc. Net sales - as reported	$ 1,100.6	$ 870.3	26.5 %
HHI Business pre-acquisition Net sales (a)	—	191.8	
Pro Forma Net Sales	$ 1,100.6	$ 1,062.1	3.6 %

(a) Net sales have been adjusted to reflect the acquisition of the HHI Business as if it occurred at the beginning of the period presented. HHI Business pre-acquisition Net sales do not include the TLM Business as stand alone financial data is not available for the period presented. The TLM Business is not deemed material to the Company's operating results.

Table 6

SPECTRUM BRANDS HOLDINGS, INC.

Reconciliation of Forecasted Cash Flow from Operating Activities to Forecasted Free Cash Flow

For the twelve months ended September 30, 2014

(Unaudited)

($ in millions)

Forecasted:

Net Cash provided from Operating Activities	$ 420 - 425
Purchases of property, plant and equipment	(70) - (75)
Free Cash Flow	$ 350